

2015-2016

**SENATE
APPROPRIATIONS –
BASE BUDGET**

MINUTES



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SENATE APPROPRIATIONS/BASE BUDGET COMMITTEE

2015-2016 Session

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North Carolina General Assembly
 Through Senate Committee on
 Appropriations/Base Budget

2015-2016 Biennium
 Leg. Day: H-135/S-137

Date: 10/05/2015
 Time: 4:55:48 PM

Bill	Introducer	Short Title	Latest Action	Date In	Date Out
\$ H 18	Martin	Continuing Budget Authority.	*R Ch. SL 2015-233	05/13/2015	08/27/2015
\$ H 97	Dollar	2015 Appropriations Act.	*R Ch. SL 2015-241	05/26/2015	06/16/2015
<u>H 117</u>	Martin	NC Competes Act.	*H Pres. To Gov. 9/25/2015	08/06/2015	08/10/2015
<u>H 168</u>	Hager	Exempt Builders' Inventory.	*R Ch. SL 2015-223	07/22/2015	08/04/2015
<u>H 211</u>	Stevens	Expand Use of Toxicology Funds.	*S Re-ref Com On Appropriations/Base Budget	05/22/2015	
\$ H 259	Cleveland	General Government Technical Corrections.-AB	*H Pres. To Gov. 10/1/2015	05/22/2015	09/29/2015
<u>H 303</u>	Horn	Dispute Resolution Amendments.	*S Re-ref Com On Appropriations/Base Budget	05/19/2015	
<u>H 372</u>	Dollar	Medicaid Transformation and Reorganization.	*R Ch. SL 2015-245	08/06/2015	08/10/2015
<u>H 709</u>	Martin	NCNG Tuition Assistance Benefit Amendment.	H Pres. To Gov. 9/22/2015	07/22/2015	09/15/2015
<u>S 6</u>	Tillman	State Health Plan/Rehired Retiree Eligibility.	*H Ref to the Com on State Personnel, if favorable, Appropriations	03/24/2015	03/24/2015
<u>S 14</u>	Brown	Acad. Standards/Rules Review/Coal Ash/Funds.	*R Ch. SL 2015-7	02/02/2015	02/03/2015
<u>S 20</u>	Rabon	IRC Update/Motor Fuel Tax Changes.	*R Ch. SL 2015-2	02/10/2015	02/10/2015
<u>S 61</u>	Bingham	Death Certificates Without Charge/Veterans.	S Re-ref to Health Care. If fav, re-ref to Appropriations/Base Budget	02/11/2015	04/27/2015
<u>S 87</u>	Hise	Funds/Health Information Exchange.	S Ref To Com On Appropriations/Base Budget	02/16/2015	
\$ S 91	Hartsell	SOG Pilot Project Standards.	S Re-ref Com On Appropriations/Base Budget	02/23/2015	

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North Carolina General Assembly
 Through Senate Committee on
 Appropriations/Base Budget

<u>S 92</u>	Hartsell	Codifier of Rules appointment.	S	Re-ref Com On Appropriations/Base Budget	02/23/2015	
\$ S 102	Curtis	Child Advocacy Center Funds.	S	Ref To Com On Appropriations/Base Budget	02/23/2015	
<u>S 106</u>	Brown	Modify Farmland Preservation T.F. Match.	S	Ref To Com On Appropriations/Base Budget	02/23/2015	
<u>S 110</u>	Rabon	Phase Out Certain HF Transfers.	S	Re-ref to Appropriations/Base Budget. If fav, re-ref to Transportation	03/02/2015	
\$ S 121	Tillman	The Excellence in School Leadership Act.	S	Re-ref Com On Appropriations/Base Budget	03/09/2015	
<u>S 124</u>	Hartsell	Modernize Assumed Business Name Statutes.	*H	Ref to the Com on Judiciary II, if favorable, Rules, Calendar, and Operations of the House	03/17/2015	04/27/2015
<u>S 124</u>	Hartsell	Modernize Assumed Business Name Statutes.	*H	Ref to the Com on Judiciary II, if favorable, Rules, Calendar, and Operations of the House	04/28/2015	04/28/2015
<u>S 160</u>	Lee	Enhance Safety & Commerce for Ports/Inlets.	*H	Re-ref Com On Transportation	03/30/2015	04/01/2015
\$ S 186	Brown	Appropriations Act of 2015.	S	Re-ref Com On Appropriations/Base Budget	03/09/2015	
\$ S 189	Harrington	Appropriations Act of 2015.	S	Re-ref Com On Appropriations/Base Budget	03/16/2015	
\$ S 191	Cook	Dare Magistrate Funds.	S	Re-ref Com On Appropriations/Base Budget	03/18/2015	
<u>S 198</u>	Robinson	Persons Under 18 in Confinement Facilities.	*S	Re-ref Com On Appropriations/Base Budget	04/21/2015	
\$ S 206	Jackson	Appropriations Act of 2015.	S	Re-ref Com On Appropriations/Base Budget	03/16/2015	
<u>S 235</u>	Hartsell	Establish Advisory Council on Rare Diseases.	*S	Re-ref Com On Appropriations/Base Budget	04/21/2015	

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North Carolina General Assembly
 Through Senate Committee on
 Appropriations/Base Budget

<u>S 237</u>	Stein	Education-Based Salary Supplements.	S	Re-ref Com On Appropriations/Base Budget	03/23/2015	
\$ S 245	Smith	Exploration Station/Grassroots Science Funds.	S	Re-ref Com On Appropriations/Base Budget	03/23/2015	
<u>S 250</u>	Jackson	Restore Aid to County Veterans Services.	S	Re-ref Com On Appropriations/Base Budget	03/23/2015	
<u>S 268</u>	Tarte	Create Department of Information Technology.-AB	S	Re-ref Com On Appropriations/Base Budget	03/23/2015	
<u>S 290</u>	Curtis	Allow Early Refills of Prescription Eye Drops.	S	Re-ref Com On Insurance	03/31/2015	04/06/2015
<u>S 291</u>	Hartsell	Extend Overnight Respite Pilot Program.	*R	Ch. SL 2015-52	04/01/2015	04/29/2015
\$ S 296	Davis	Healthy Food Small Retailer/Corner Store Act.	S	Re-ref to Appropriations/Base Budget. If fav, re-ref to Health Care	03/25/2015	
<u>S 326</u>	Gunn	Increase JDIG Program Funding.	H	Ref to the Com on Finance, if favorable, Appropriations	03/23/2015	03/24/2015
<u>S 342</u>	Lowe	Econ. Dev./JDIG Extension.	S	Re-ref to Appropriations/Base Budget. If fav, re-ref to Commerce	03/25/2015	
<u>S 344</u>	Tillman	Administration/NC Education Endowment Fund.	S	Re-ref to Appropriations/Base Budget. If fav, re-ref to Education/Higher Education	03/25/2015	
<u>S 351</u>	Stein	Collect DNA All Violent Felony Arrests.	S	Re-ref Com On Appropriations/Base Budget	05/07/2015	
\$ S 352	Stein	State Crime Lab Capacity Act/Funds.	S	Re-ref Com On Appropriations/Base Budget	03/25/2015	
<u>S 401</u>	Barringer	Pilot/Sports for Students w/ Disabilities.	S	Re-ref Com On Appropriations/Base Budget	04/22/2015	
\$ S 409	Davis	Need-Based Scholars/Private Colleges.	S	Re-ref Com On Appropriations/Base Budget	03/30/2015	
\$ S 410	Davis	Funds for ECU School of Medicine.	S	Re-ref Com On Appropriations/Base Budget	03/30/2015	

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North Carolina General Assembly
 Through Senate Committee on
 Appropriations/Base Budget

<u>S 420</u>	Hise	Accountability for Taxpayer Investment Board.	*S	Re-ref Com On Appropriations/Base Budget	04/22/2015	
\$ S 424	Barringer	Fostering Success.	*S	Re-ref Com On Appropriations/Base Budget	06/02/2015	
<u>S 427</u>	Brock	NC-Thinks/Awards Allocation Changes.	S	Re-ref Com On Appropriations/Base Budget	03/30/2015	
\$ S 444	Apodaca	Teacher Compensation Modifications.	S	Ref To Com On Appropriations/Base Budget	03/26/2015	
\$ S 464	Hartsell	Funds to Implement UNC Strategic Plan.	S	Re-ref Com On Appropriations/Base Budget	03/30/2015	
<u>S 486</u>	Brock	NC Trail Expansion/Economic Corridors.	*S	Re-ref Com On Rules and Operations of the Senate	05/20/2015	05/21/2015
\$ S 495	Davis	Provide Funding/NC Military Business Centers.	S	Re-ref Com On Appropriations/Base Budget	03/30/2015	
\$ S 510	Lee	NCVPS/Equal Access to Education.	S	Re-ref to Appropriations/Base Budget. If fav, re-ref to Education/Higher Education	03/30/2015	
\$ S 517	Davis	Teachers/Isolated K-12 Schools.	S	Re-ref to Appropriations/Base Budget. If fav, re-ref to Education/Higher Education	03/30/2015	
<u>S 539</u>	Rabon	DOT/Workforce Reduction Compliance.	*S	Re-ref Com On Rules and Operations of the Senate	04/22/2015	04/23/2015
<u>S 556</u>	Harrington	Capital Improvement Reform.	S	Re-ref Com On Appropriations/Base Budget	04/09/2015	
\$ S 616	Smith-Ingram	Commerce NCWorks/Funds.	S	Re-ref Com On Appropriations/Base Budget	07/22/2015	
<u>S 713</u>	Brown	2015 Governor's Budget.	S	Ref To Com On Appropriations/Base Budget	04/20/2015	

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North Carolina General Assembly
 Pending Senate Committee on
 Appropriations/Base Budget

2015-2016 Biennium
 Leg. Day: H-135/S-137

Date: 10/05/2015
 Time: 1:39:53 PM

Bill	Introducer	Short Title		Date	Latest Action
<u>H 211</u>	Stevens	Expand Use of Toxicology Funds.	*S	05-22-2015	Re-ref Com On Appropriations/Base Budget
<u>H 303</u>	= Horn	Dispute Resolution Amendments.	*S	05-19-2015	Re-ref Com On Appropriations/Base Budget
<u>S 87</u>	Hise	Funds/Health Information Exchange.	S	02-16-2015	Ref To Com On Appropriations/Base Budget
\$ S 91	= Hartsell	SOG Pilot Project Standards.	S	02-23-2015	Re-ref Com On Appropriations/Base Budget
<u>S 92</u>	= Hartsell	Codifier of Rules appointment.	S	02-23-2015	Re-ref Com On Appropriations/Base Budget
\$ S 102	= Curtis	Child Advocacy Center Funds.	S	02-23-2015	Ref To Com On Appropriations/Base Budget
<u>S 106</u>	Brown	Modify Farmland Preservation T.F. Match.	S	02-23-2015	Ref To Com On Appropriations/Base Budget
<u>S 110</u>	= Rabon	Phase Out Certain HF Transfers.	S	03-02-2015	Re-ref to Appropriations/Base Budget. If fav, re-ref to Transportation
\$ S 121	Tillman	The Excellence in School Leadership Act.	S	03-09-2015	Re-ref Com On Appropriations/Base Budget
\$ S 186	Brown	Appropriations Act of 2015.	S	03-09-2015	Re-ref Com On Appropriations/Base Budget
\$ S 189	Harrington	Appropriations Act of 2015.	S	03-16-2015	Re-ref Com On Appropriations/Base Budget
\$ S 191	Cook	Dare Magistrate Funds.	S	03-18-2015	Re-ref Com On Appropriations/Base Budget
<u>S 198</u>	Robinson	Persons Under 18 in Confinement Facilities.	*S	04-21-2015	Re-ref Com On Appropriations/Base Budget
\$ S 206	Jackson	Appropriations Act of 2015.	S	03-16-2015	Re-ref Com On Appropriations/Base Budget
<u>S 235</u>	Hartsell	Establish Advisory Council on Rare Diseases.	*S	04-21-2015	Re-ref Com On Appropriations/Base Budget
<u>S 237</u>	Stein	Education-Based Salary Supplements.	S	03-23-2015	Re-ref Com On Appropriations/Base Budget
\$ S 245	Smith	Exploration Station/Grassroots Science Funds.	S	03-23-2015	Re-ref Com On Appropriations/Base Budget
<u>S 250</u>	Jackson	Restore Aid to County Veterans Services.	S	03-23-2015	Re-ref Com On Appropriations/Base Budget

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North Carolina General Assembly
 Pending Senate Committee on
 Appropriations/Base Budget

<u>S 268</u>	= Tarte	Create Department of Information Technology.-AB	S	03-23-2015	Re-ref Com On Appropriations/Base Budget
\$ S 296	= Davis	Healthy Food Small Retailer/Corner Store Act.	S	03-25-2015	Re-ref to Appropriations/Base Budget. If fav, re-ref to Health Care
<u>S 342</u>	Low	Econ. Dev./JDIG Extension.	S	03-25-2015	Re-ref to Appropriations/Base Budget. If fav, re-ref to Commerce
<u>S 344</u>	Tillman	Administration/NC Education Endowment Fund.	S	03-25-2015	Re-ref to Appropriations/Base Budget. If fav, re-ref to Education/Higher Education
<u>S 351</u>	Stein	Collect DNA All Violent Felony Arrests.	S	05-07-2015	Re-ref Com On Appropriations/Base Budget
\$ S 352	Stein	State Crime Lab Capacity Act/Funds.	S	03-25-2015	Re-ref Com On Appropriations/Base Budget
<u>S 401</u>	= Barringer	Pilot/Sports for Students w/ Disabilities.	S	04-22-2015	Re-ref Com On Appropriations/Base Budget
\$ S 409	Davis	Need-Based Scholars/Private Colleges.	S	03-30-2015	Re-ref Com On Appropriations/Base Budget
\$ S 410	Davis	Funds for ECU School of Medicine.	S	03-30-2015	Re-ref Com On Appropriations/Base Budget
<u>S 420</u>	Hise	Accountability for Taxpayer Investment Board.	*S	04-22-2015	Re-ref Com On Appropriations/Base Budget
\$ S 424	Barringer	Fostering Success.	*S	06-02-2015	Re-ref Com On Appropriations/Base Budget
<u>S 427</u>	Brock	NC-Thinks/Awards Allocation Changes.	S	03-30-2015	Re-ref Com On Appropriations/Base Budget
\$ S 444	Apodaca	Teacher Compensation Modifications.	S	03-26-2015	Ref To Com On Appropriations/Base Budget
\$ S 464	Hartsell	Funds to Implement UNC Strategic Plan.	S	03-30-2015	Re-ref Com On Appropriations/Base Budget
\$ S 495	Davis	Provide Funding/NC Military Business Centers.	S	03-30-2015	Re-ref Com On Appropriations/Base Budget
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\$ S 517	Davis	Teachers/Isolated K-12 Schools.	S	03-30-2015	Re-ref to Appropriations/Base Budget. If fav, re-ref to Education/Higher Education
<u>S 556</u>	Harrington	Capital Improvement Reform.	S	04-09-2015	Re-ref Com On Appropriations/Base Budget
\$ S 616	Smith-Ingram	Commerce NCWorks/Funds.	S	07-22-2015	Re-ref Com On Appropriations/Base Budget

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North Carolina General Assembly
Pending Senate Committee on
Appropriations/Base Budget

S 713 Brown

2015 Governor's Budget.

S 04-20-2015 Ref To Com On Appropriations/Base Budget

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**Senate Committee on Appropriations/Base Budget
Tuesday, February 3, 2015 at 8:30 AM
Room 643 of the Legislative Office Building**

MINUTES

The Senate Committee on Appropriations/Base Budget met at 8:32 AM on February 3, 2015 in Room 643 of the Legislative Office Building. Seventeen members were present. Senator Brent Jackson, Chair, presided. Senator Jackson called the meeting to order and recognized the Sergeant-at-Arms' staff and Pages.

Senator Harry Brown explained **SB 14 Acad. Standards/Rules Review/Coal Ash/Funds. (Senators Brown, Harrington, B. Jackson).**

After discussion among committee members, Senator Apodaca moved for a favorable report. The motion carried.

The meeting adjourned at 8:42 AM.

**SEE ATTACHMENT 3
FOR SIGNED MINUTES**

Elise McDowell, Committee Clerk

Presiding

Attachments:

- 1 Agenda
- 2 Committee Report
- 3 Minutes
- 4 Senate Bill 14
- 5 Summary of Senate Bill 14
- 6 Visitor's Registration



**Senate Committee on Appropriations/Base Budget
Tuesday, February 3, 2015, 8:30 AM
643 Legislative Office Building**

AGENDA

Welcome and Introductions

Senator Brent Jackson, Presiding

Bills

BILL NO.	SHORT TITLE	SPONSOR
SB 14	Acad. Standards/Rules Review/Coal Ash/Funds.	Senator Harry Brown Senator Kathy Harrington Senator Brent Jackson

Adjourn



**NORTH CAROLINA GENERAL ASSEMBLY
SENATE**

APPROPRIATIONS/BASE BUDGET COMMITTEE REPORT

**Senator Brown, Co-Chair
Senator Harrington, Co-Chair
Senator B. Jackson, Co-Chair**

Tuesday, February 03, 2015

Senator B. Jackson,
submits the following with recommendations as to passage:

FAVORABLE

SB 14

Acad. Standards/Rules Review/Coal Ash/Funds.

Draft Number: None

Sequential Referral: None

Recommended Referral: None

Long Title Amended: No

TOTAL REPORTED: 1

Senator Harry Brown will handle SB 14



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Senate Committee on Appropriations/Base Budget
Tuesday, February 3, 2015 at 8:30 AM
Room 643 of the Legislative Office Building

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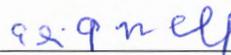
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Senator Brent Jackson, Chair
Presiding



Elise McDowell, Committee Clerk

Attachments:

- 1 Agenda
- 2 Committee Report
- 3 Minutes
- 4 Senate Bill 14
- 5 Summary of Senate Bill 14
- 6 Visitor's Registration



GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2015

S

1

SENATE BILL 14

Short Title: Acad. Standards/Rules Review/Coal Ash/Funds. (Public)

Sponsors: Senators Brown, Harrington, and B. Jackson (Primary Sponsors).

Referred to: Appropriations/Base Budget.

February 2, 2015

A BILL TO BE ENTITLED

AN ACT TO PROVIDE FUNDS FOR THE LITIGATION EXPENSES OF THE RULES REVIEW COMMISSION; TO PROVIDE FUNDS FOR THE OPERATING EXPENSES OF THE ACADEMIC STANDARDS REVIEW COMMISSION; TO REQUIRE THAT THE ACADEMIC STANDARDS REVIEW COMMISSION POST CERTAIN PUBLIC RECORDS ON ITS WEB SITE; AND TO CLARIFY COAL ASH MANAGEMENT COMMISSION APPROPRIATIONS.

The General Assembly of North Carolina enacts:

SECTION 1. Of the funds allocated to the State Board of Education for the 2014-2015 fiscal year for current operations of the State Board, the State Board of Education shall transfer the sum of one hundred thousand dollars (\$100,000) to the Office of Administrative Hearings to be allocated to the Rules Review Commission, created by G.S. 143B-30.1, to pay for any litigation costs incurred in the defense of *North Carolina State Board of Education v. The State of North Carolina and The Rules Review Commission*, Wake County Superior Court, File No. 14 CVS 14791 (filed November 7, 2014). These funds shall not revert at the end of the 2014-2015 fiscal year but shall remain available during the 2015-2016 fiscal year for expenditure in accordance with this section.

SECTION 2. Of the funds appropriated to the Department of Public Instruction for the 2014-2015 fiscal year for current operations of the Department, the Department shall transfer the sum of two hundred seventy-five thousand dollars (\$275,000) to the Department of Administration to support the operations of the Academic Standards Review Commission established in S.L. 2014-78. From these funds, an amount equal to the total of all costs incurred by the Department of Administration prior to the enactment of this act to support the operations of the Commission shall be credited to the Department. Expenditure of the remainder of these funds shall be made upon authorization by the Commission, only for the following:

- (1) Administrative assistance, including professional and clerical staff and any contracts for professional, clerical, and consultant services. Consultant services may include contracts with qualified experts on academic standards that may be used as an alternative to the Common Core Standards, including other state academic standards.
- (2) Technical assistance, including meeting rooms, telephones, office space, equipment, and supplies provided by the Department of Administration in accordance with Section 2(f) of S.L. 2014-78.
- (3) Per diem, subsistence, and travel allowances provided to Commission members in accordance with G.S. 138-5, 138-6, or 120-3.1, as appropriate.



1 **SECTION 3.** The funds transferred to the Department of Administration in Section
2 2 of this act shall not revert at the end of the 2014-2015 fiscal year but shall remain available
3 for expenditure in accordance with that section until the Commission terminates on December
4 31, 2015, or upon the filing of its final report, whichever occurs first. Any unexpended,
5 unencumbered balance of these funds shall revert to the General Fund on June 30, 2016.

6 **SECTION 4.** The General Assembly finds that considerable resources have already
7 been expended to allow teachers and members of the public to make known their opinions and
8 concerns surrounding adoption of academic standards. Specifically, the General Assembly
9 finds that (i) on March 20, 2014, a Legislative Research Commission committee heard more
10 than two hours of comment from stakeholders and interested members of the public on the
11 subject; and (ii) on October 20, 2014, the Department of Public Instruction surveyed every
12 public school teacher in the State on the subject. Accordingly, funds transferred pursuant to
13 Section 2 of this act shall not be used by the Academic Standards Review Commission to
14 conduct any survey related to the adoption of academic standards or to contract for the
15 performance of such a survey by any third party.

16 **SECTION 5.** Notwithstanding any other provision of law, the Academic Standards
17 Review Commission is subject to the Public Records Act, Chapter 132 of the General Statutes,
18 and the Open Meetings Law, Article 33C of Chapter 143 of the General Statutes. Additionally,
19 the Commission shall have the duty to comply with all of the following:

- 20 (1) All minutes, agendas, handouts, and presentations created during the course
21 of the Commission's work, and any audio recordings of the Commission's
22 meetings, shall be published on the Commission's Web site.
- 23 (2) All official meetings, as that term is defined in G.S. 143-318.10, of the
24 Commission shall be streamed live over the Internet in a manner that allows
25 members of the public to listen to the proceedings.

26 **SECTION 6.** In implementing Section 2 of this act, the State Board of Education
27 shall make reductions to the operating budget of the Department of Public Instruction and shall
28 make no reduction to funding or positions for:

- 29 (1) The North Carolina Center for Advancement of Teaching.
- 30 (2) The Eastern North Carolina School for the Deaf, the North Carolina School
31 for the Deaf, and the Governor Morehead School.
- 32 (3) Communities in Schools of North Carolina, Inc.
- 33 (4) Teach for America, Inc.
- 34 (5) Beginnings For Parents of Children Who Are Deaf or Hard of Hearing, Inc.

35 **SECTION 7.** G.S. 62-302.1(d) reads as rewritten:

36 **"§ 62-302.1. Regulatory fee for combustion residuals surface impoundments.**

37 ...

38 (d) Use of Proceeds. – A special fund in the Office of State Treasurer and the Coal Ash
39 Management Commission is created. The fees collected pursuant to this section and all other
40 funds received by the Coal Ash Management Commission shall be deposited in the Coal
41 Combustion Residuals Management Fund. The Fund shall be placed in an interest-bearing
42 account, and any interest or other income derived from the Fund shall be credited to the Fund.
43 ~~Moneys in the Fund shall only be spent pursuant to appropriation by the General Assembly.~~
44 Subject to appropriation by the General Assembly, twenty-six and one-half percent (26.5%) of
45 the moneys in the Fund shall be used by the Coal Ash Management Commission and the
46 remainder shall be used by the Department of Environment and Natural Resources. The
47 Commission shall be subject to the provisions of the State Budget Act, except that no
48 unexpended surplus of the Coal Combustion Residuals Management Fund shall revert to the
49 General Fund. All funds credited to the Fund shall be used only to pay the expenses of the Coal
50 Ash Management Commission and the Department of Environment and Natural Resources in
51 providing oversight of coal combustion residuals."

1 **SECTION 8.** Sections 15(c) through 15(e) of S.L. 2014-122 read as rewritten:

2 "**SECTION 15.(c)** ~~Twenty-five~~Up to twenty-five receipt-supported positions are created in
3 the Department of Environment and Natural Resources to carry out the duties in Part 2I of
4 Article 9 of Chapter 130A of the General Statutes. There is appropriated from the Coal
5 Combustion Residuals Management Fund the sum of one million seven hundred fifty thousand
6 dollars (\$1,750,000) to the Department of Environment and Natural Resources to support the
7 positions for the 2014-2015 fiscal year.

8 **SECTION 15.(d)** Five receipt-supported positions are created in the Division of
9 Emergency Management of the Department of Public Safety to carry out the duties in
10 G.S. 130A-309.202. ~~The funds remaining in the Coal Combustion Residuals Management Fund~~
11 ~~after the appropriation to the Department of Environment and Natural Resources are~~
12 ~~appropriated to the Department of Public Safety for the 2014-2015 fiscal year. There is~~
13 ~~appropriated from the Coal Combustion Residuals Management Fund~~ the sum of six hundred
14 thirty thousand dollars (\$630,000) to the Department of Public Safety to support the positions
15 for the 2014-2015 fiscal year. These positions shall be used to provide assistance to the Coal
16 Ash Management Commission established by G.S. 130A-309.202, as enacted by Section 3(a)
17 of this act. The positions shall be assigned in the following manner: one of the positions shall
18 be the executive director of the staff, two positions shall be assigned as analysts, one position
19 shall be assigned as a technician, and one position shall be assigned as administrative. The
20 Division of Emergency Management in the Department of Public Safety shall consult with the
21 Chair of the Commission in hiring the staff for the Coal Ash Management Commission. The
22 Division of Emergency Management in the Department of Public Safety shall provide support
23 to the Commission until the staff of the Commission is hired, including the designation of an
24 individual to serve as an interim executive director of the staff.

25 **SECTION 15.(e)** If the moneys in the Coal Combustion Residuals Management Fund are
26 insufficient to support the appropriations set out in subsection 15(c) and subsection 15(d) of
27 this section for the 2014-2015 fiscal year, then each appropriation is hereby reduced on a
28 proportional basis.

29 ~~**SECTION 15.(e)**~~**SECTION 15.(f)** Subsection (a) of this section becomes effective July 1,
30 2014, and expires April 1, 2030, and applies to jurisdictional revenues earned on or after July 1,
31 2014, and before April 1, 2030. The remainder of this section becomes effective July 1, 2014."

32 **SECTION 9.** Sections 7 and 8 of this act become effective July 1, 2014. The
33 remainder of this act is effective when it becomes law.





SENATE BILL 14: Acad. Standards/Rules Review/Coal Ash/Funds

2015-2016 General Assembly

Committee:	Senate Appropriations/Base Budget	Date:	February 3, 2015
Introduced by:	Sens. Brown, Harrington, B. Jackson	Prepared by:	Ben Stanley
Analysis of:	First Edition		Committee Counsel

SUMMARY: *Senate Bill 14 makes funds available to cover litigation expenses of the Rules Review Commission, makes funds available to fund the operations of the Academic Standards Review Commission, and clarifies the appropriation of funds from the Coal Combustion Residuals Management Fund.*

BILL ANALYSIS: **Section 1** of the bill transfers \$100,000 of funds appropriated to the State Board of Education for the 2014-2015 fiscal year to the Rules Review Commission to be used to pay litigation costs incurred in the defense of *North Carolina State Board of Education v. The State of North Carolina and The Rules Review Commission*. It also provides that these funds shall not revert until the end of the 2015-2016 fiscal year.

Section 2 of the bill transfers \$275,000 of funds appropriated to the Department of Public Instruction for current operations of that Department for the 2014-2015 fiscal year to the Academic Standards Review Commission. These funds are to be used first to reimburse the Department of Administration for costs it has incurred to support of the Commission with the remainder to be used to support the operations of the Commission.

Section 3 of the bill provides that the funds transferred in Section 2 shall remain available to the Academic Standards Review Commission until it terminates and shall not revert until the end of the 2015-2016 fiscal year.

Section 4 of the bill prohibits the expenditure of any of the funds transferred in Section 2 on survey related to the adoption of academic standards.

Section 5 of the bill clarifies that the Academic Standards Review Commission is subject to the Public Records Act and the Open Meetings Law. It also requires that certain information be posted on the Commission's website and that official meetings of the Commission be streamed on the Internet.

Section 6 of the bill provides that in order to facilitate the transfer of funds required by Section 2, the State Board of Education shall reduce the operating budget of the Department of Public Instruction and shall make no reductions to funding or positions to certain entities.

Section 7 of the bill clarifies that it is the intent of the General Assembly that 26.5% of the funds in the Coal Combustion Residuals Management Fund shall be used by the Coal Ash Management Commission and that the remainder shall be used by the Department of Environment and Natural Resources.

Section 8 of the bill provides that up to 25, rather than exactly 25, positions are created in Department of Environment and Natural Resources to carry out the duties imposed by G.S. 130A-309.202. It also clarifies the amount of the appropriation to support the positions and provides that if there is a shortfall in the fund, appropriations to DENR and DPS are to be reduced in equal proportions.

EFFECTIVE DATE: Sections 7 and 8 of the bill become effective July 1, 2014. The remainder of the bill is effective when it becomes law.

Kory Goldsmith
Director



* S 1 4 - S M M D - 3 E 1 - V 1 *

Legislative Drafting
(919) 733-6660



VISITOR REGISTRATION SHEET

SENATE APPROPRIATIONS/BASE BUDGET

DATE: February 3, 2015

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
<u>1</u> Sammy Robertson	TWC
<u>2</u> Susan Vick	Duke Energy
<u>3</u> BERRY COHEN	Melson Mullin's
<u>4</u> SOLARI	DST
<u>5</u> [Signature]	NCTIA
<u>6</u> M. Benson	
<u>7</u> Jackson Covert	ASS
<u>8</u> [Signature]	NCDP
<u>9</u> Jackson Frank	Capital City Strategies
<u>10</u> Molly Masich	OAH
<u>11</u> Tom West	NCICU
<u>12</u> Drew Muretz	UNC GA
<u>13</u> Henry M Lancaster	LCA
<u>14</u> [Signature]	MWC
<u>15</u> Zane Stilwell	NC SBE
<u>16</u> Cassie Gann	Sierra Club
<u>17</u> Carl McLomb	Troutman Sanders



VISITOR REGISTRATION SHEET

SENATE APPROPRIATIONS/BASE BUDGET

DATE: February 3, 2015

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
18 DANIEL BAUM	TROUTMAN SAUNDERS
19 Tracy Presnell	NC Retired School Personnel
20 Erin Jones	TWC
21 Sammy Roberson	TWC
22 Chip Byers	NIMS
23 STEVEN WEBB	NCHBA
24 Patrick Buffin	NCAEC
25 Joanna Spruill	NCAFP
26 Jake Casho	NC Chamber
27 Bill Swobbin	TB
28 Amanda Honaker	TSS
29 T J Bybee	NP
30 Erica Nelson	NCHA
31 Lexi Morgan	NCRMA
32 T James Moore	F U M
33 Andy Ell	NCRMA
34 Isabel Villa - Garcia	NCAR
Adam Bridemoe	NCASA

Sarah Kance

NC DCL

Pam Dearby

NCRSP

VISITOR REGISTRATION SHEET

SENATE APPROPRIATIONS/BASE BUDGET

DATE: February 3, 2015

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
<u>35</u> ANDY WALSH	SA
<u>36</u> MARK COOPER	2-91-1-11. COMBIA VPLC
<u>37</u> Reston Jones	NC DOT
<u>38</u> Nelson Freeman	NL DOR
<u>39</u> Nadia Lehr	NCCN
<u>40</u> Matt Gross	NCC
<u>41</u> Russell Peck	Mercury Public Affairs
<u>42</u> Bre Blager	NCEL
<u>43</u> _____	_____
<u>44</u> _____	_____
<u>45</u> _____	
<u>46</u> _____	
<u>47</u> _____	
<u>48</u> _____	
<u>49</u> _____	
<u>50</u> _____	
<u>51</u> _____	



**Senate Committee on Appropriations/Base Budget
Tuesday, February 10, 2015 at 1:00 PM
Room 544 of the Legislative Office Building**

MINUTES

The Senate Committee on Appropriations/Base Budget met at 1:12 PM on February 10, 2015 in Room 544 of the Legislative Office Building. Twenty members were present. Senator Kathy Harrington, Chair, presided. Senator Harrington called the meeting to order and recognized the Sergeant-at-Arms' staff and Pages.

Senator Bill Rabon explained **SB 20 IRC Update/Motor Fuel Tax Changes. (Senators Rabon, Rucho, Tillman)**

A discussion among committee members followed the presentation and included an explanation of the February consensus forecast and Senate Bill 20 changes to the Motor Fuels Tax presented by Anna Cameron of Fiscal Research. (See Attachment 7)

Senator Brown moved for a favorable report and the motion carried.

The meeting adjourned at 1:30 PM.

**SEE ATTACHMENT 3
FOR SIGNED MINUTES**

Presiding

Mary Marchman, Committee Clerk

Attachments:

1. Agenda
2. Committee Report
3. Minutes
4. Senate Bill 20
5. Summary of Senate Bill 20
6. Fiscal Note
7. Comparison of February 2015 Transportation Consensus Forecast and Senate Bill 20 Changes to the Motor Fuels Tax
8. Visitor Registration



Senate Committee on Appropriations/Base Budget

**Tuesday, February 10, 2015, 1:00 p.m.
Legislative Office Building, Room 544**

Agenda

Welcome and Introductions

Senator Kathy Harrington

S.B. 20, IRC Update/Motor Fuel Tax Changes

Senator Bob Rucho
Senator Bill Rabon

Adjourn



NORTH CAROLINA GENERAL ASSEMBLY
SENATE

APPROPRIATIONS/BASE BUDGET COMMITTEE REPORT

Senator Brown, Co-Chair
Senator Harrington, Co-Chair
Senator B. Jackson, Co-Chair

Tuesday, February 10, 2015

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

FAVORABLE

S	20	(CS#1)	IRC Update/Motor Fuel Tax Changes.
			Draft Number: None
			Sequential Referral: None
			Recommended Referral: None
			Long Title Amended: No

TOTAL REPORTED: 1

Senator Robert Rucho will handle S 20



**Senate Committee on Appropriations/Base Budget
Tuesday, February 10, 2015 at 1:00 PM
Room 544 of the Legislative Office Building**

MINUTES

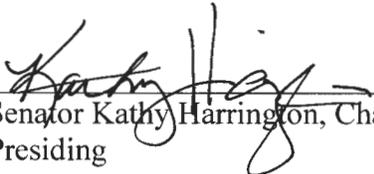
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Senator Kathy Harrington, Chair
Presiding



Mary Marchman, Committee Clerk

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GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2015

S

2

SENATE BILL 20
Finance Committee Substitute Adopted 2/10/15

Short Title: IRC Update/Motor Fuel Tax Changes. (Public)

Sponsors:

Referred to:

February 4, 2015

A BILL TO BE ENTITLED
AN ACT TO UPDATE THE REFERENCE TO THE INTERNAL REVENUE CODE, TO
DECOUPLE FROM CERTAIN PROVISIONS OF THE FEDERAL TAX INCREASE
PREVENTION ACT OF 2014, TO MODIFY THE MOTOR FUELS TAX RATE, AND
TO MAKE CERTAIN REDUCTIONS WITHIN THE DEPARTMENT OF
TRANSPORTATION FOR THE 2014-2015 FISCAL YEAR.

The General Assembly of North Carolina enacts:

PART I: IRC UPDATE

SECTION 1.1 G.S. 105-228.90(b)(1b) reads as rewritten:

"(1b) Code. – The Internal Revenue Code as enacted as of ~~December 31, 2013~~, January 1, 2015, including any provisions enacted as of that date that become effective either before or after that date."

SECTION 1.2.(a) G.S. 105-130.5B(c) reads as rewritten:

"§ 105-130.5B. Adjustments when State decouples from federal accelerated depreciation and expensing.

...
(c) Section 179 Expense. – For purposes of this subdivision, the definition of section 179 property has the same meaning as under section 179 of the Code as of ~~January 2, 2013~~. January 1, 2015. A taxpayer who places section 179 property in service during a taxable year listed in the table below must add to the taxpayer's federal taxable income eighty-five percent (85%) of the amount by which the taxpayer's expense deduction under section 179 of the Code exceeds the dollar and investment limitation listed in the table below for the taxable year.

A taxpayer is allowed to deduct twenty percent (20%) of the add-back in each of the first five taxable years following the year the taxpayer is required to include the add-back in income.

Taxable Year of 85% Add-Back	Dollar Limitation	Investment Limitation
2010	\$250,000	\$800,000
2011	\$250,000	\$800,000
2012	\$250,000	\$800,000
2013	\$25,000	\$200,000
<u>2014</u>	<u>\$25,000</u>	<u>\$200,000</u> "

SECTION 1.2.(b) G.S. 105-153.6(c) reads as rewritten:

"§ 105-153.6. Adjustments when State decouples from federal accelerated depreciation and expensing.

...



(c) Section 179 Expense. – For purposes of this subdivision, the definition of section 179 property has the same meaning as under section 179 of the Code as of ~~January 2, 2013.~~ January 1, 2015. A taxpayer who places section 179 property in service during a taxable year listed in the table below must add to the taxpayer's federal taxable income or adjusted gross income, as appropriate, eighty-five percent (85%) of the amount by which the taxpayer's expense deduction under section 179 of the Code exceeds the dollar and investment limitation listed in the table below for that taxable year. For taxable years before 2012, the taxpayer must add the amount to the taxpayer's federal taxable income. For taxable year 2012 and after, the taxpayer must add the amount to the taxpayer's adjusted gross income.

A taxpayer is allowed to deduct twenty percent (20%) of the add-back in each of the first five taxable years following the year the taxpayer is required to include the add-back in income.

Taxable Year of 85% Add-Back	Dollar Limitation	Investment Limitation
2010	\$250,000	\$800,000
2011	\$250,000	\$800,000
2012	\$250,000	\$800,000
2013	\$25,000	\$200,000
2014	\$25,000	\$200,000"

SECTION 1.3. G.S. 105-153.5 reads as rewritten:

"§ 105-153.5. Modifications to adjusted gross income.

(a) Deduction Amount. – In calculating North Carolina taxable income, a taxpayer may deduct from adjusted gross income either the standard deduction amount provided in subdivision (1) of this subsection or the itemized deduction amount provided in subdivision (2) of this subsection that the taxpayer claimed under the Code. The deduction amounts are as follows:

- (1) Standard deduction amount. – The standard deduction amount is zero for a person who is not eligible for a standard deduction under section 63 of the Code. For all other taxpayers, the standard deduction amount is equal to the amount listed in the table below based on the taxpayer's filing status:

Filing Status	Standard Deduction
Married, filing jointly	\$15,000
Head of Household	12,000
Single	7,500
Married, filing separately	7,500.

- (2) Itemized deduction amount. – An amount equal to the sum of the items listed in this subdivision. The amounts allowed under this subdivision are not subject to the overall limitation on itemized deductions under section 68 of the Code:

- a. The amount allowed as a deduction for charitable contributions under section 170 of the Code for that taxable year. For taxable year 2014, a taxpayer who elected to take the income exclusion under section 408(d)(8) of the Code for a qualified charitable distribution from an individual retirement plan by a person who has attained the age of 70 1/2 may deduct the amount that would have been allowed as a charitable deduction under section 170 of the Code had the taxpayer not elected to take the income exclusion.

- b. The amount allowed as a deduction for interest paid or accrued during the taxable year under section 163(h) of the Code with respect to any qualified residence plus the amount claimed by the taxpayer as a deduction for property taxes paid or accrued on real estate under section 164 of the Code for that taxable year. For taxable year 2014,

1 the amount allowed as a deduction for interest paid or accrued during
2 the taxable year under section 163(h) of the Code with respect to any
3 qualified residence shall not include the amount for mortgage
4 insurance premiums treated as qualified residence interest. The
5 amount allowed under this sub-subdivision may not exceed twenty
6 thousand dollars (\$20,000). For spouses filing as married filing
7 separately or married filing jointly, the total mortgage interest and
8 real estate taxes claimed by both spouses combined may not exceed
9 twenty thousand dollars (\$20,000). For spouses filing as married
10 filing separately with a joint obligation for mortgage interest and real
11 estate taxes, the deduction for these items is allowable to the spouse
12 who actually paid them. If the amount of the mortgage interest and
13 real estate taxes paid by both spouses exceeds twenty thousand
14 dollars (\$20,000), these deductions must be prorated based on the
15 percentage paid by each spouse. For joint obligations paid from joint
16 accounts, the proration is based on the income reported by each
17 spouse for that taxable year.

18 ...

19 (d) Decoupling Adjustments. – In calculating North Carolina taxable income, a
20 taxpayer must add to the taxpayer's adjusted gross income any of the following items that are
21 not included in the taxpayer's adjusted gross income:

- 22 (1) For taxable year 2014, the amount excluded from the taxpayer's gross
23 income for the discharge of qualified principal residence indebtedness under
24 section 108 of the Code. The purpose of this subdivision is to decouple from
25 the extension of the income exclusion under section 102 of the Tax Increase
26 Prevention Act of 2014.
- 27 (2) For taxable year 2014, the amount of the taxpayer's deduction for qualified
28 tuition and related expenses under section 222 of the Code. The purpose of
29 this subdivision is to decouple from the extension of the federal
30 above-the-line deduction under section 107 of the Tax Increase Prevention
31 Act of 2014.
- 32 (3) For taxable year 2014, the amount excluded from the taxpayer's gross
33 income for a qualified charitable distribution from an individual retirement
34 plan by a person who has attained age 70 1/2 under section 408(d)(8) of the
35 Code. The purpose of this subdivision is to decouple from the extension of
36 the income exclusion under section 108 of the Tax Increase Prevention Act
37 of 2014.

38 ~~(d)~~(e) S Corporations. – Each shareholder's pro rata share of an S Corporation's income is
39 subject to the adjustments provided in this section and in G.S. 105-153.6."

40 **SECTION 1.4.** This Part is effective when the act becomes law. Notwithstanding
41 Section 1 of this act, any amendments to the Internal Revenue Code enacted after December
42 31, 2013, that increase North Carolina taxable income for the 2014 taxable year are effective
43 for taxable years beginning on or after January 1, 2015.

44 **PART II: MOTOR FUEL TAX CHANGES**

45 **SECTION 2.1** Effective March 1, 2015, and notwithstanding G.S. 105-449.80, the
46 motor fuel excise tax rate is thirty-five cents (35¢) a gallon.

47 **SECTION 2.2.** G.S. 105-449.108(c) reads as rewritten:

48 (c) Sales Tax Amount. – Article 5 of Subchapter I of this Chapter determines the
49 amount of State sales and use tax to be deducted under this section from a motor fuel excise tax
50 refund. Articles 39, 40, and 42 of Subchapter VIII of this Chapter and the Mecklenburg First
51

1 1% Sales Tax Act determine the amount of local sales and use tax to be deducted under this
 2 section from a motor fuel excise tax refund. The sales price and the cost price of motor fuel to
 3 be used in determining the amount to deduct is the average of the wholesale prices used under
 4 G.S. 105-449.80 to determine the excise tax ~~rates~~ rate in effect for the ~~two six-month periods of~~
 5 ~~the calendar~~ year for which the refund is claimed."

6 **SECTION 2.3.** G.S. 105-449.80 reads as rewritten:

7 "**§ 105-449.80. Tax rate.**

8 (a) Rate. – The motor fuel excise tax rate is a flat rate of seventeen and one-half cents
 9 (17 1/2¢) a gallon plus a variable wholesale component. The variable wholesale component is
 10 ~~either the greater of three-seventeen and one-half cents (3 1/2¢)(17 1/2¢) a gallon or seven~~
 11 ~~percent (7%)~~ nine and nine-tenths percent (9.9%) of the average wholesale price of motor fuel
 12 for the applicable base ~~period, whichever is greater period.~~

13 ~~The two base periods are six-month periods; one ends on September 30 and one ends on~~
 14 ~~March 31. period is a twelve-month period ending September 30.~~ The Secretary must set the
 15 tax rate ~~twice for a year~~ based on the wholesale price for each base period. A tax rate set by the
 16 Secretary using information for the base period ~~that ends on September 30~~ applies to the
 17 ~~six-month period calendar year~~ that begins the following January 1. ~~A tax rate set by the~~
 18 ~~Secretary using information for the base period that ends on March 31~~ applies to the ~~six-month~~
 19 ~~period that begins the following July 1.~~

20 (b) Wholesale Price. – The Secretary must determine the average wholesale price of
 21 motor fuel for each base period. To do this, the Secretary must use information on refiner and
 22 gas plant operator sales prices of finished motor gasoline and No. 2 diesel fuel for resale,
 23 published by the United States Department of Energy in the "Monthly Energy Review", or
 24 equivalent data.

25 The Secretary must compute the average sales price of finished motor gasoline for the base
 26 period, compute the average sales price for No. 2 diesel fuel for the base period, and then
 27 compute a weighted average of the results of the first two computations based on the proportion
 28 of tax collected on each under this Article for the base period. The Secretary must then convert
 29 the weighted average price to a cents-per-gallon rate and round the rate to the nearest one-tenth
 30 of a cent (1/10¢). If the converted cents-per-gallon rate is exactly between two-tenths of a cent
 31 (2/10¢) the Secretary must round the rate up to the higher of the two.

32 (c) Notification. – The Secretary must notify affected taxpayers of the tax rate to be in
 33 effect for each ~~six-month period calendar year~~ beginning January 1 ~~and July 1.~~

34 **SECTION 2.4.(a)** Section 4.1 of S.L. 2014-100 reads as rewritten:

35 "**SECTION 4.1.** Appropriations from the State Highway Trust Fund for the maintenance
 36 and operation of the Department of Transportation and for other purposes as enumerated are
 37 adjusted for the fiscal year ending June 30, 2015, according to the following schedule.
 38 Amounts set out in parentheses are reductions from Highway Trust Fund Appropriations for the
 39 2014-2015 fiscal year.

41 Current Operations – Highway Trust Fund	2014-2015
42	
43 Program Administration	(\$11,000,000)
44 Aid to Municipalities	0
45 Intrastate	0
46 Secondary Roads	0
47 Urban Loops	0
48 Mobility Fund	0
49 Turnpike Authority	0
50 Transfer to General Fund	0
51 Transfer to Highway Fund	0

1	Debt Service	0
2	Strategic Prioritization Funding Plan for Transportation Investments	67,993,140 59,738,140

4	Total Highway Trust Fund Appropriations	\$ 1,162,393,140 1,154,138,140"
---	--	--

5 SECTION 2.4.(b) Section 4.2 of S.L. 2014-100 reads as rewritten:

6 "SECTION 4.2. Section 4.2 of S.L. 2013-360 is repealed. The Highway Trust Fund
7 availability used in developing the 2014-2015 fiscal year budget is shown below:

9	Highway Trust Fund Availability Statement	2014-2015
---	--	------------------

11	Unreserved Fund Balance	\$ 0
----	-------------------------	------

12	Estimated Revenue	1,162,370,000 1,154,115,000
----	-------------------	-----------------------------

13 Adjustment to Revenue Availability:

14	Motor Fuel Tax Refund Repeal (Taxi Cabs)	23,140
----	--	--------

16	Total Highway Trust Fund Availability	\$ 1,162,393,140 1,154,138,140
----	--	---------------------------------------

18	Unappropriated Balance	\$ 0"
----	------------------------	-------

19 SECTION 2.4.(c) Section 3.1 of S.L. 2014-100 reads as rewritten:

20 "SECTION 3.1. Appropriations from the State Highway Fund for the maintenance and
21 operation of the Department of Transportation and for other purposes as enumerated are
22 adjusted for the fiscal year ending June 30, 2015, according to the following schedule.
23 Amounts set out in parentheses are reductions from Highway Fund Appropriations for the
24 2014-2015 fiscal year.

26	Current Operations – Highway Fund	2014-2015
----	--	------------------

28	Department of Transportation	
----	------------------------------	--

29	Administration	\$ 1,949,344
----	----------------	--------------

31	Division of Highways	
----	----------------------	--

32	Administration	0
----	----------------	---

33	Construction	0
----	--------------	---

34	Maintenance	53,407,586
----	-------------	------------

35	Planning and Research	0
----	-----------------------	---

36	OSHA Program	(7,307)
----	--------------	---------

38	Ferry Operations	(1,542,317)
----	------------------	-------------

40	State Aid to Municipalities	9,453,990
----	-----------------------------	-----------

42	Intermodal Divisions	
----	----------------------	--

43	Public Transportation	0
----	-----------------------	---

44	Aviation	(800,000)
----	----------	-----------

45	Rail	(960,325)
----	------	-----------

46	Bicycle and Pedestrian	(30,043)
----	------------------------	----------

48	Governor's Highway Safety	(5,699)
----	---------------------------	---------

50	Division of Motor Vehicles	(988,255)
----	----------------------------	-----------

1	Other State Agencies, Reserves, Transfers	7,354,812
2		
3	Capital Improvements	0
4		
5	<u>Reductions Made Pursuant to Senate Bill 20:</u>	
6	<u>"IRC Update/Motor Fuel Tax Changes," 2015 Regular Session</u>	<u>(24,765,000)</u>
7		
8	Total Highway Fund Appropriations	<u>\$1,984,142,286</u><u>1,959,377,286"</u>

9 SECTION 2.4.(d) Section 3.2 of S.L. 2014-100 reads as rewritten:

10 "SECTION 3.2. Section 3.2 of S.L. 2013-360 is repealed. The Highway Fund availability
11 used in adjusting the 2014-2015 fiscal year budget is shown below:

12		
13	Highway Fund Availability Statement	2014-2015
14		
15	Unreserved Fund Balance	\$ 12,000,000
16	Estimated Revenue	1,973,750,000
17	Adjustment to Revenue Availability:	
18	Motor Fuel Tax (Shallow Draft Navigation Channel Dredging Fund)	(1,677,134)
19	Motor Fuel Tax Refund Repeal (Taxi Cabs)	69,420
20	<u>Reductions Made Pursuant to Senate Bill 20:</u>	
21	<u>"IRC Update/Motor Fuel Tax Changes," 2015 Regular Session</u>	<u>(24,765,000)</u>
22	Revised Total Highway Fund Availability	<u>\$1,984,142,286</u><u>1,959,377,286</u>

23
24 **Unappropriated Balance** \$ 0"

25 SECTION 2.4.(e) For the 2014-2015 fiscal year, appropriations to each certified
26 fund code within the Highway Fund are hereby reduced by two and one hundred seventy-five
27 thousandths percent (2.175%), which shall amount to a total reduction of nine million
28 ninety-two thousand six hundred sixteen dollars (\$9,092,616). In making the reductions
29 required by this subsection, the following fund codes shall not be reduced:

- 30 (1) 84210-0852
- 31 (2) 84210-0862
- 32 (3) 84210-0864
- 33 (4) 84210-0865
- 34 (5) 84210-0867
- 35 (6) 84210-0868
- 36 (7) 84210-0871
- 37 (8) 84210-0873
- 38 (9) 84210-0877
- 39 (10) 84210-0878
- 40 (11) 84210-0881
- 41 (12) 84210-0882
- 42 (13) 84210-0885
- 43 (14) 84210-0889
- 44 (15) 84210-0892
- 45 (16) 84210-0893
- 46 (17) 84210-0933
- 47 (18) 84210-0934
- 48 (19) 84210-0935
- 49 (20) 84210-0937
- 50 (21) 84210-1165
- 51 (22) 84210-1260

- 1 (23) 84210-7040
- 2 (24) 84210-7615
- 3 (25) 84210-7818
- 4 (26) 84210-7821
- 5 (27) 84210-7822
- 6 (28) 84210-7824
- 7 (29) 84210-7825
- 8 (30) 84210-7826
- 9 (31) 84210-7827
- 10 (32) 84210-7828
- 11 (33) 84210-7834
- 12 (34) 84210-7836
- 13 (35) 84210-7839
- 14 (36) 84210-7841

15 **SECTION 2.4.(f)** For the 2014-2015 fiscal year, appropriations to each of the
16 following certified fund codes within the Highway Fund are hereby reduced by one percent
17 (1%), which shall amount to a total reduction of four million six hundred eighty-seven
18 thousand six hundred thirty dollars (\$4,687,630):

- 19 (1) 84210-7821
- 20 (2) 84210-7822
- 21 (3) 84210-7841

22 **SECTION 2.4.(g)** For the 2014-2015 fiscal year, and notwithstanding any
23 provision of law to the contrary, the Director of the Budget and the Secretary of Revenue shall
24 make the following reductions:

- 25 (1) Two million five hundred seventy-five thousand five hundred sixty dollars
26 (\$2,575,560) to the total amount of funds appropriated pursuant to
27 G.S. 136-41.1.
- 28 (2) Forty-one thousand two hundred seventy-five dollars (\$41,275) to the total
29 amount of funds credited to the Wildlife Resources Fund pursuant to
30 G.S. 105-449.126.
- 31 (3) Forty-one thousand two hundred seventy-five dollars (\$41,275) to the total
32 amount of funds credited to the Shallow Draft Navigation Channel and Lake
33 Dredging Fund pursuant to G.S. 105-449.126.

34 **SECTION 2.4.(h)** By March 1, 2015, the Secretary of the Department of
35 Transportation shall reduce its workforce by eliminating 500 filled, full-time positions within
36 the Department of Transportation, which shall amount to a total reduction of six million two
37 hundred fifty thousand dollars (\$6,250,000). The Secretary of the Department of Transportation
38 shall eliminate positions under this subsection in the following priority order:

- 39 (1) Departmental administration staff, including positions within units and
40 divisions with unmet outsourcing targets.
- 41 (2) Positions that allow the Department of Transportation to plan for future
42 outsourcing of maintenance activities. The term "maintenance activities"
43 includes, but is not limited to, pavement preservation, winter weather
44 treatments, roadside environmental, and preconstruction activities.
- 45 (3) Positions that allow the Department of Transportation to reduce management
46 layers.

47 **SECTION 2.4.(i)** Notwithstanding G.S. 126-7.1, the Secretary of the Department
48 of Transportation shall provide notice as soon as practicable to any employee affected by the
49 reduction in its workforce under subsection (h) of this section.

50 **SECTION 2.4.(j)** The Secretary of the Department of Transportation shall
51 eliminate a minimum of 50 vacant positions within the Department of Transportation to

1 achieve a total reduction of two million seventy-six thousand six hundred forty-four dollars
2 (\$2,076,644). The Secretary of the Department of Transportation may use lapsed salaries to
3 meet the reduction required under this subsection.

4 **SECTION 2.4.(k)** Notwithstanding any provision of law to the contrary, the total
5 amount of funds generated by the reductions in this act shall be used to support the
6 maintenance and operation of the Department of Transportation and for other purposes as
7 enumerated for the Department of Transportation in S.L. 2014-100. To the extent any of the
8 funds generated by the reductions in this act are deemed unappropriated, these funds are hereby
9 appropriated. The Director of the Budget shall modify the certified budget to reflect the
10 reductions to appropriations made in this act.

11 **SECTION 2.5.** Section 2.4 of this act is effective when the act becomes law.
12 Section 2.1 of this act expires January 1, 2016. The remainder of this Part becomes effective
13 March 1, 2015.

14
15 **PART III: EFFECTIVE DATE**

16 **SECTION 3.** Except as otherwise provided, this act is effective when it becomes
17 law.



SENATE BILL 20: IRC Update

2015-2016 General Assembly

Committee:	Senate Appropriations/Base Budget	Date:	February 10, 2015
Introduced by:	Sens. Rabon, Rucho, Tillman	Prepared by:	Trina Griffin
Analysis of:	Second Edition		Staff Attorney

SUMMARY: *Senate Bill 20 consists of two Parts. The first Part, which is a recommendation of the Revenue Laws Study Committee, updates from December 31, 2013, to January 1, 2015, the reference to the Internal Revenue Code used in determining certain State tax provisions. The bill decouples from the following extensions under the federal Tax Increase Prevention Act of 2014 for the 2014 tax year, but it would conform to the \$250 teacher expense deduction:*

- *Enhanced Section 179 expensing*
- *Exclusion from income for forgiveness of debt on principal residence*
- *Deduction for mortgage insurance premiums*
- *Deduction for higher education tuition expenses*
- *Tax-free distribution from IRAs to public charities*

The second Part makes the following changes to the motor fuels tax:

- *Reduces the motor fuels tax rate from 37.5 cents to 35 cents beginning March 1, 2015.*
- *Changes the variable component of the formula for determining the rate, beginning January 1, 2016.*
- *Replaces the two 6-month base periods used in determining the gas tax rate with a single 12-month base period.*
- *Makes \$8.25 million and \$24.7 million reductions in the Highway Trust Fund and Highway Fund budgets for the 2014-2015 fiscal year.*

PART I: IRC UPDATE

CURRENT LAW: North Carolina's tax law tracks many provisions of the federal Internal Revenue Code by reference to the Code.¹ The General Assembly determines each year whether to update its reference to the Code.² Updating the reference makes recent amendments to the Code applicable to the State to the extent that State law previously tracked federal law. The General Assembly's decision whether to conform to federal changes is based on the fiscal, practical, and policy implications of the federal changes and is normally enacted in the following year, rather than in the same year the federal changes are made. Maintaining conformity with federal tax law simplifies tax reporting because a

¹North Carolina first began referencing the Internal Revenue Code in 1967, the year it changed its taxation of corporate income to a percentage of federal taxable income.

²The North Carolina Constitution imposes an obstacle to a statute that automatically adopts any changes in federal tax law. Article V, Section 2(1) of the Constitution provides in pertinent part that the "power of taxation ... shall never be surrendered, suspended, or contracted away." Relying on this provision, the North Carolina court decisions on delegation of legislative power to administrative agencies, and an analysis of the few federal cases on this issue, the Attorney General's Office concluded in a memorandum issued in 1977 to the Director of the Tax Research Division of the Department of Revenue that a "statute which adopts by reference future amendments to the Internal Revenue Code would ... be invalidated as an unconstitutional delegation of legislative power."

O. Walker Reagan
Director



Research Division
(919) 733-2578

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Senate Bill 20

Page 2

taxpayer will not need to account for differing federal and State treatment of the same asset. The current reference to the Code is December 31, 2013.

BACKGROUND: On December 19, 2014, the Tax Increase Prevention Act of 2014 (TIPA) was signed into law³ and extended several provisions that were enacted last year in the American Taxpayer Relief Act (ATRA). ATRA was intended to avert the anticipated "fiscal cliff" due to the sunset provisions scheduled to take effect in 2013 that would have ended the Bush-era tax cuts contained in the Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA) and the Jobs and Growth Tax Relief Reconciliation Act of 2003 (JGTRRA), which were temporarily extended by the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 (2010 Tax Relief Act).

ANALYSIS:

UPDATE IRC REFERENCE DATE

Section 1.1 of the bill would update the reference to the Code from December 31, 2013, to January 1, 2015.

COUPLED PROVISION

By updating the reference to the Code, North Carolina would conform to various provisions, including the following:

Teachers' Classroom Expense Deduction

This bill would result in conformity with the extension of the federal teachers' classroom expense deduction for tax year 2014.

Explained. – This deduction allows primary and secondary education professionals to take an above-the-line deduction for qualified expenses up to \$250 paid out-of-pocket during the year.

Federal Background. – This deduction was established under EGTRRA in 2001 (beginning with tax year 2002) and was scheduled to expire in 2006. It was subsequently extended through 2013. TIPA extended the deduction for one more year.

North Carolina Background. – Prior to 2012, teachers in North Carolina were allowed the deduction at the State level because North Carolina began its calculation of taxable income with federal AGI. In 2012, North Carolina enacted a stand-alone individual income tax deduction for this purpose. The stand-alone provision was enacted because, at the time, the federal deduction was set to expire and Congress had not yet acted to extend it. However, this deduction was repealed as part of the Tax Simplification and Reduction Act of 2013 (HB 998), effective for tax years beginning on or after January 1, 2014. Because Congress has extended the deduction for tax year 2014, the update of the IRC reference in this bill would mean that teachers will continue to be able to take advantage of this deduction.

DECOUPLED PROVISIONS⁴

³ P.L. 113-295.

⁴ Since 2002, North Carolina has decoupled from the federal bonus depreciation provisions. Under the Tax Simplification and Reduction Act⁴, North Carolina permanently decoupled from this provision, which means that the General Assembly does not have to take any action to decouple from this provision to the extent Congress continues to extend it. Therefore, although Congress extended the 50% bonus depreciation provision for one more year under TIPA, North Carolina does not conform to this extension. For taxable years beginning on or after January 1, 2014, a taxpayer is required to add back 85% of the accelerated depreciation amount in the year it is claimed for federal purposes with a corresponding 20% deduction over the

Section 179 Expensing

Section 1.2 of the act does not conform to the one-year extension of the enhanced section 179 expensing provision. For tax year 2014, the deduction and investment limits are \$25,000 and \$200,000, which are what the limits would have been at the federal level if TIPA had not been enacted. However, it does conform to the definition of qualifying Section 179 property.

The act further provides that the property's basis will be the same for federal and State purposes and treats the difference in the same manner as State tax law has historically treated the bonus depreciation: A taxpayer must add back 85% of the additional expensing taken under federal law in 2014 and then deduct 20% of this amount over the succeeding five years. Full conformity to the section 179 expense deduction would have been \$52 million.

Explained. – Section 179 of the Code allows taxpayers to immediately deduct, rather than gradually depreciate, the cost of qualified assets, subject to certain limitations.⁵ Use of the allowance has two components: a dollar limitation and an investment limitation. The dollar limitation is the maximum amount of the deduction that the taxpayer may elect to take. The investment limitation is the maximum amount that can be spent on equipment before the deduction begins to be reduced. The deduction is reduced, dollar for dollar, by the amount that exceeds the investment limitation. Prior to 2010, section 179 was commonly thought to apply to small businesses because of its maximum deduction and investment limits.⁶ However, the enhancements made by the Small Business Jobs Act of 2010 (2010 Jobs Act) were the most expansive ever enacted and those limits were extended under ATRA and TIPA.

Federal Background. – Since 2010, the deduction limitation has been \$500,000 and the investment limitation has been \$2 million. Without the recent extensions, the limits would have reverted to the prior levels of \$25,000 and \$200,000.

North Carolina Background. – Prior to 2010, North Carolina typically conformed to the enhanced section 179 expense deduction provisions. However, given the expansive nature of the enhancements made by the 2010 Jobs Act, which have been extended over the last several years, North Carolina has decoupled and adopted lower limits since 2010.⁷

Income Exclusion for Distributions from IRAs to Charity

This bill does not conform to the extension of the income exclusion for a qualified charitable distribution from an individual retirement plan by a person who has attained the age of 70½ for tax year 2014. The treatment is capped at a maximum of \$100,000 per taxpayer. However, a taxpayer who itemizes and who elected to take the income exclusion would be able to deduct the amount that would have been allowed as a charitable deduction under the Code had the taxpayer not elected to take the income exclusion.

Explained. – Generally, a taxpayer must include in gross income distributions made from a traditional or Roth IRA account except to the extent they represent a return of nondeductible contributions or are rolled over into another qualified retirement plan.

next five years. The taxpayer will be deducting the same amount of an asset's basis under State law as under federal law, it is just that the timing of the deduction differs.

⁵ Generally, taxpayers take the Section 179 expensing deduction first and claim bonus depreciation on any remaining basis.

⁶ Prior to the Emergency Economic Stabilization Act of 2008 (EESA), deduction limit was \$125,000 with a phase-out beginning at \$500,000.

⁷ North Carolina's dollar and investment limitations were \$250,000 and \$800,000, respectively, for taxable years 2010 through 2012. The dollar and investment limitations for 2013 were \$25,000 and \$200,000, respectively.

Senate Bill 20

Page 4

Federal Background. – Since 2006,⁸ taxpayers age 70½ or older may contribute up to \$100,000 from their IRA account to a charity tax-free. This income exclusion was set to expire for distributions made in tax years beginning after December 31, 2013. TIPA extends the availability of this exclusion for one year.

North Carolina Background. – North Carolina conformed to this provision for 2006 through 2012, but decoupled for 2013.

Deduction for Mortgage Insurance Premiums as Interest

Section 1.3 of the act does not conform to the extension of the deduction for mortgage insurance premiums as interest for tax year 2014. Therefore, taxpayers may not include any amount for mortgage insurance premiums in their deduction for qualified residence interest. The cost to conform to this provision would be approximately \$4 million.

Explained. – Generally, taxpayers may not deduct any interest paid or accrued during the tax year that is considered personal interest. This restriction does not apply to certain types of interest, including qualified residence interest. Qualified residence interest includes interest on home acquisition indebtedness of up to \$1 million and interest on home equity indebtedness of up to \$100,000. In the case of a home acquisition loan, an individual who cannot pay the entire down payment amount may be required to purchase mortgage insurance.

Federal Background. – Since 2006, premiums paid for qualified mortgage insurance in connection with acquisition indebtedness for a qualified residence are treated as qualified residence interest and are deductible.⁹ The treatment of qualified mortgage insurance as qualified residence interest was set to expire for amounts paid or accrued after December 31, 2013. TIPA extends the availability of the deduction for one year.

North Carolina Background. – North Carolina conformed to this provision from 2006 through 2012, but decoupled for the first time for tax year 2013.

Income Exclusion for Discharge of Qualified Principal Residence Indebtedness

Section 1.3 of the act does not conform to the extension of the income exclusion for the discharge of qualified principal residence indebtedness. It requires a taxpayer to add back the amount excluded at the federal level for purposes of determining North Carolina taxable income. The cost to conform to this provision would be approximately \$14 million.

Explained. – Taxpayers are generally required to recognize income from the discharge of indebtedness. An exception from this rule is for the discharge of qualified principal residence indebtedness, which has been excludible from gross income on a temporary basis since 2007.¹⁰ The exclusion is limited to \$2 million, and applies to indebtedness incurred in the acquisition, construction, or substantial improvement of a principal residence and secured by the residence.

Federal Background. – This exclusion was scheduled to expire for debt discharged after December 31, 2013, but was extended for one year under TIPA.

⁸ This exclusion was originally authorized by the Pension Protection Act of 2006. The law was extended through 2009 by the Emergency Economic Stabilization Act of 2008, and through 2011, by the 2010 Tax Relief Act.

⁹ The deduction is subject to a phaseout. For every \$1,000, or fraction thereof, by which the taxpayer's AGI exceeds \$100,000, the amount of mortgage insurance premiums treated as interest is reduced by 10%.

¹⁰ This exclusion was originally authorized in the Mortgage Debt Relief Act of 2007.

Senate Bill 20

Page 5

North Carolina Background. – North Carolina conformed to this provision from 2007 through 2012, but decoupled for the first time for tax year 2013.

Higher Education Deduction

Section 1.3 of the act does not conform to the extension of the federal qualified tuition and expenses deduction for tax year 2014. The cost to conform to this provision would be approximately \$1 million.

Explained. – Subject to income limitations, a taxpayer may take an above-the-line deduction for qualified education expenses paid during the year for the taxpayer or the taxpayer's spouse or dependents. Generally, any accredited public, nonprofit, or proprietary post-secondary institution is an eligible educational institution. The maximum deduction is \$4,000 for an individual whose adjusted gross income for the tax year does not exceed \$65,000 (\$130,000 for MFJ filers), or \$2,000 for other individuals whose adjusted gross income does not exceed \$80,000 (\$160,000 for MFJ filers).

Federal Background. – This deduction was established under EGTRRA and was scheduled to expire in 2006. It was subsequently extended through 2013. TIPA extended the deduction for one more year.

North Carolina Background. – North Carolina had conformed to this provision until last year when it decoupled for the 2013 taxable year.

PART II: MOTOR FUEL TAX CHANGES

The second part of the bill would reduce the motor fuels tax rate from 37.5 cents to 35 cents beginning March 1, 2015, it would change the variable component of the formula used in determining the rate, beginning January 1, 2016, and it would make corresponding \$8.25 million and \$24.7 million reductions in the Highway Trust Fund and Highway Fund budgets, respectively. It would also replace the two 6-month base periods used in determining the gas tax rate with a single 12-month base period.

CURRENT LAW:

Rate. – A motor fuel¹¹ excise tax is imposed on all motor fuels sold, distributed, or used in the State. The rate of tax consists of a flat rate of 17.5¢ per gallon plus a variable wholesale component equal to the greater of 7% of the average wholesale price of motor fuel during a base six-month base period or 3.5¢ per gallon.

The current motor fuel tax rate is 37.5¢ per gallon. Section 8 of S.L. 2013-316 capped the tax at this rate for the period October 1, 2013, through June 30, 2015. The current rates in surrounding states are: South Carolina - 16¢ per gallon; Virginia - 19.88¢ per gallon, and Tennessee - 20¢ per gallon.

Base Period. – The two base periods are six-month periods. For the base period ending on September 30, the tax rate applies to the six-month period that begins the following January 1. For the base period ending on March 31, the tax rate applies to the six-month period that begins the following July 1.

Distribution of Revenue. – The revenue generated by the motor fuel tax is distributed as follows¹²: One-half cent of the excise tax on each gallon of gas is distributed to funds for underground tank storage cleanup water and air quality. The remaining excise tax revenue is allocated as follows:

- 75% to the Highway Fund and used for maintenance, transit, rail, State Highway Patrol, DMV, some secondary road improvement, Powell Bill distribution to local governments, and

¹¹ Motor fuel is defined as gasoline, diesel fuel, and blended fuel (G.S. 105-449.60(31)).

¹² G.S. 105-449.125.

Senate Bill 20

Page 6

some other administrative needs. G.S. 105-449.126 credits 1/6 of 1% of this amount annually to the Wildlife Resources Fund to be used for the boating and water safety activities described in G.S. 75A-3(c).

- 25% to the Highway Trust Fund and used for construction of the intrastate system, some secondary road improvement, and Powell Bill distribution to local governments.

BILL ANALYSIS:

Section 2.1 of the bill would reduce the motor fuels tax by 2.5¢ per gallon beginning March 1, 2015. This rate would remain in place until January 1, 2016. Under current law, the gas tax rate will be reset on July 1, 2015, and is projected to drop approximately 6 to 8 cents.

Section 2.2 is a conforming change regarding the shift from two six-month base periods to one 12-month base period (*See Section 2.3*).

Section 2.3 of the bill changes the formula for determining the motor fuels tax rate. The tax consists of two components. There is a flat rate of 17.5¢ per gallon plus there is a variable wholesale component equal to the greater of 3.5¢ per gallon or 7% of the average wholesale price of motor fuel during a base six-month base period. This bill would modify the variable component of the tax to the greater of 17 1/2¢ per gallon or 9.9% of the average wholesale price of motor fuel for a 12-month base period.

Section 2.3 of the bill would also change the period upon which the motor fuels tax rate is determined. Under current law, the rate is set twice a year. A rate goes into effect on January 1 based on the prior six-month period from April to September, and also on July 1 based on the prior six-month period from October to March. Under the bill, the rate would be determined once a year, using a 12-month base period that runs from October 1 to September 30, with a new rate going into effect on the following January 1.

Section 2.4 of the bill reflects reductions in the Highway Trust Fund and Highway Fund budgets for FY 14-15 to balance the reduction in revenues derived from the tax. The reductions would include the following:

- ***Reductions to the Highway Trust Fund:***
 - A general cut of \$8.25 million to the strategic funding plan.
- ***Reductions to the Highway Fund:***
 - A 2% across-the-board cut from within the Highway Fund, but excluding maintenance funds, transfers, and certain other accounts.
 - A 1% cut to three maintenance funds from within the Highway Fund: primary maintenance, secondary maintenance, and to pavement preservation funds.
 - A reduction of \$2,575,560 in Powell Bill funds.
 - A reduction of \$41,275 credited to the Wildlife Resources Fund.
 - A reduction of \$41,275 credited to the Shallow Draft Navigation Channel and Lake Dredging Fund.
 - By March 1, 2015, a reduction-in-force of 500 filled, full-time positions and a minimum of 50 vacant positions within the Department of Transportation.

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2015

FISCAL ANALYSIS MEMORANDUM

[This confidential fiscal memorandum is a fiscal analysis of a draft bill, amendment, committee substitute, or conference committee report that has not been formally introduced or adopted on the chamber floor or in committee. This is not an official fiscal note. If upon introduction of the bill you determine that a formal fiscal note is needed, please make a fiscal note request to the Fiscal Research Division, and one will be provided under the rules of the House and the Senate.]

DATE: 2/9/2015
TO: Sen. Rabon
FROM: Anna Cameron, Jonathan Tart
 Fiscal Research Division
RE: PSC S20-CSSV-x-1 Revised

FISCAL IMPACT					
(\$ in millions)					
	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> No Estimate Available		
	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
State Impact					
General Fund Revenues:	(\$1.0)				
General Fund Expenditures:					
Highway Fund Revenues:	(\$24.8)	\$177.4	\$195.7	\$260.6	\$264.3
Highway Trust Fund Revenues:	(\$8.3)	\$59.1	\$65.2	\$86.9	\$88.1
Highway Fund Expenditures:	(\$24.8)				
Highway Trust Fund Expenditures:	(\$8.3)				
State Positions:	-550.0				
NET STATE IMPACT	(\$1.0)	\$236.5	\$260.9	\$347.5	\$352.4
PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED: Dept. of Transportation, Dept. of Revenue					
EFFECTIVE DATE: Various					
TECHNICAL CONSIDERATIONS: None					

BILL SUMMARY:

Part I would update from December 31, 2013, to January 1, 2015, the reference to the Internal Revenue Code, thereby conforming to various federal provisions, including a deduction for teachers' classroom expenses of up to \$250 for the 2014 tax year. The Bill would decouple from the following provisions:

- o Enhanced Section 179 expensing limits

- Qualified tuition and expenses deduction
- Mortgage insurance premium as interest deduction
- Income exclusion for discharge of residence indebtedness
- Income exclusion for IRA distributions to charity by a person who has reached age 70.5.

Part II sets the motor fuels tax rate at 35 cents per gallon from March 1, 2015 to December 31, 2015, it eliminates the July 1 adjustment of the motor fuels tax rate so that the motor fuel tax rate is set once a year on January 1, and it changes the variable component of the motor fuels tax formula from a rate of 7% of the average wholesale price of motor fuel over a six-month period to a rate of 9.9% of the average wholesale price of motor fuel over a twelve-month period.

ASSUMPTIONS AND METHODOLOGY:

Part I. Internal Revenue Code Update

The fiscal impact to the General Fund from updating the reference to the Internal Revenue Code is a result of conformity to the deduction for teachers' classroom expenses of up to \$250. The estimate is based on the US Joint Committee on Taxation (JCT) estimates on changes to federal taxes. The methodology used begins with these JCT estimates, which are calculated by federal fiscal year. Since the federal fiscal year ends 9/30 and the state's fiscal year ends 6/30, Fiscal Research adjusts these numbers to an approximate state fiscal year tax impact. Then, the next step is to prorate the national numbers to the state impact. This adjustment involved two steps: accounting for the relative size of the state based on federal tax collections and then adjusting for the difference in federal marginal tax rates and the state tax rate. Once North Carolina's share of the JCT estimates were determined, state tax liability changes were estimated and allocated to the appropriate fiscal year.

Part II. Motor Fuel Tax Changes

This bill sets the motor fuels tax rate at 35 cents per gallon from March 1, 2015 to December 31, 2015. The rate is currently set at 37.5 cents per gallon until June 30, 2015. Adjusting the motor fuels tax rate reduces revenues to the Highway Fund and Highway Trust Fund by \$33.1 million in the current fiscal year.

Distribution of Motor Fuels Tax:

Seventy-five percent (75%) of motor fuels tax revenue is deposited in the Highway Fund and the remaining twenty-five percent (25%) is deposited in the Highway Trust Fund. Three formulaic allocations of revenues from the Highway Fund are impacted by this bill. Powell Bill aid to municipalities is derived from ten and four tenths percent (10.4%) of motor fuel tax revenues and both the Wildlife Resources Fund and the Shallow Draft Navigational Channel and Lake Dredging Fund receive one sixth of one percent (0.167%) of Highway Fund motor fuels tax revenues.

FY 2014-15 budgetary impacts:

The specified reductions shown in Table 1 are taken in the Highway Fund. The line-item cuts are included in Appendix 1. Funds excluded from the 2.175% cut, identified in Sec. 4(e), are found in

Appendix 2. Cuts to the Highway Trust Fund are made to the Strategic Transportation Investments fund by the statutory formula, as shown in Table 2.

Table 1: FY 2014-15 Highway Fund Adjustments			
1	Sec. 4(e)	2.175% Across-the-board (with exceptions)	(\$9,092,616)
2	Sec. 4(f)	1% Reductions to Primary and Secondary Maintenance and to Pavement Preservation	(\$4,687,630)
3	Sec. 4(g)(1)	Powell Bill	(\$2,575,560)
4	Sec. 4(g)(2)	Wildlife Resources	(\$41,275)
5	Sec. 4(g)(3)	Shallow Draft Navigational Channel and Lake Dredging Fund	(\$41,275)
6	Sec. 4(h)	Elimination of 500 filled positions	(\$6,250,000)
7	Sec. 4(j)	Elimination of 50 vacant positions (plus use of lapsed salaries)	(\$2,076,644)
TOTAL HIGHWAY FUND ADJUSTMENTS			(\$24,765,000)

Table 2: FY 2014-15 Highway Trust Fund Adjustments			
1	Sec. 4(a)	Statewide Strategic Mobility tier (40%)	\$3,302,000
2	Sec. 4(a)	Regional Impact tier (30%)	\$2,476,500
3	Sec. 4(a)	Division Needs tier (30%)	\$2,476,500
TOTAL HIGHWAY TRUST FUND ADJUSTMENTS			\$8,255,000

Changes to statutory earmarks in FY 2015-16 through FY 2018-19:

The consensus 2015-17 forecast and NCDOT 10-year forecast project increased remittances to the Powell Bill, the Wildlife Resources Fund, and the Shallow Draft Navigational Channel and Lake Dredging Fund, as shown below in Table 3.

Table 3: Statutory Adjustments - FY 2015-16 to FY 2018-19				
	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
Powell Bill	\$ 18,443,880	\$ 20,349,420	\$ 27,105,780	\$ 27,491,100
Wildlife Resources	\$ 295,575	\$ 326,113	\$ 434,388	\$ 440,563
Dredging	\$ 295,575	\$ 326,113	\$ 434,388	\$ 440,563

SOURCES OF DATA: Consensus Revenue Forecast for FY 2015-16 and 2016-17 and DOT's 10-year forecast for FY 2017-18 and FY 2018-19.

TECHNICAL CONSIDERATIONS: None

APPENDIX 1: FY 2014-15 LINE ITEM REDUCTIONS

FUND CODE	UNIT	CERTIFIED FY 2014-15	ADJUSTMENTS	% ADJ.
0001	Board of Transportation	\$ 66,834	\$ (1,454)	2.175%
0002	Communications	\$ 1,410,983	\$ (30,689)	2.175%
0006	Legal - Attorney General Staff	\$ 1,453,611	\$ (31,616)	2.175%
0007	Administration - Secretary	\$ 2,669,545	\$ (58,063)	2.175%
0035	Bicycle Program	\$ 721,023	\$ (15,682)	2.175%
0036	Public Transportation	\$ 293,254	\$ (6,378)	2.175%
0037	Rail Division	\$ 587,336	\$ (12,775)	2.175%
0041	Aeronautics	\$ 2,030,274	\$ (44,158)	2.175%
0042	Governor's Highway Safety Program	\$ 279,233	\$ (6,073)	2.175%
0049	Driver Licensing	\$ 49,004,096	\$ (1,065,839)	2.175%
0054	Motor Vehicle Exhaust Emissions	\$ 11,916,959	\$ (259,194)	2.175%
0055	Chief Engineer	\$ 729,646	\$ (15,870)	2.175%
0056	Deputy Chief Engineer of Operations	\$ 799,216	\$ (17,383)	2.175%
0179	PDE Engineer Trainee Program	\$ 9,264	\$ (201)	2.175%
0869	Reserve - Global TransPark	\$ 750,000	\$ (16,313)	2.175%
1069	Roadside Environmental Unit	\$ 2,254,990	\$ (49,046)	2.175%
1096	Strategic Planning - Office of Transportation - Administration	\$ 193,949	\$ (4,218)	2.175%
1104	Governance Office - Administration	\$ 72,106	\$ (1,568)	2.175%
1130	Office of Equal Opportunity and Workforce Services	\$ 444,461	\$ (9,667)	2.175%
7011	Inspector General	\$ 1,779,911	\$ (38,713)	2.175%
7015	Human Resources	\$ 4,310,165	\$ (93,746)	2.175%
7020	Financial	\$ 5,342,868	\$ (116,207)	2.175%
7025	Information Technology	\$ 61,943,014	\$ (1,347,261)	2.175%
7030	Facilities Management and Support Services	\$ 19,624,610	\$ (426,835)	2.175%
7050	DMV - Commissioner's Office	\$ 8,432,247	\$ (183,401)	2.175%
7055	Vehicle Registration	\$ 35,252,180	\$ (766,735)	2.175%
7060	License and Theft Bureau	\$ 13,068,281	\$ (284,235)	2.175%
7080	Division 1	\$ 1,483,836	\$ (32,273)	2.175%
7085	Division 2	\$ 1,805,954	\$ (39,279)	2.175%
7090	Division 3	\$ 1,740,706	\$ (37,860)	2.175%
7095	Division 4	\$ 1,615,471	\$ (35,136)	2.175%
7100	Division 5	\$ 1,974,559	\$ (42,947)	2.175%
7105	Division 6	\$ 1,755,064	\$ (38,173)	2.175%
7110	Division 7	\$ 1,876,987	\$ (40,824)	2.175%
7115	Division 8	\$ 1,567,087	\$ (34,084)	2.175%
7120	Division 9	\$ 1,672,505	\$ (36,377)	2.175%
7125	Division 10	\$ 2,128,430	\$ (46,293)	2.175%
7130	Division 11	\$ 1,569,679	\$ (34,141)	2.175%
7135	Division 12	\$ 1,578,171	\$ (34,325)	2.175%
7140	Division 13	\$ 1,475,135	\$ (32,084)	2.175%
7145	Division 14	\$ 1,837,722	\$ (39,970)	2.175%
7153	Technical Services - Administration	\$ 679,848	\$ (14,787)	2.175%
7175	Field Operations Support	\$ 3,019,343	\$ (65,671)	2.175%
7185	Safety	\$ 2,522,090	\$ (54,855)	2.175%
7812	Construction - Secondary	\$ 12,000,000	\$ (261,000)	2.175%
7814	Construction - Public Service Roads	\$ 1,723,707	\$ (37,491)	2.175%
7817	Spot Safety	\$ 12,100,000	\$ (263,175)	2.175%
7821	Maintenance - Primary	\$ 140,845,060	\$ (1,408,451)	1.0%
7822	Maintenance - Secondary	\$ 262,872,935	\$ (2,628,729)	1.0%
7829	Railroad Program	\$ 23,047,805	\$ (501,290)	2.175%
7830	Airports Program	\$ 19,200,000	\$ (417,600)	2.175%
7831	Public Transportation - Highway Fund	\$ 84,843,069	\$ (1,845,337)	2.175%
7832	OSHA Program	\$ 358,030	\$ (7,787)	2.175%
7837	Division of Small Urban Construction	\$ 5,000,000	\$ (108,750)	2.175%
7838	Economic Development	\$ 4,036,171	\$ (87,787)	2.175%
7841	Pavement Preservation	\$ 65,045,024	\$ (650,450)	1.0%
Grand Total		\$ 886,814,444	\$ (13,780,246)	

Appendix 2: Fund Codes Exempt from 2.175% Reductions	
84210-0852	DOR – International Registration Plan
84210-0862	Agriculture – Gasoline Inspection Fee
84210-0864	DOR – Gasoline Tax Collections
84210-0865	DHHS – Chemical Testing
84210-0867	DPI – Driver Training Program
84210-0868	Transfer to General Fund
84210-0871	Employer’s Contribution – Retirement
84210-0873	Legislative – Salary Increases
84210-0877	Stormwater Management
84210-0878	State Fire Protection Grant Fund
84210-0881	Consolidated Call Center
84210-0882	Reserve – Visitor Center
84210-0885	State Employee Reserve
84210-0889	OSBM – Civil Penalty
84210-0892	Garvee Bond Redemption
84210-0893	OSC – Best Shared Services
84210-0933	Reserve – Minority Contractor Dev.
84210-0934	Reserve – General Maintenance
84210-0935	Reserve for SEIBP
84210-0937	Reserve – Administration Reduction
84210-1165	Transfer to General Fund – SHP
84210-1260	State Ethics Commission
84210-7040	Ferry Administration
84210-7615	Ferry
84210-7818	Construction - Contingency
84210-7821	Maintenance – Primary
84210-7822	Maintenance – Secondary
84210-7824	Contract Resurfacing
84210-7825	Ferry Operations
84210-7826	Capital Improvements
84210-7827	FHWA Construction
84210-7828	Governor’s Highway Safety Program
84210-7834	Motor Carrier Safety
84210-7836	State Aid – Highway Fund for WBS
84210-7839	Bridge Program
84210-7841	Pavement Preservation



**Comparison of February 2015 Transportation Consensus Forecast and
SB 20 Changes to the Motor Fuels Tax**

Forecast - Feb 2015	2015	2016	2017	2018	2019
MFT Rates (¢/gallon)	37.0	30.4	31.3	33.8	34.2
Fuel Consumption (M gallons)	5,329	5,350	5,343	5,365	5,378
HIGHWAY FUND					
Motor Fuels	\$1,423	\$1,164	\$1,198	\$1,308	\$1,327
DMV Fees + Investment Income	589	602	614	620	627
Sub-Total	2,012	1,767	1,812	1,928	1,954
HIGHWAY TRUST FUND					
Motor Fuels	470	384	395	431	438
Highway Use Tax	632	652	671	686	683
DMV Fees + Investment Income	105	108	112	112	112
Sub-Total	1,206	1,144	1,178	1,230	1,232
HIGHWAY AND TRUST TOTAL	\$3,218	\$2,910	\$2,990	\$3,158	\$3,186
Forecast - Feb 2015/ SB 20 Changes					
MFT Rates (¢/gallon)	36.2	35.0	36.4	40.5	41.0
Fuel Consumption (M gallons)	5,329	5,350	5,343	5,365	5,378
HIGHWAY FUND					
Motor Fuels	\$1,399	\$1,342	\$1,394	\$1,569	\$1,591
DMV Fees + Investment Income	589	602	614	620	627
Sub-Total	1,987	1,944	2,007	2,189	2,218
HIGHWAY TRUST FUND					
Motor Fuels	461	443	460	518	526
Highway Use Tax	632	652	671	686	683
DMV Fees + Investment Income	105	108	112	112	112
Sub-Total	1,198	1,203	1,243	1,316	1,320
HIGHWAY AND TRUST TOTAL	\$3,185	\$3,147	\$3,250	\$3,505	\$3,539
COMPARISON: FEB 2015 TO SB 20					
HIGHWAY AND TRUST TOTAL	(\$33)	\$236	\$261	\$348	\$352

11/11/11

VISITOR REGISTRATION SHEET

SENATE APPROPRIATIONS/BASE BUDGET

DATE: February 10, 2015

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
<u>1</u> JOEL MAYNARD	GFM + ASSOC
<u>2</u> Gary SALAMIDA	NC Chamber
<u>3</u> J GOODMAN	"
<u>4</u> GIPPY WHEAT	Nelson Mullins
<u>5</u> Tracy Kimbrell	Parker Poe
<u>6</u> DANIEL BROWN	Troutman Sanders
The Nominer	UCC ORS
<u>8</u> Chris McLane	Brooks Pierce
<u>9</u> Amanda Horaker	Troutman Sanders
<u>10</u> Carr McLamb	Troutman Sanders
<u>11</u> Jeff Moore	DOC/DWS
<u>12</u> John Cooper	Capital City Strategics
<u>13</u> David Herman	NC Center for Nonprofits
<u>14</u> Tom West	NCICU
<u>15</u> Tom Coley	OWA
<u>16</u> Roselun Pinnix	OWA
<u>17</u> Arthur Thacker	LORIS 1391



VISITOR REGISTRATION SHEET

SENATE APPROPRIATIONS/BASE BUDGET

DATE: February 10, 2015

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

<u>1</u>	Cicero Hall	Local 2603, SEIU
<u>2</u>	Dick W. Kohn	Law Office of R.H. Carter, LLC
<u>3</u>	Evelyn Hawthorne	ETOR
<u>4</u>	Douglas Kelleher	NCSBA
<u>5</u>	Bruce Milder	NCSBA
<u>6</u>	Jane ...	
<u>7</u>	Barbara Moore	Comp 3 (Acts of SJC)
<u>8</u>	Betsy Bailey	PENC
<u>9</u>	Jay Stem	NCAA
<u>10</u>		
<u>11</u>		
<u>12</u>		
<u>13</u>		
<u>14</u>		
<u>15</u>		
<u>16</u>		
<u>17</u>		



VISITOR REGISTRATION SHEET

SENATE APPROPRIATIONS/BASE BUDGET

DATE: February 10, 2015

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
<u>1</u> Michael Houser	T+ICG
<u>2</u> Butca Gunnells	NC Bev
<u>3</u> Rachel Bantien	NC DPI
<u>4</u> Adam Pridemore	NCAA
<u>5</u> Crystal Collins	NC Trucking ASSN
<u>6</u> Amy McConkey	NC Beverage Assoc
<u>7</u> Michelle Frazier	MF+S
<u>8</u> John Hardin	MF+S
<u>9</u> Andy Chase	KMA
<u>10</u> Andy Brandon	DPS
<u>11</u> Drew Moritz	UNCGA
<u>12</u> Dave Home	Smith Anderson
<u>13</u> Karen Wells	arb NC
<u>14</u> Jan McGinnis	NCS
<u>15</u> Sarah Wolfe	MWC
<u>16</u> Rose Williams	NCLM
<u>17</u> Chris NIDA	NCLM



VISITOR REGISTRATION SHEET

SENATE APPROPRIATIONS/BASE BUDGET

DATE: February 10, 2015

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

<u>1</u> <i>Rebecca Trout</i>	NCACC
<u>2</u> <i>Henry Huta</i>	N.C.B.A.
<u>3</u>	
<u>4</u>	
<u>5</u>	
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Joint House and Senate Committee on Appropriations/Base Budget
Thursday, February 12, 2015 at 8:30-10:00 AM
Room 643 of the Legislative Office Building

MINUTES

The Joint House and Senate Committee on Appropriations/Base Budget met at 8:30AM on February 12, 2015 in Room 643 of the Legislative Office Building. Representative Nelson Dollar, Senior House Chair presided. The purpose of the meeting was to hear from Fiscal Research Division regarding the Revenue Forecast and Budget Outlook. All House and Senate Members were invited to attend.

Chairman Dollar called the meeting to order and recognized the Sergeant-At-Arms and Pages serving the committee. He then introduced the Fiscal Research staff for their presentations.

2015-17 Consensus Revenue Forecast

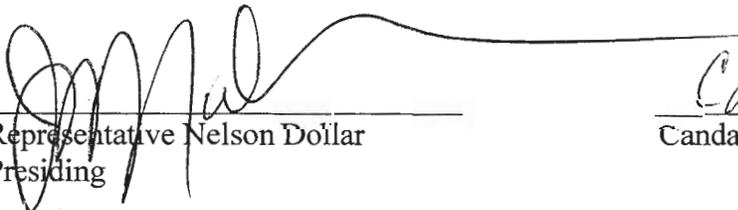
Dr. Barry Boardman, Fiscal Research Division

Budget Outlook/Budget Pressures

Karen Hammonds-Blanks, Fiscal Research Division

Questions from the Members and Responses from Staff

The meeting adjourned at 9:50 AM.



Representative Nelson Dollar
Presiding



Candace Slate, Committee Clerk

Attachments:

1. Agenda
2. 2015-17 Consenses Revenue Forecast and Budget Outlook
3. Visitor's Log



**Joint Meeting of House and Senate Appropriations
Agenda**

Thursday, February 12, 2015, 8:30 A.M.
Room 643, Legislative Office Building

Representative Dollar, Presiding

1. Welcome

2. 2015-17 Consensus Revenue Forecast

Dr. Barry Boardman, Fiscal Research Division

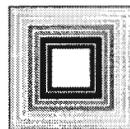
3. Budget Outlook

Karen Hammonds-Blanks, Fiscal Research Division



2015 -17 CONSENSUS REVENUE FORECAST AND BUDGET OUTLOOK

**Barry Boardman, Ph.D.
Karen Hammonds-Blanks
Fiscal Research Division
February 12, 2015**

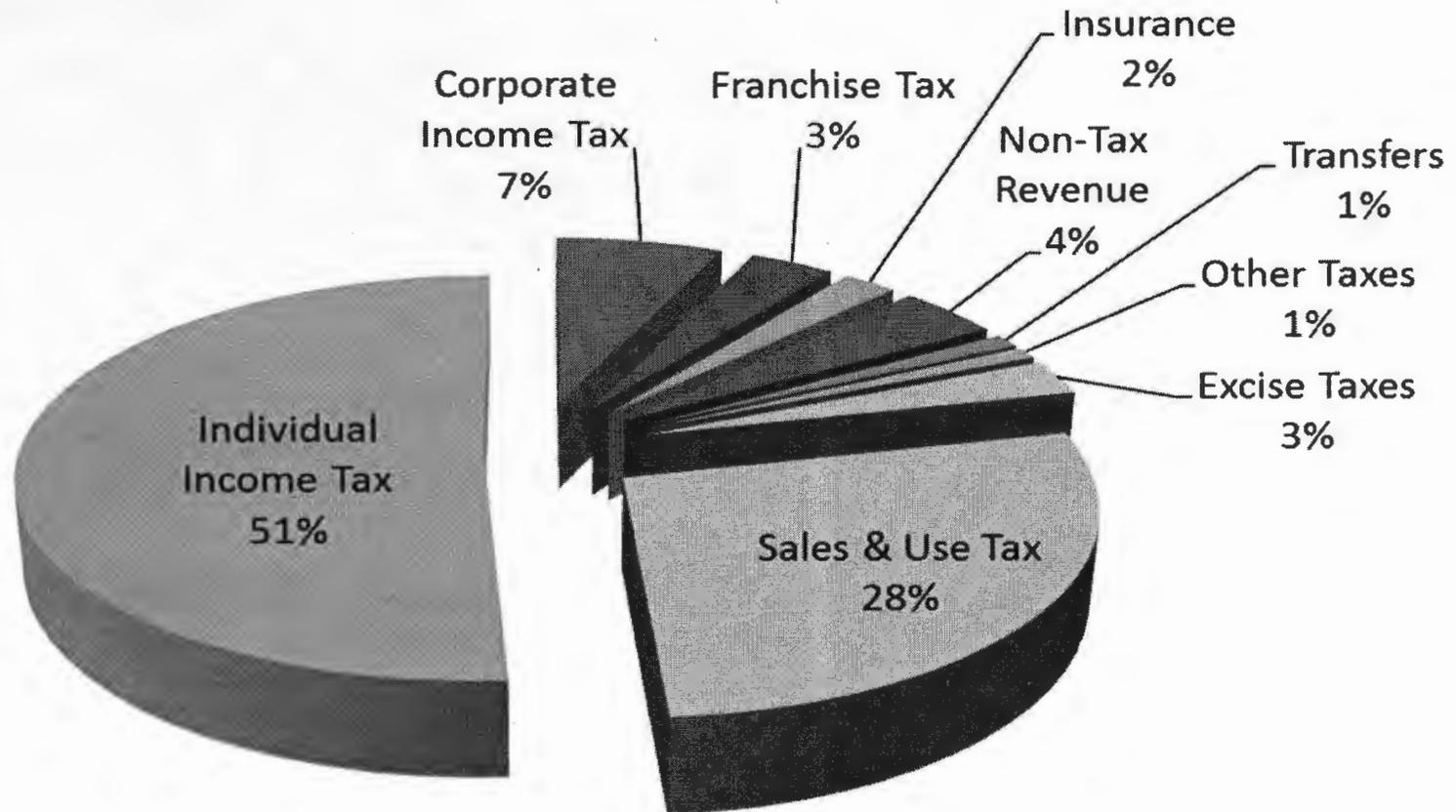


FISCAL RESEARCH DIVISION
A Staff Agency of the North Carolina General Assembly

Presentation Outline

- Consensus Revenue Forecast
 - Current Fiscal Year
 - 2015-17 biennium Forecast
- Budget Outlook

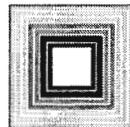
FY 2013-14 State General Fund, \$20.15 Billion



How Do 2014-15 Revenues Look So Far?

- Collections through January are \$215 million below the \$11.8 billion target.
- **Personal Income** tax lags behind target – down 5.8%
- **Sales** taxes ahead of target by 2.3%
- Business taxes, **Corporate Income** and **Franchise** tax, combined are 5.7% ahead of target

FY 2015-17 Consensus Forecast



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

Consensus Revenue Process

- Statutory Guidelines do not address the budget revenue forecast
- Fiscal Research and the Office of State Budget and Management develop independent forecasts
- Prior to release of Governor's biennial budget, forecasters meet to develop a consensus forecast



Consensus Revenue Process

- In early May, after April receipts have been recorded, the legislature and/or the Governor can request a revised consensus forecast
- In even-numbered years there is a revision to the forecast for the second year of the biennium. The revised forecast usually takes place in early May

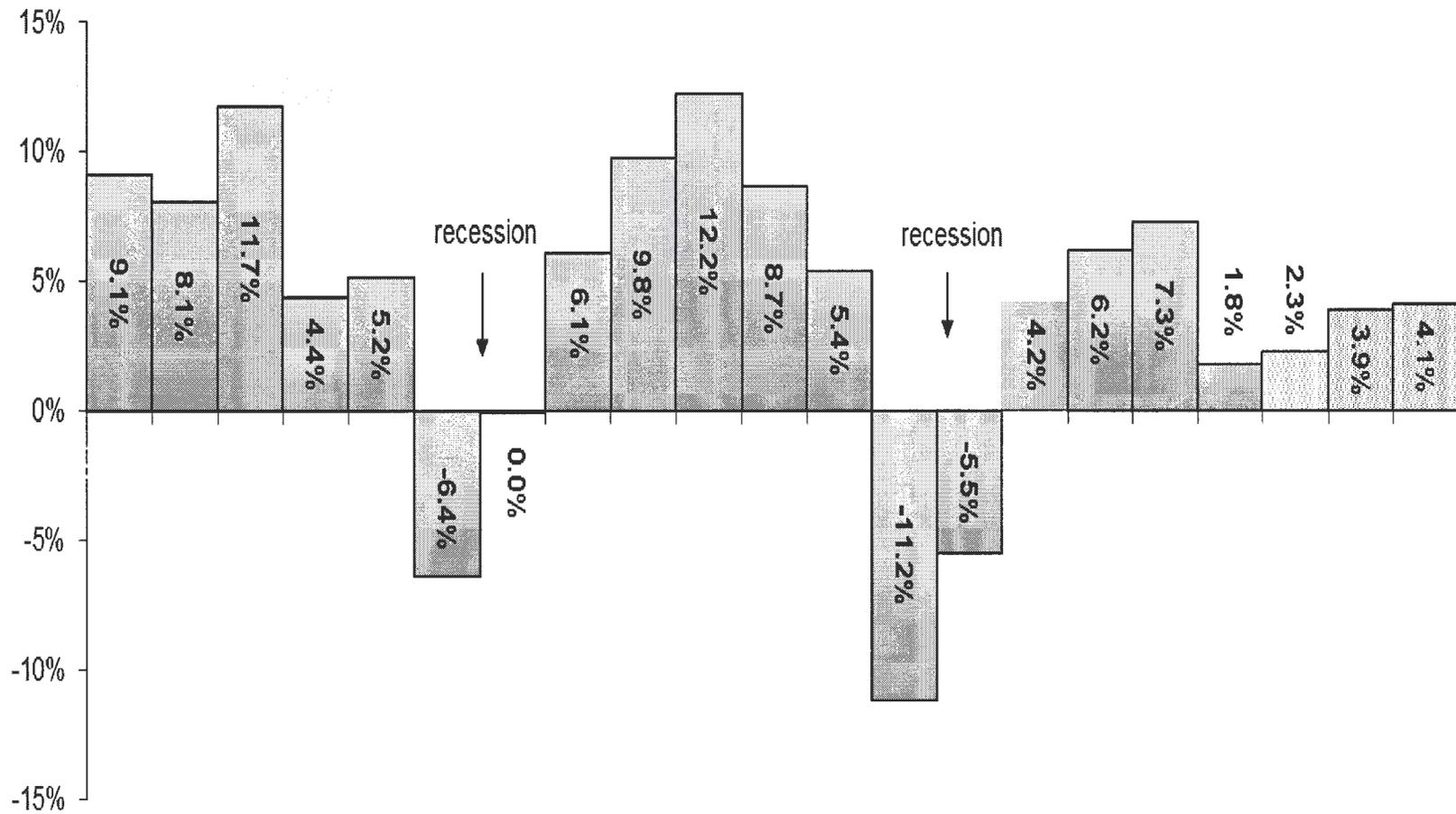


Consensus Forecast

Fiscal Year	Revenue (\$ millions)	Change (\$ millions)	Percent Change
2014-15 (est.)	\$20,730.1	\$586.4	2.9%
2015-16 (est.)	\$21,409.9	\$679.8	3.3%
2016-17 (est.)	\$22,296.6	\$886.7	4.1%



Baseline Tax Revenue Growth, FY 1996-97 to FY 2016-17



Note: The last three bars represent the current forecast baseline estimate.

2015-2017 Economic Outlook

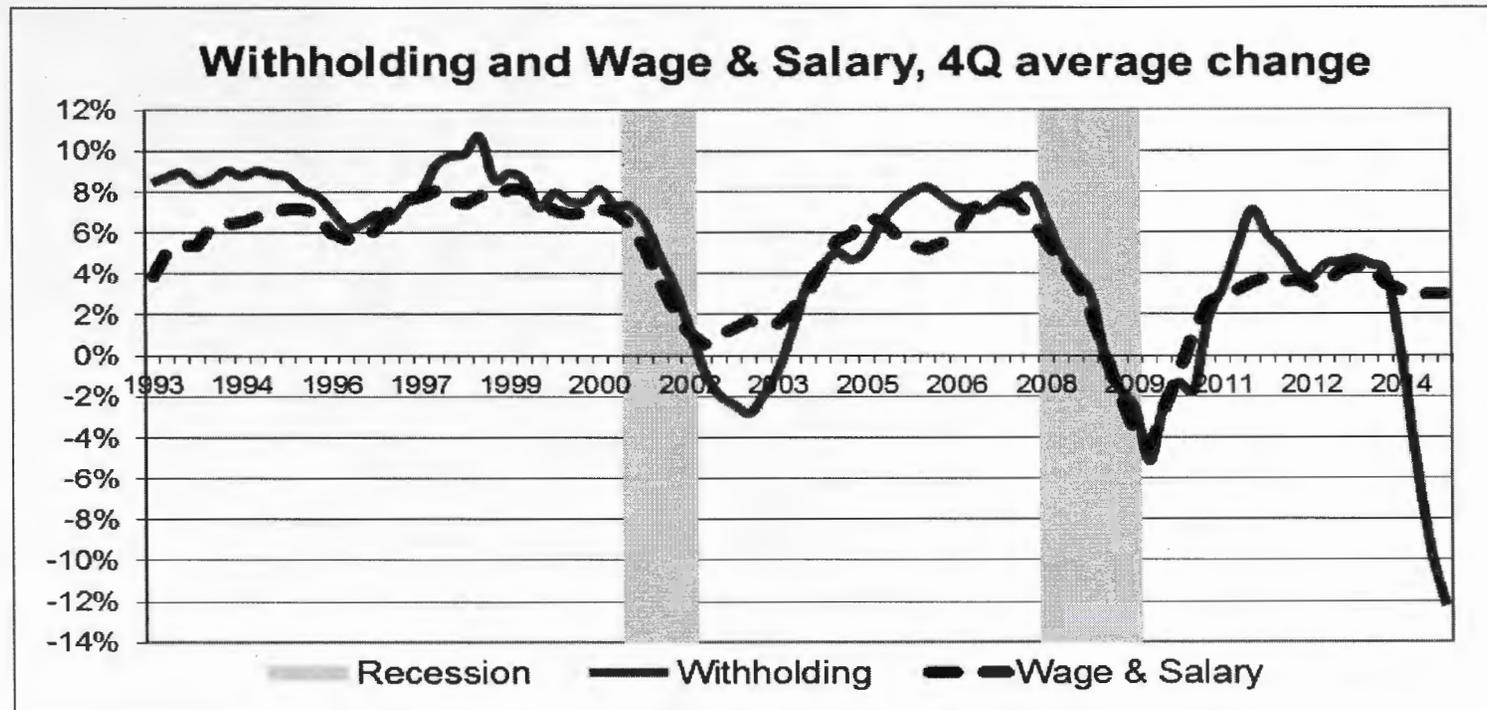
- Overall economy expected to maintain steady, yet moderate growth
- Employment gained momentum in 2014, projected to grow above 2% during biennium
 - 85,000 to 95,000 jobs added each year
- Employment picture suggest upward pressure on wages as 2016 approaches
- Improved household balance sheets and more confidence in economy help maintain solid retail sales growth
- Global Conditions require added caution

Consensus Forecast

- Cautious approach needed for budgeting – added caution is warranted with over \$2 billion in tax changes enacted in 2013
- Forecast expects current year collections to be below the budgeted amount by \$271 million (1.3%)
 - Main cause is slower than expected wage growth
- **Important assumption is that April expectations for lower refunds and higher final payments are met**
 - Withholding changes
 - Broader tax base

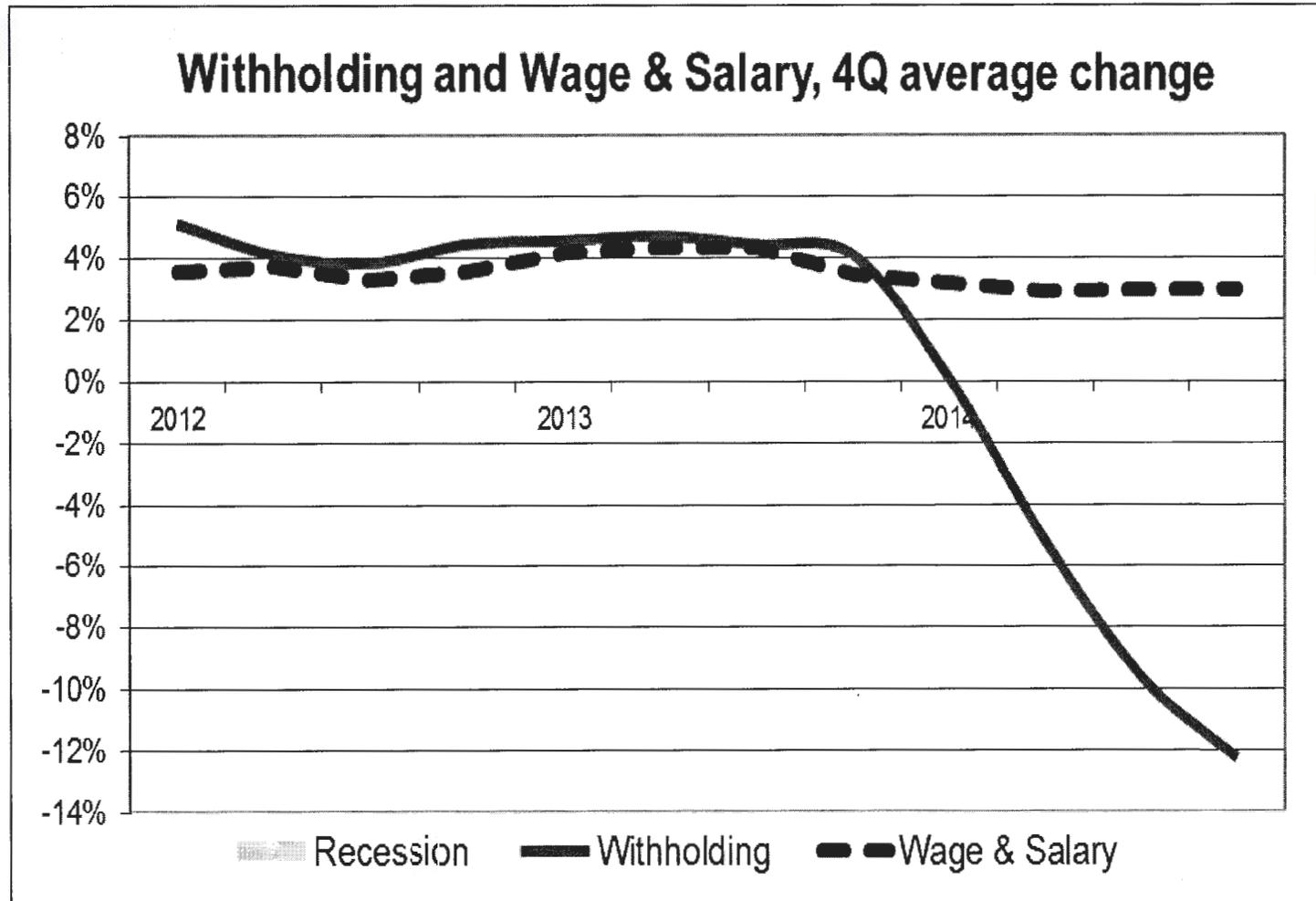


Consensus Forecast



Net Withholding income growth (withholdings less refunds) dropped off dramatically from last year as a result of tax law changes in S.L. 2013-316. Even without the change net withholding would have weakened as wage and salary growth has dropped below three percent.

Consensus Forecast



Consensus Forecast

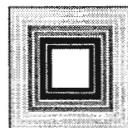
- **Personal Income** – employment gains begin to put upward pressure on wages
 - 3.7% and 4.5% growth in collections
- **Sales tax** growth projected to be slightly above average for the biennium
 - First time forecast has Sales growing faster than averages since onset of recession in 2008
- Overall forecast takes cautious approach in light of modest economic growth forecast and still developing tax impacts

Conclusions

- General Fund collections for the first 7 months are \$215 million below forecast target.
- Economic forecasts expect conditions to remain steady through 2017, but growth will remain modest.
- A 1.3% shortfall of \$271 million for this fiscal year.
- Assumption on April refunds and payments key.
- Projected stable economic conditions combined with cautious forecast results in modest revenue growth.



State Budget Overview and Outlook



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

Presentation Overview

- 2013 and 2014 Legislative Session Budget Highlights
- FY 2014-15 State Budget Overview
- 2015 Session Budget Outlook
 - Base Budget
 - Budget Pressures
 - Other Budget Items

2013 Session Budget Highlights

- Enacted Tax Simplification & Reduction Act (H 998)
 - FY 2013-14: a net projected reduction of \$86.6M
 - FY 2014-15: a net projected reduction of \$437.8M
- Increased Savings Reserve Account, \$232M
- Funded Repairs & Renovations, \$150M
- Addressed Medicaid Budget Needs:
 - FY 2012-13 Medicaid shortfall, \$496M
 - FY 2013-14 Medicaid additional appropriation, \$434M

2014 Session Budget Highlights

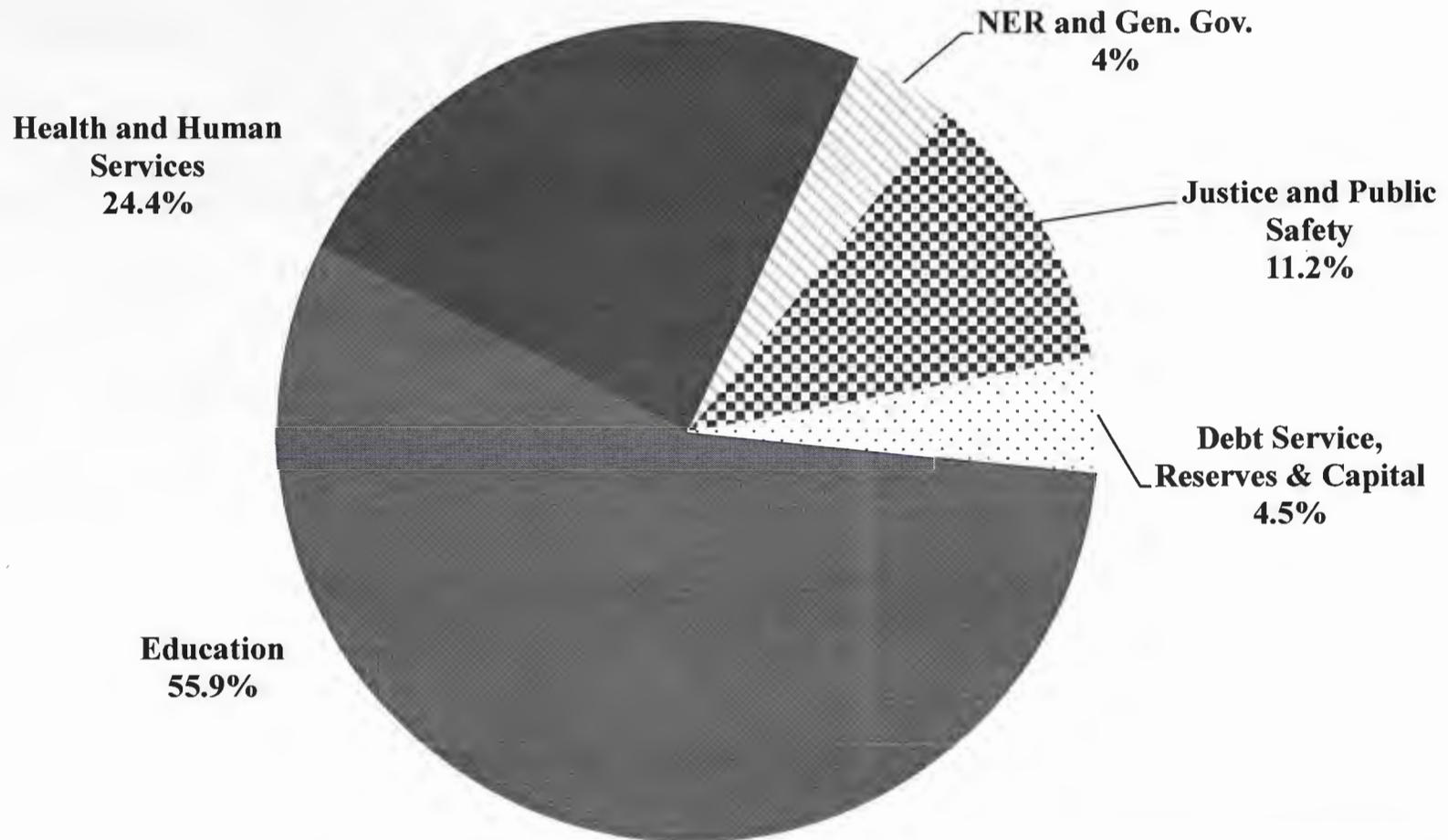
- Availability Gap of \$644 M
 - Under-collection of revenue of \$453M
 - FY 2014-15 Consensus Forecast downward revision of \$191M
- Medicaid
 - \$136M projected claims backlog (carried over from FY 2013-14)
 - \$186M in reserve for FY 2014-15
- Salary and Retiree Increases of \$466M



Where Does the Money Go?

FY 2014-15

\$21.1B



Where Does the Money Go?

FY 2014-15 State Appropriations by Subcommittee Area

Education	11,775,270,816	56%
Health & Human Services	5,148,161,048	24%
Justice & Public Services	2,366,128,478	11%
Natural & Economic Resources	407,326,212	2%
General Government	427,467,752	2%
Debt Service	721,591,217	3%
Statewide Reserves & Capital	236,164,622	1%
Total	\$ 21,082,110,145	



Where Does the Money Go?

Key Budget Drivers

Public Schools	8,104,976,608	38%	} 79%
Higher Education	3,670,294,208	17%	
Medicaid	3,688,548,123	17%	
Prisons	1,086,734,280	5%	
Debt Service	721,591,217	3%	
Mental Health	680,063,746	3%	
Judicial ¹	463,893,072	2%	
All Other	2,426,944,002	13%	
Total	\$ 21,082,110,145		

¹Excludes Indigent Defense Services

How does NC's Current Budget Situation Compare to Other States?

States Project Budget Shortfalls (12)

States Project Overspending (23):

- Medicaid, 14 States
- Corrections, 9 States
- K-12, 8 States
- Social Services, 4 States

Source: State Budget Update, Fall 2014 – National Conference of State Legislatures



Top Fiscal Issues States are Facing in 2015

- Medicaid/Healthcare (22 states)
- K-12 Education Funding (21 states)
- State Tax Policy (15 states)
- Transportation (12 states)

Source: State Budget Update, Fall 2014 – National Conference of State Legislatures



NC's Budget Outlook

2015 Legislative Session



Budget Outlook

- **Base Budget (as defined in G.S. 143C-1-1(d)(1c))**
 - Continues most funding at FY 2014-15 levels
 - Annualizes partially funded items enacted in the 2014 Appropriations Act
- **Budget Pressures**
 - Includes projected costs for State Health Plan and Medicaid, enrollment growth for public schools and universities and other funding commitments
- **Other Budget Pressures**

FY 2015-17 Base Budget

	<u>FY 2015-16</u>	<u>FY 2016-17</u>
General Fund Consensus Revenue Forecast	21,409,900,000	22,296,600,000
Preliminary Base Budget	20,869,104,439	20,869,150,470
Balance Remaining¹	\$540,795,561	\$1,427,449,530

¹Makes no assumptions about adjustments in Availability or spending.

Budget Pressures

- FY 2014-15 Revenue Shortfall
- Medicaid Growth
- State Health Plan
- Public School Teacher Pay
- Public School Enrollment Growth
- University Enrollment
- Other Funding Commitments

Budget Pressures

FY 2015-17

Preliminary Estimates

FY 2015-16 **FY 2016-17**

Medicaid Rebase	218,000,000	480,000,000
Public Schools Growth	70,000,000	140,000,000
University Enrollment Growth	47,500,000	78,500,000
State Health Plan	45,000,000	136,500,000
Funding Commitments:		
Teacher Pay to \$35k	41,850,000	41,850,000
Broughton Hospital	16,600,000	0
Job Maintenance and Capital Development Fund (JMAC)	9,500,000	8,500,000



Other Budget Pressures

FY 2015-17

- Economic Dev & Film Incentives (\$30M)
- Historic Tax Credits (\$9.6M - ???)
- Housing Loan Program (FY 2014-15, \$10M)
- Structural Budget Items (\$15M)
- Public Schools Driver's Education (\$26M)

Other Budget Pressures (cont.)

FY 2015-17

- State Employee Salary Increases (1% = \$134M)
- Retiree COLA (1% = \$39M)
- Other State Employee Pay Plans:
 - Teacher Step Increase (\$65M)
 - Highway Patrol, Magistrates & Clerks of Court (\$7.2M)
- Courts System Funding
- Capital
- Savings Reserve and Repair & Renovation Funds



Questions?

Fiscal Research Division

919-733-4910

Legislative Office Building

Suites 209 and 619



VISITOR REGISTRATION SHEET

JOINT APPROPRIATIONS/BASE BUDGET

February 12, 2015

Name of Committee

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

Fred Bone

Bone : Asso.

M. K. Jones

DEP

Bill Rustin

ACP

Karen Waddell

NCDOT

TJ Buybee

NP

Kathleen Fealy

AEP



VISITOR REGISTRATION SHEET

JOINT APPROPRIATIONS/BASE BUDGET

February 12, 2015

Name of Committee

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Amanda Honaker	Troutman Sanders
Tonya Hoarn	TSS
Thom Moore	ELW
Dawice Bann	Troutman Sanders
Alex Miller	KLG
George Washington	OE, Inc.
Durwood	NS
Alan Briggs	NC Food Bank
Carr McLamb	Troutman Sanders
Nelson Freeman	Revenue
Trent Womble	DHHS



VISITOR REGISTRATION SHEET

HOUSE APPROPRIATIONS COMMITTEE

2/12/2015

Name of Committee

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

Martez Hill	SBE
Dan Crawford	NCCU
Mildred Spearman	NCAOC
Douglas Helbrook	NCSBA
Grove Midway	NCSBA
Barbara Moore	Cof of Clerks of Sp Ct
MIKE McARTHUR	CLERK OF SUPERIOR COURT - Chowan
JAN Kennedy	Clerk of Superior Court - New Hanover County
Susan Frye	clerk of Superior Court - Forsyth County



VISITOR REGISTRATION SHEET

JOINT APPROPRIATIONS/BASE BUDGET

February 12, 2015

Name of Committee

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Adam Prodemore	NCASTA
Isabel Valle-Darosa	NCAR
Wendy Kelly	Focus Carolina
Zusa Harmon	NCSSWA
Bob Lalumbe	FLA
Amanda Syron	JDA
Amy Walsh	SA
Kara Weishaar	SA
Lowell Lacey	Intern
Bob Kott	DENR
Ryan Minto	Gov's Office



VISITOR REGISTRATION SHEET

HOUSE APPROPRIATIONS COMMITTEE

2/12/2015

Name of Committee

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Sharon Miller	CUCA
Cindy Dhms	CUCA
Jackson Francis	LLS
Nadia Lühr	NCCN
Cassie Garin	Siema Club
Rob Schiller	NC Symphony
Stan Williams	NC Symphony
Dave Culter	Law Office of RHC and PLLC
Sam Skinner	NCACC
Hugh Johnson	NCACC
George Dune	DRIVE



VISITOR REGISTRATION SHEET

HOUSE APPROPRIATIONS COMMITTEE

Name of Committee

2/12/2015

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

Annaliese Dolph	DL
Matt Gross	NCPK
Meredith Pritch	Lawe's
Lexi Morgan	NCRMA
Brian Merwald	Williams Mullen
NICHOLE KAPLAN	NAMU NC
Kay Castillo	NASW-NC
Matthew Cobb	Intern
Tom Bowlin	NC NATIONAL GUARD



**Senate Committee on Appropriations/Base Budget
Tuesday, March 10, 2015 at 8:30 am - 10:30 am
Room 643 of the Legislative Office Building**

MINUTES

The Senate and House Committees on Appropriations/Base Budget met at 8:33 AM on March 10, 2015 in Room 643 of the Legislative Office Building. Eighteen Senate members were present and sixty-three House members were present. Senator Harry Brown presided. Senator Brown called the meeting to order and recognized the Sergeant-at-Arms' staff and Pages.

Presentation of the Governor's 2015-2017 Recommended Budget

Lee Harriss Roberts
State Budget Director

Director Roberts provided members with an overview of each section of the Governor's Recommended Budget.

Questions

Lee Harriss Roberts
State Budget Director

The meeting adjourned at 10:01 AM.

**SEE ATTACHMENT 2
FOR SIGNED MINUTES**

Senator Harry Brown, Chair
Presiding

Elise McDowell, Committee Clerk

Attachments:

- 1 Agenda
- 2 Minutes
- 3 Office of State Budget and Management Presentation on the Governor's Budget
- 4 Visitor's Registration





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Tuesday, March 10, 2015 at 8:30 am - 10:30 am
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The Senate and House Committees on Appropriations/Base Budget met at 8:33 AM on March 10, 2015 in Room 643 of the Legislative Office Building. Eighteen Senate members were present and sixty-three House members were present. Senator Harry Brown presided. Senator Brown called the meeting to order and recognized the Sergeant-at-Arms' staff and Pages.

Presentation of the Governor's 2015-2017 Recommended Budget

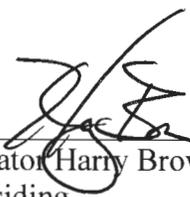
Lee Harriss Roberts
State Budget Director

Director Roberts provided members with an overview of each section of the Governor's Recommended Budget.

Questions

Lee Harriss Roberts
State Budget Director

The meeting adjourned at 10:01 AM.



Senator Harry Brown, Chair
Presiding



Elise McDowell, Committee Clerk

Attachments:

- 1 Agenda
- 2 Minutes
- 3 Office of State Budget and Management Presentation on the Governor's Budget
- 4 Visitor's Registration



3/9/2015

Governor McCrory's Recommended 2015-2017 Budget

Governor Pat McCrory



Lee H. Roberts
State Budget Director
Office of State Budget and Management
March 10, 2015

Fiscal discipline

FISCAL DISCIPLINE

- NO NEW TAXES
- Triple A bond rating from all three major ratings agencies
- Budget grows more slowly than inflation and population
- Balanced budget, consistent with state constitution



Most new spending obligated

MOST OF GENERAL FUND IS ALREADY OBLIGATED BY STATUTE

More than \$3 billion

- to maintain the retirement system and health care for state employees
- 76% of new spending (\$1.4 billion) devoted to education
- Medicaid

2014-15: 15% in year one
2015-16: greater than 13%

Fiscal discipline

- Reduced spending
- Sought efficiencies
- Based on consensus revenue estimate
- If we have more revenue, we can revisit

Not our money

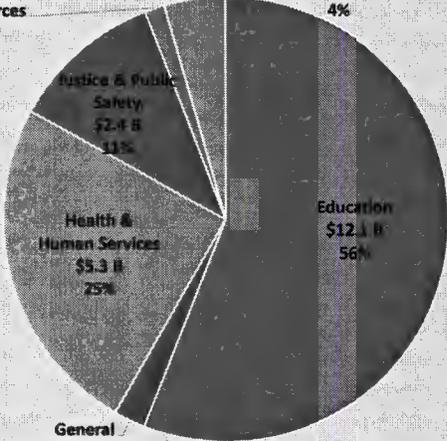


- Will collect more than \$43.7 billion during the next two years
- Must be effective, efficient, accountable
- Spend where it matters most

Spending where it matters most

FY 2015-16 General Fund Appropriations = \$21.5 billion

- Education is 70% K-12, 22% university system, and 8% community colleges
- Health & Human Services is more than 2/3 Medicaid
- Justice & Public Safety is 73% Public Safety (law enforcement & corrections), 25% Judicial, and 2% Justice
- General Government and Natural & Economic Resources combine to comprise nearly 4% of all appropriations



Category	Amount	Percentage
Education	\$12.1 B	56%
Health & Human Services	\$5.3 B	25%
Justice & Public Safety	\$2.1 B	11%
Debt Service & Reserves	4%	-
Natural & Economic Resources	1%	-

6

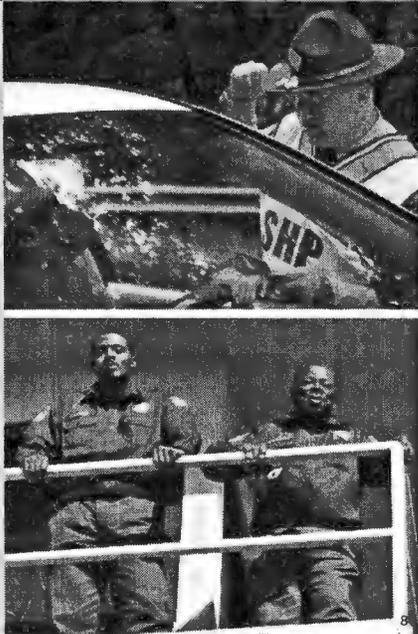
Increasing teacher pay



- Fulfill our pledge to raise the starting salary for public school teachers to **\$35,000**
- This budget proposes **MORE THAN HALF A BILLION DOLLARS** in new funding for k-12 education

Other targeted salary increases

- **Corrections officers**
 - 10,000 officers
 - Reflects relative danger of prisons
 - Last increased in the mid-1980s
- **State Highway Patrol troopers**
 - Five percent step increase for eligible troopers
- **Longevity pay**
 - Continues for nearly 40,000 state employees
- **\$82 million salary exception fund**
 - To attract and retain highly effective employees and employees in high-demand fields



Critical infrastructure

- Targeted, long-term investments
- Vital to competitiveness
- Pay for assets that will last for 50 years as they are used
- Historically low interest rates
- Will not jeopardize our credit ratings

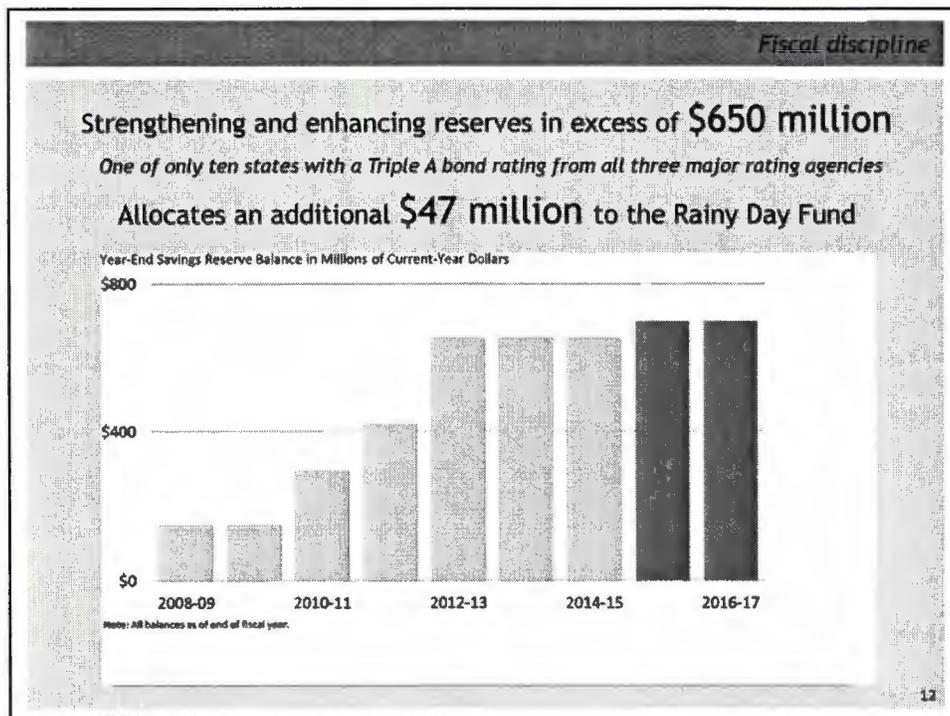
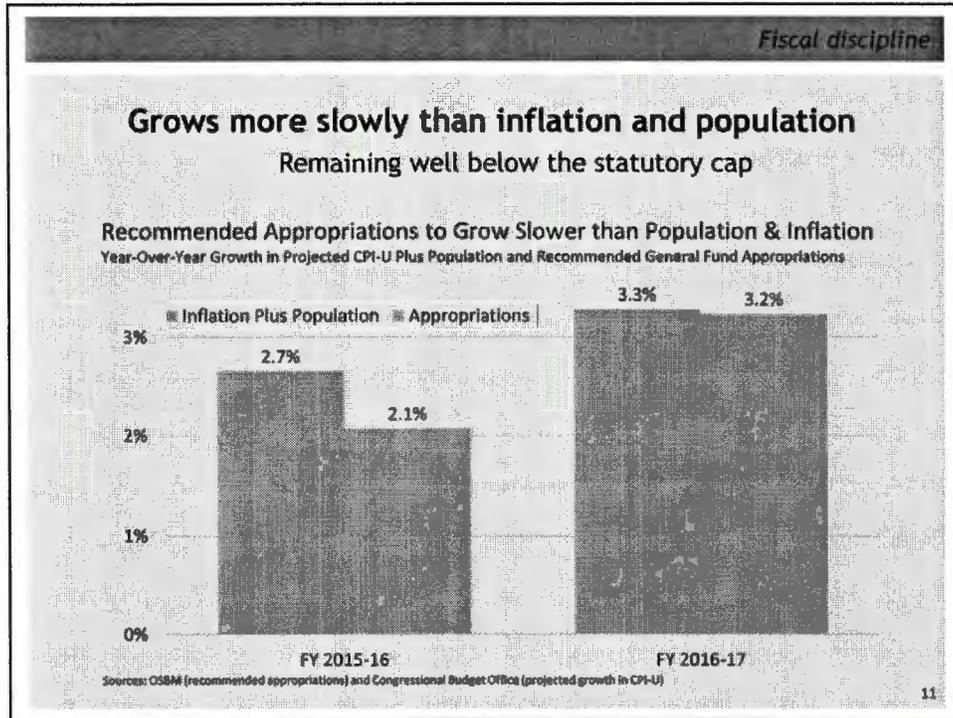


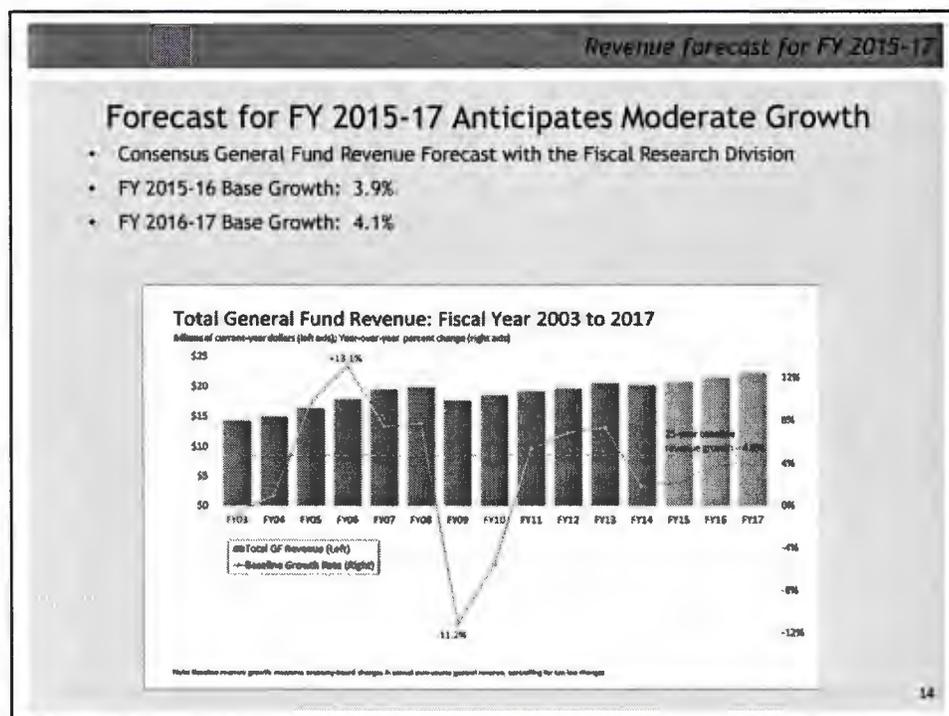
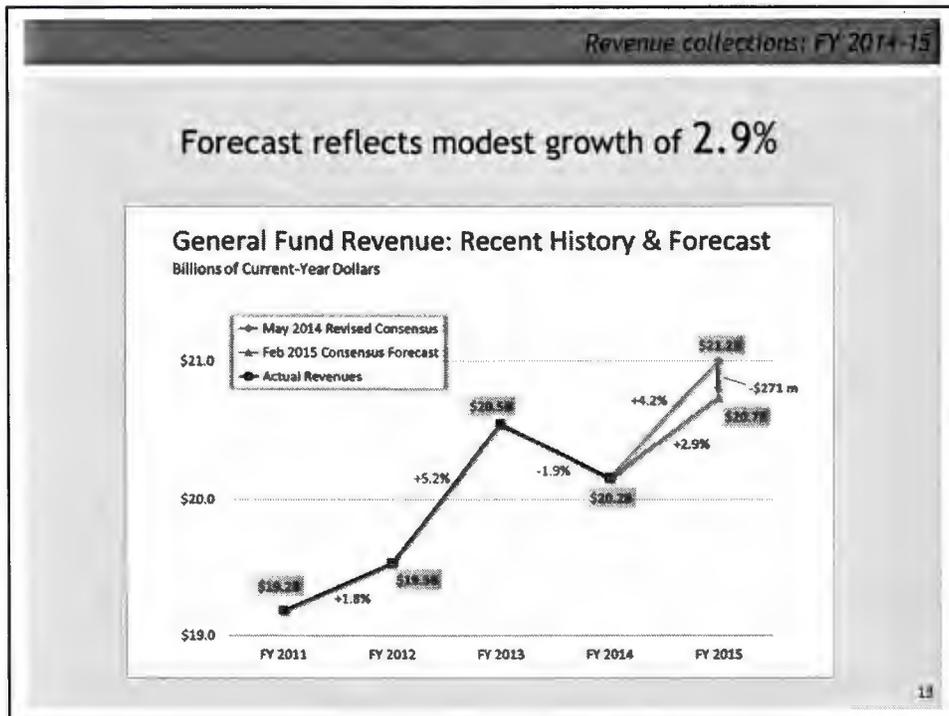
A helping hand for the disadvantaged

- 1.8 million people or 18% of our state population supported by Medicaid
 - \$7.8 billion over two years
- Mental health
- Pre-K
- Other key social services



10





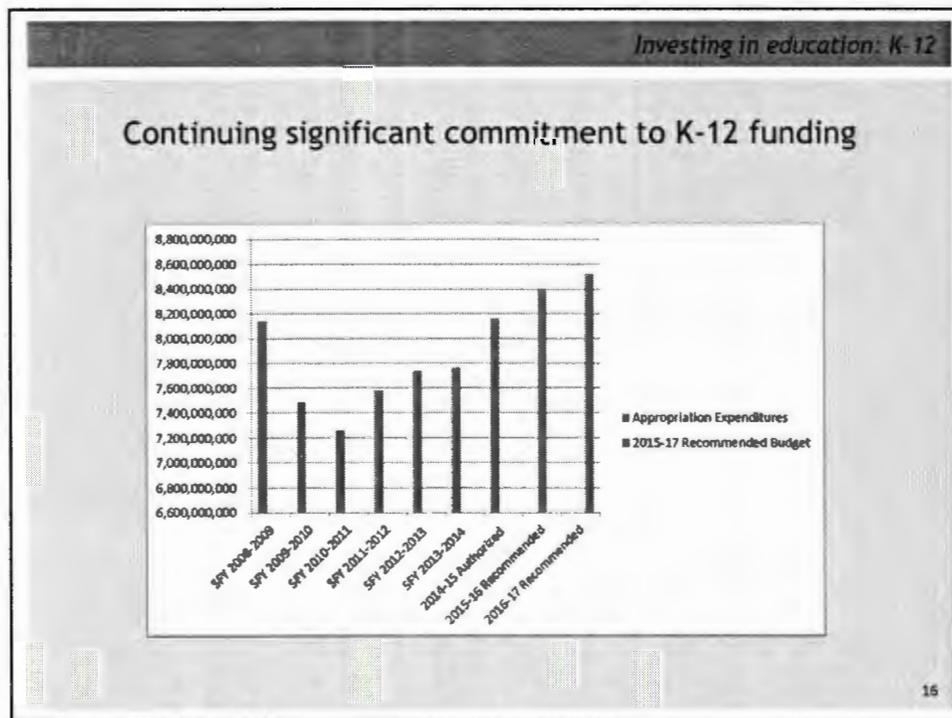
Revenue change: Estimated (fiscal) impact

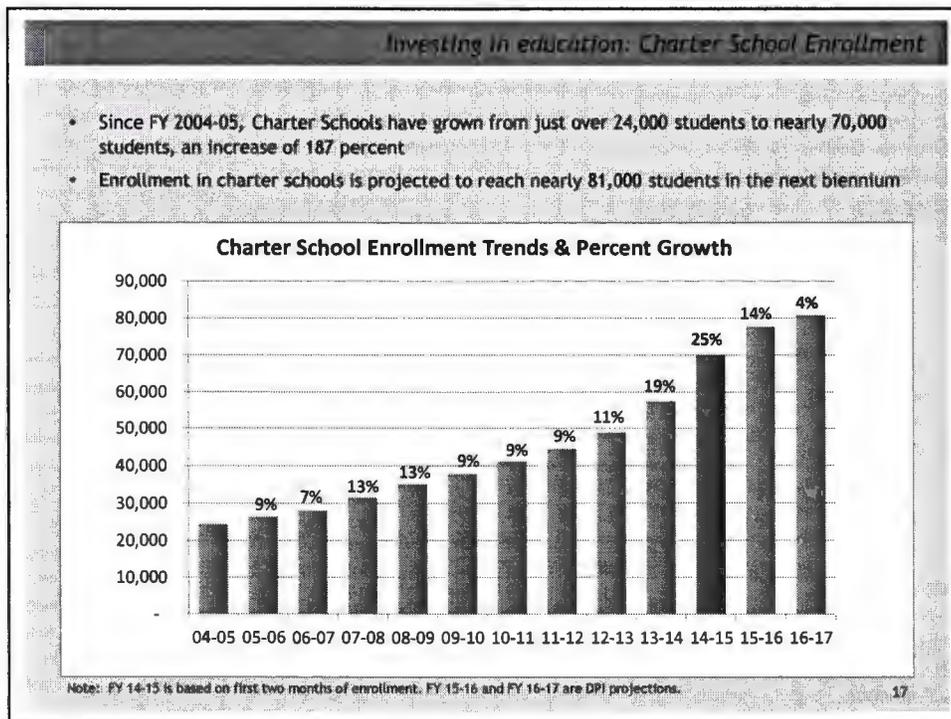
Marginal Cost* of Major Recommended Revenue Changes (\$ in millions)

Description	Year 1 (FY 2015-16)	Year 2 (FY 2016-17)	Year 3 (FY 2017-18)
Historic Preservation Tax Credit	\$1.7	\$10.5	\$17.7
Renewable Energy Credit for Non-Solar Projects	\$0.0	\$7.0	\$11.0
R&D Credit	\$0.0	\$58.0	\$60.0
Datacenter Machinery & Equipment Purchases	\$3.0	\$4.0	\$4.0
Interstate Air Carrier Fuel Purchases	\$0.0	\$7.5	\$15.0
Motorsports Parts	\$0.0	\$1.1	\$2.3
Motorsports Fuel	\$0.0	\$0.07	\$0.15

*NC Office of State Budget and Management projections

15

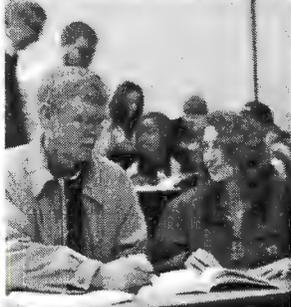




Investing in education: Pre-K-12

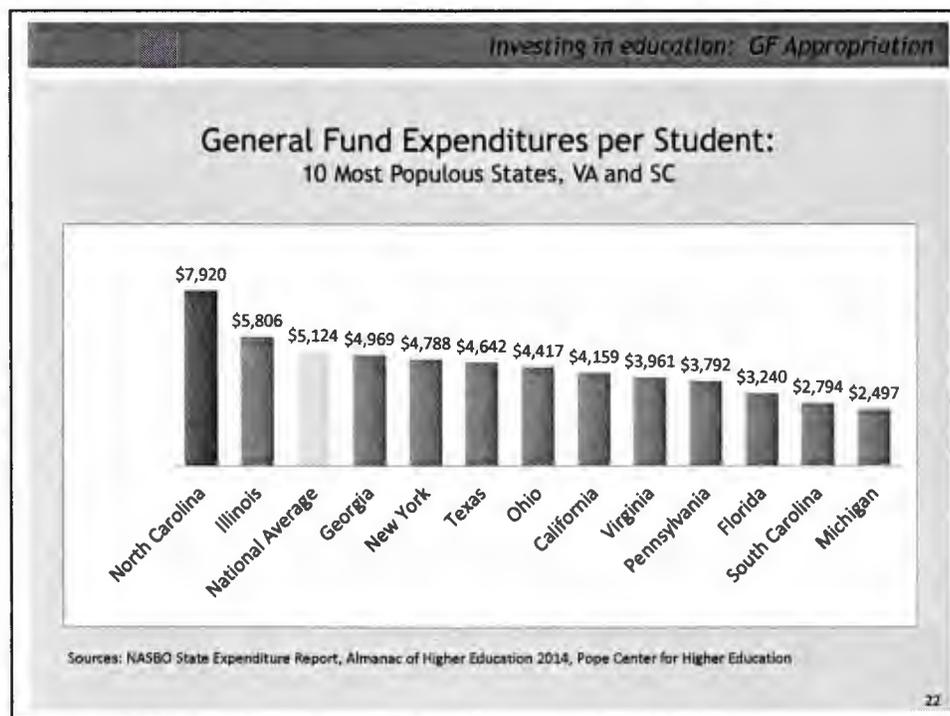
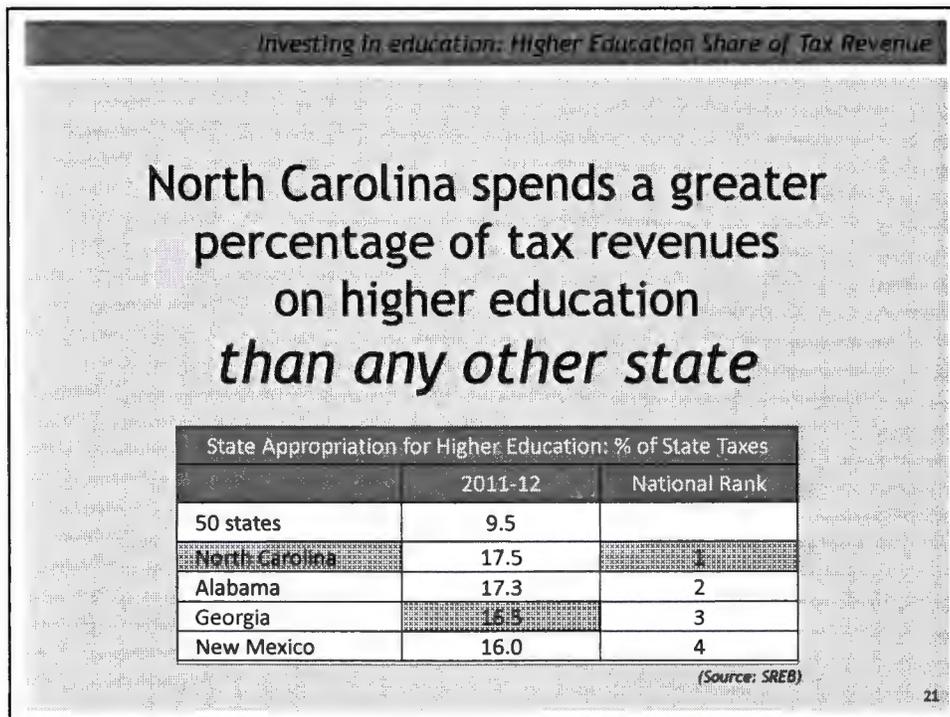
<p>TEACHER PAY</p> <ul style="list-style-type: none"> • \$223 million • Increases teacher base pay to \$35,000 • Increases on salary schedule 	<p>ENROLLMENT GROWTH</p> <ul style="list-style-type: none"> • \$307 million • Fully funds enrollment growth → 3,400 new teachers 	<p>TEACHING ASSISTANTS</p> <ul style="list-style-type: none"> • \$128 million • Retains nearly 2,000 teaching assistants
<p>REWARDING HIGHLY-EFFECTIVE TEACHERS</p> <ul style="list-style-type: none"> • \$15 million • North Carolina Education Endowment Fund 	<p>INSTRUCTIONAL RESOURCES</p> <ul style="list-style-type: none"> • \$70 million • Classroom resources including textbooks, instructional supplies, and equipment 	<p>PRE-K</p> <ul style="list-style-type: none"> • Ensures access to Pre-K for more than 26,000 children two years old

Investing in education: UNC & NCCCS

	<p>DVIDY SCHOOL OF MEDICINE AT ECU</p> <ul style="list-style-type: none"> • \$16 million • Stabilizes medical education and maintains community preceptorships 	<p>ENROLLMENT GROWTH</p> <ul style="list-style-type: none"> • \$129.6 million • Fully funds projected enrollment growth 	<p>LIMIT SUBSIDY TO PRIVATE FUNDRAISING</p> <ul style="list-style-type: none"> • Saves \$18 million each year • No more than \$1 million in state funds on private fundraising efforts
	<p>IN-STATE TUITION FOR VETERANS</p> <ul style="list-style-type: none"> • \$11.3 million • Supports those who defend our freedom by offering in-state tuition to qualifying non-resident veterans 	<p>COMMUNITY COLLEGE YEAR-ROUND CLASSES</p> <ul style="list-style-type: none"> • Accelerates the North Carolina talent pipeline by funding classes year-round, including in the summer, just like North Carolina businesses 	<p>COMMUNITY COLLEGE TECHNOLOGY</p> <ul style="list-style-type: none"> • \$10 million • Critical upgrade to the central data system used by all 58 community colleges • \$5 million for STEM equipment

Investing in education: Innovation to Jobs

<p>VENTURE MULTIPLIER FUND</p> <p>\$30 million</p> <p>Invests in early stage commercial ventures, along with private sector dollars</p>	<p>NORTH CAROLINA RALLYING INVESTORS AND SKILLED ENTREPRENEURS (NC RISE)</p> <p>\$5 million</p> <p>Leverages existing entrepreneurial talent and recruits world-class investors and skilled entrepreneurs</p>	<p>UNIVERSITY INNOVATION COMMERCIALIZATION INVESTMENT</p> <p>\$7.5 million</p> <p>Invests in selecting and developing university technologies to make them attractive to investors</p>
		



Rebuilding our infrastructure

Devotes \$4.8 billion to lay the foundation for our 13-year transportation vision, which focuses on connecting small towns and economic centers across the state.

Critical infrastructure	Road Maintenance
<ul style="list-style-type: none"> • Increase of \$135 million • Strategic investments in critical infrastructure 	<ul style="list-style-type: none"> • Increase of \$51 million • Road preservation and improvements projects
Capital Improvements	Congestion
<ul style="list-style-type: none"> • Increase of \$36 million • Capital repairs and renovations under the Capital Improvement Plan 	<ul style="list-style-type: none"> • Increase of \$10 million • Eases congestion, particularly in rural and small urban communities

Streamlining state government

North Carolina Government Efficiency and Reform (NC GEAR)

- More than \$14 million of savings in year one
- More than \$57 million of savings in year two of the biennium
- Savings over ten years conservatively estimated at more than \$615 million IN PRESENT VALUE

 <p>Manage cultural and natural resources together</p>	 <p>Improve integrity and timing of vital record registry</p>	 <p>Recover debts through the State Reciprocal Treasury Offset Program</p>
 <p>Rationalize state vehicles</p>	 <p>Reduce state employees' working compensation</p>	 <p>Learned trading power for school children</p>

24

Supporting those who keep us safe

Reinforces North Carolina's reputation as the most military-friendly state in the nation

<p>In-state tuition for veterans</p>	<p>Department of Military and Veterans Affairs</p>	<p>Veterans courts</p>	<p>Support veterans and fight crimes against children</p>
			
<p>• \$2.4 million</p> <p>• In-state tuition for qualifying veterans attending postsecondary education</p>	<p>• \$100.6 million mission</p> <p>• Eliminate services for military communities, active duty personnel and veterans</p>	<ul style="list-style-type: none"> • Supports the development of additional veterans treatment courts • Helping veterans return to a productive life instead of being locked up for minor offenses related to mental health issues or substance abuse 	<ul style="list-style-type: none"> • \$2 million • Awarded to law enforcement agencies to hire staff to locate and rescue children in danger • Priority will be given to veterans who have received special training from the Human Exploitation Rescue Operative (HERO) project

25

Supporting those who keep us safe

Recognizes the dedication of our law enforcement and corrections officers

<p>CORRECTIONS OFFICERS</p>	<p>HIGHWAY PATROL TROOPER STEP INCREASES</p>	<p>VEHICLES</p>	<p>CRIME LAB</p>
			
<ul style="list-style-type: none"> • \$24 million • Compensates and retains our corrections officers who confront the most violent people in our state every day 	<ul style="list-style-type: none"> • \$3.7 million • Funds the full five percent step increase for eligible State Troopers each year 	<ul style="list-style-type: none"> • \$11 million • Replaces aging law enforcement vehicles • Improves safety • Reduces maintenance costs 	<ul style="list-style-type: none"> • \$2 million • Improves crime lab operations • Reduces criminal case backlogs

26

Supporting those who keep us safe

 <p>COURT SYSTEM</p> <ul style="list-style-type: none">• \$16 million• Addresses costs associated with jurors, witnesses, interpreters, expert witnesses for prosecutors, equipment maintenance, hardware and software	 <p>NORTH CAROLINA BUSINESS COURTS</p> <ul style="list-style-type: none">• \$1.2 million• Expands existing North Carolina Business Courts, as recommended by the North Carolina Economic Development Board
 <p>INDIGENT DEFENSE</p> <ul style="list-style-type: none">• \$9 million• Fills authorized shortfall by timely retention for payments to private counsel retained to represent indigent clients	

27

Addressing needs for mental health services - DPS

Invests nearly \$24 million in new funding for mental health services in our prisons

<p>Behavior health treatment units</p> <ul style="list-style-type: none">• \$17 million• Establishes behavior health treatment units at eight high security prisons across the state• New positions to improve mental health screening at intake centers	<p>Mental health beds</p> <ul style="list-style-type: none">• \$6.7 million• Opens another 72 inpatient mental health beds at the Central Prison Health Care Facility
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28

Addressing needs for mental health services - DHHS

Invests nearly **\$82 million** in new funding for mental health and substance abuse services

Community mental health services	State mental health facilities
<ul style="list-style-type: none"> • \$42 million • Investments to cover mental health needs in our communities • Treating substance abuse in our communities 	<ul style="list-style-type: none"> • \$39.4 million • Start-up funding for the new Broughton Hospital • Ensuring financial viability of state health facilities by acknowledging acuity and patient mix we serve

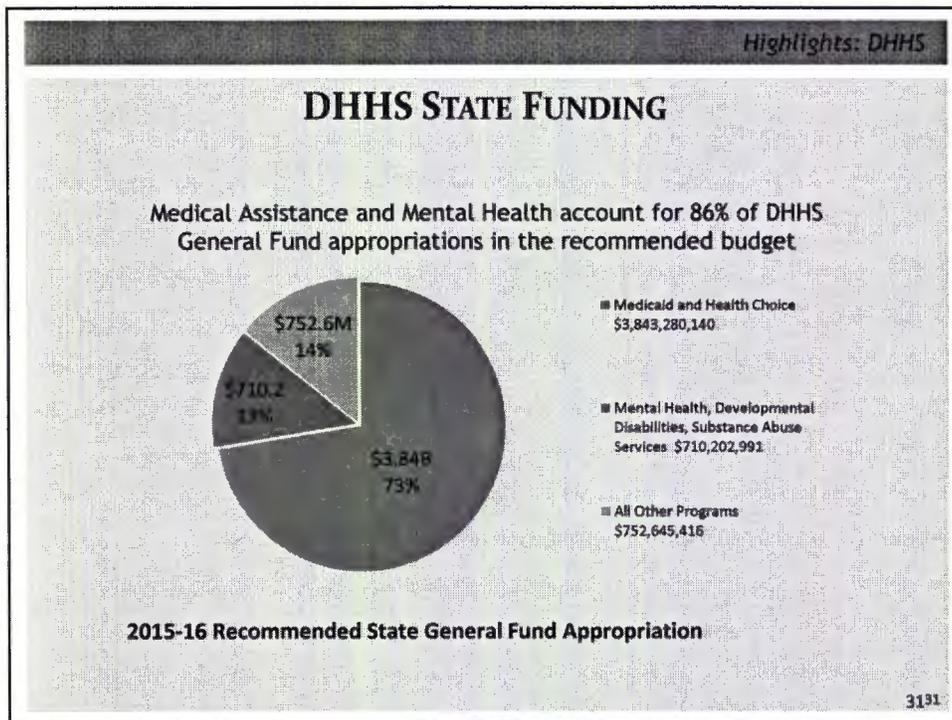
29

Lifting up the disadvantaged

Provides more than **\$10.8 billion** in Department of Health and Human Services funding to support the well-being of our most vulnerable citizens

<p style="text-align: center; font-weight: bold; font-size: small;">The Office of Chief Medical Examiner</p> <ul style="list-style-type: none"> • Increase of \$5.3 million • Improves services and replaces equipment for the Office of the Chief Medical Examiner. 	<p style="text-align: center; font-weight: bold; font-size: small;">Adoption and Foster Care</p> <ul style="list-style-type: none"> • Increase of \$15 million • Funding for foster care and adoption services • Ensures all children needing support have access 	<p style="text-align: center; font-weight: bold; font-size: small;">NC FAST and NC TRACKS</p> <ul style="list-style-type: none"> • Increase of \$22.9 million • Replaces legacy IT systems to more efficiently serve citizens and pay providers
<p style="text-align: center; font-weight: bold; font-size: small;">Medicaid</p> <ul style="list-style-type: none"> • \$287 million in the first year and \$461 million in the second • Provides health coverage to more than 1.8 million low-income families 	<p style="text-align: center; font-weight: bold; font-size: small;">Medicaid Reform</p> <ul style="list-style-type: none"> • Supports Healthy NC reform plan to put patients first and control costs for taxpayers • Accountable Care Organization delivery model 	<p style="text-align: center; font-weight: bold; font-size: small;">Medicaid Risk Reserve</p> <ul style="list-style-type: none"> • \$175 million over two years • Provides buffer against inevitable uncertainty in one of our biggest cost drivers

30



Overview: Public Education

	2013-14 Actual	2014-15 Authorized	2015-16 Recommended	% Change	2016-17 Recommended	% Change
Requirements	\$9,826,190,625	\$12,545,807,373	\$12,648,865,093	0.8%	\$12,658,957,456	.9%
Requirements¹					\$12,765,916,778	1.8%
Receipts	\$2,058,512,652	\$4,383,473,145	\$4,251,570,900	-3.0%	\$4,250,083,628	-3.0%
GF Appropriation	\$7,767,677,973	\$8,162,334,288	\$8,397,294,193	2.9%	\$8,408,873,828	3.0%
GF Appropriation¹					\$8,515,833,150	4.3%

¹ \$107 million for incremental enrollment increase for 2016-17 placed in statewide reserve

- **Highlights of Savings**
 - Operating efficiencies of \$6 million each year
 - Reduced costs of \$20 million each year in transportation
- **Highlights of Investments**
 - Investments an additional \$110 million each year in teacher and administrator salary increases, and \$15 million over the biennium for highly effective teachers
 - \$42 million in 2015-16 and \$47 million in 2016-17 to support wireless internet access and enhance student access to instructional resources
 - \$100 million in 2015-16 and \$207 million in 2016-17 for teachers, teacher assistants, and other positions and resources required to fully support enrollment growth

32

Overview: UNC System

	2013-14 Actual	2014-15 Authorized	2015-16 Recommended	% Change	2016-17 Recommended	% Change
Requirements	\$4,275,146,894	\$4,342,417,394	\$4,356,494,018	0.3%	\$4,355,467,107	0.3%
Requirements¹					\$4,386,403,645	1.0%
Receipts	1,702,389,651	\$1,695,603,295	\$1,735,154,834	2.3%	\$1,722,610,554	1.6%
GF Appropriation	\$2,572,757,242	\$2,646,814,099	\$2,621,339,184	-1.0%	\$2,632,856,553	-0.5%
GF Appropriation¹					\$2,663,793,091	0.6%

1. Includes allocation of \$30.9M enrollment growth incremental increase budgeted in OSBM reserve for 2016-17.

- **Highlights of Savings**
 - Operating efficiencies of \$49.9 million, with flexibility to achieve savings
 - Leverages non-State funds of \$36.0 million in FY 15-16 and \$27.9 million in FY 16-17
- **Highlights of Investments**
 - Provides additional \$4.4 million to continue North Carolina's commitment to offer in-state tuition to qualifying nonresident veterans.
 - Stabilizes ECU Brody School of Medicine with \$8 million in each year for medical education.
 - Fully funds enrollment growth of \$49.3 million and \$80.3 million for each year of biennium.

33

Overview: North Carolina Community Colleges

	2013-14 Actual	2014-15 Authorized	2015-16 Recommended	% Change	2016-17 Recommended	% Change
Requirements	\$1,440,356,392	\$1,462,859,992	\$1,453,333,617	-0.7%	\$1,458,333,617	-0.3%
Receipts	\$424,395,744	\$413,813,125	\$418,444,740	1.1%	\$417,444,740	0.9%
GF Appropriation	\$1,015,960,648	\$1,049,046,867	\$1,034,888,877	-1.3%	\$1,040,888,877	-0.8%

- **Highlights of Savings**
 - Saves \$3 million each year due to declining enrollment
 - Increases community college tuition by \$4 per credit hour, maintaining North Carolina community college tuition among the lowest in the country and the southeastern region
- **Highlight of Investments**
 - Fully fund enrollment in summer term curriculum classes beginning in summer 2015, which will result in additional enrollment funding in 2016-17
 - \$2 million each year to allow the NC Community College System to offer in-state tuition to qualifying nonresident military veterans
 - Provides \$5 million each year for a critical upgrade of the College Information System, the central data system used by all 58 community colleges
 - \$5 million in the second year to purchase current, up-to-date equipment and technology used to prepare students in STEM fields

34

Overview: Department of Health and Human Services

	2013-14 Actual	2014-15 Authorized	2015-16 Recommended	% Change	2016-17 Recommended	% Change
Requirements	\$18,468,002,559	\$18,992,200,857	\$19,601,533,472	5.75%	\$20,206,607,175	8.94%
Receipts	\$13,574,353,755	\$13,843,782,988	\$14,295,404,925	5.82%	\$14,675,807,718	8.58%
GF Appropriation	\$4,893,648,804	\$5,148,417,869	\$5,306,128,547	5.56%	\$5,530,799,457	9.92%

- **Highlights of Savings**

- Operating efficiencies save 7.5 million each year by reducing vacant positions and personal services contracts
- Leverages non-state funds of \$47.4 million in year one and \$27.8 million in year two

- **Highlights of Investments**

- Reflects an estimated need for \$287.5 million in year one and \$460.6 million in year two for the Medicaid rebase
- Invests \$10.2 million in year one and \$32 million in year two for Community mental health services
- Invests \$27.9 million and \$11.6 million in year two to support State operated health care facilities
- Invests \$4.5 million in year one and \$10.4 million in year two for foster care and adoption services
- Continues investment in Pre K slots from 2014-15 by providing \$5.04 million in each year
- Supports NC FAST to improve access to services by investing \$5.8 million in year one and \$13 million in year two
- Invests \$735,000 in year one and \$4.6 million in year in the Office of the Chief Medical Examiner

35

Overview: Natural and Economic Resources

	2013-14 Actual	2014-15 Authorized	2015-16 Recommended	% Change	2016-17 Recommended	% Change
Requirements	\$732,131,642	\$706,667,644	\$583,141,794	-17.48%	\$584,582,906	-17.28%
Receipts	\$376,227,475	\$298,080,633	\$271,228,049	-9.01%	\$271,176,161	-9.03%
GF Appropriation	\$355,904,167	\$ 408,587,011	\$311,913,745	-23.66%	\$313,406,745	-23.29%

- **Highlights of Savings**

- Operating efficiencies of \$2.2 million each year of biennium
- Promotes better customer service, increased revenue and more consistent oversight of state attractions by shifting the management of the attractions from DENR to the Department of Cultural Resources
- Leverages non-state resources of \$600,000 each year of the biennium

- **Highlights of Investments**

- \$99 and \$107 million in each year to support existing NC Competes (JDIG, One NC, JMAC) contractual obligations
- \$10 million each year to encourage long-term, sustainable film projects
- Supports the Governor's Innovation to Jobs Initiative through \$5 million each year for the One NC Small Business Program
- Provides \$1 million each year to the Farmland Preservation Trust Fund

36

Overview: Justice and Public Safety

	2013-14 Actual	2014-15 Authorized	2015-16 Recommended	% Change	2016-17 Recommended	% Change
Requirements	\$2,586,805,935	\$2,578,348,785	\$2,596,317,359	0.70%	\$2,666,689,055	3.43%
Receipts	\$239,048,338	\$199,746,605	\$196,862,131	-1.44%	\$196,330,419	-1.71%
GF Appropriation	\$2,347,757,597	\$2,378,602,180	\$2,399,455,228	0.88%	\$2,470,358,636	3.86%

All figures in millions of dollars.

- **Highlights of Savings**
 - Operating efficiencies of \$16.6 million in 2015-16 and \$2 million in 2016-17
 - Leverages non-state resources of \$48,000 each year of the biennium
- **Highlights of Investments**
 - \$21 million in 2016-17 to begin implementing new salary classifications for correctional officers and supervisors
 - \$1.7 million and \$1.9 million each year to fund 5% step increase for 700 eligible state troopers
 - Increases funding for mental health treatment of inmates by \$24 million
 - Provides \$2 million to improve State Crime Lab processes and reduce criminal case backlogs
 - Addresses critical operating needs in the court system with \$6 million in 2015-16 and \$10 million in 2016-17
 - Invests \$1.2 million over the biennium to expand NC Business Courts
 - Funds backlog of payments to private counsel who represent indigent clients by \$9 million over the biennium
 - Improves safety by providing \$1 million in each year of the biennium for law enforcement officers to use emerging technology to locate and rescue children in danger

37

Overview: General Government

	2013-14 Actual	2014-15 Authorized	2015-16 Recommended	% Change	2016-17 Recommended	% Change
Requirements	\$673,273,702	\$741,705,572	\$716,356,890	-3.42%	\$715,888,584	-3.48%
Receipts	\$266,371,404	\$316,255,530	\$218,500,266	-30.91%	\$210,938,568	-33.30%
GF Appropriation	\$406,902,298	\$425,450,042	\$497,856,624	17.02%	\$504,950,016	18.69%

- **Highlights of Savings**
 - Saves \$3 million each year of the biennium
 - Establishes the Department of Information Technology
- **Highlights of Investments**
 - \$2.7 million each year for Military Affairs Commission recommendations
 - \$11 million in each year of the biennium in affordable housing initiatives
 - \$12.1 million in year one and \$7.2 million in year two in receipts to fund information technology improvements and critical operations in the Department of Revenue
 - Supports the Innovation to Jobs initiative through:
 - \$2.5 million in each year for the Rallying Investors and Skilled Entrepreneurs for NC (NC RiSE) program
 - \$2.5 million in year one and \$5 million in year two for the University Innovation Commercialization Grant Program

38

Overview: Transportation						
	2014-15 Actual	2014-15 Authorized	2015-16 Recommended	% Change	2016-17 Recommended	% Change
Requirements	\$4,468,896,312	\$4,383,900,270	\$4,424,087,791	0.92%	\$4,405,474,286	0.5%
Receipts	\$1,665,559,795	\$1,237,364,844	\$1,263,087,791	2.08%	\$1,169,074,286	-5.5%
HF & HTF Appropriation	\$2,782,266,949	\$3,146,535,426	\$3,161,000,000	0.46%	\$3,236,400,000	2.9%
Change in Fund Balance	\$(21,069,568)	\$ -	\$ -		\$ -	

- **Highlights of Savings**
 - Redirects \$94 million in Highway Fund appropriations, generated from efficiencies identified in other programs, to support other Transportation priorities
- **Highlights of Investments**
 - \$4.8 billion to lay the foundation for our 25-year transportation vision
 - Provides \$135 million in additional funding for the strategic investments in the Highway Trust Fund
 - Provides \$10 million for the Small Construction Program to ease congestion in rural and urban areas
 - Funds the final phase of customer service improvements for the Division of Motor Vehicles license services

Will request a transportation bond of \$1.2 to \$1.4 billion to take advantage of historically low interest rates

39

Overview: Capital Improvements
<ul style="list-style-type: none"> • DENR - Water Resources Development Projects <ul style="list-style-type: none"> - Provides \$5 million each year for the State's share of Water Resources Development Projects - Leverages \$10.4 million in federal funds • Department of Public Safety - National Guard <ul style="list-style-type: none"> - Provides \$618,000 in year one and \$5 million in year two to expand and rehabilitate National Guard Readiness Centers - The Readiness Centers are located in Franklin County, Onslow County, Pasquotank County and Rockingham County • Repair & Renovation Funds: \$47 million

40

VISITOR REGISTRATION SHEET

Jt Committee on Appropriations

03/10/15

Name of Committee

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

David Collins	SEANC
Stephen ...	
Paul Foleen	HTGAC
Carr McLamb	Troutman Sanders
Elyse Y. Groverstein	Hunt Institute
Ed Sulinger	Knobles Pierce
Math Cross	NCR
Kay Castillo	NHFW-NC
Ruian Mervald	Williams Wullen
J. GRANER SHERICK	office of Norm Sanderson - Intern
Rob Schiller	NC Symphony



VISITOR REGISTRATION SHEET

Jt Committee on Appropriations

03/10/15

Name of Committee

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

Stan Williams	NCS
Celia Cox	OSBM
Markisha Baker	OSBM
JOE WHITE	OSBM
Janette Yeoman	OSBA
Cody Garris	Sarah Stevens
Barbara Roper	DOA
Edgar Miller	CTNC
Philip Barefoot	McGuire Woods
Jared Cates	CFSA
Wayne Williams	OSBM



VISITOR REGISTRATION SHEET

Jt Committee on Appropriations

03/10/15

Name of Committee

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

<i>[Signature]</i>	Misc
Barbara Moore	Conf of Clerks of Sp Ct
Douglas Helms	NC SBA
Tom West	NCI CU
Bruce Mildwurf	NC SBA
Leanne Winnie	NC SBA
Erin Jones	TWJC
<i>[Signature]</i>	MAAC
Sc Barringer	Sen. Tamara Barringer
Dolly Packman	Packman Inc
Kathy G...



VISITOR REGISTRATION SHEET

Jt Committee on Appropriations

03/10/15

Name of Committee

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Nick Goetsch	OSBM
Greg Piner	OSBM
Judy Madenotti	OSBM
Sarah Grimsrud	OSBM
Matthew Cobb	Senate intern
Josh Ehrlich	JDA
Audrey Brandon	DPS
Rob Lamur	RLA
Lao Rubert	CSPC
EVELYN PURSLEY	NCSB
<i>[Signature]</i>	



VISITOR REGISTRATION SHEET

Jt Committee on Appropriations

03/10/15

Name of Committee

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

Chris McClune	Brooks Piene
Joanna Spruill	NUAFP
Jud Bone	Bone : ASSO.
Trent Womble	DHHS
Bill Rustin	AGF
Sarah Korce	NOIOL
Joy Hiler	NCAA
Steve Jancu	Shawnee State Museum
Margaret Duke	OSHP
Kara Weishaar	Smith Anderson
Meghan Cook	OITS



VISITOR REGISTRATION SHEET

Jt Committee on Appropriations

03/10/15

Name of Committee

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

Maura Jenkins	DCR
Ashly Lano	NC DOC
Brad Knott	NC DENR
Alice Miller	NC DOC
Shanna Hobby	Commerce
Pam Cashwell	NC SEC
Erin Fleck	Senate Staff
Fred Atkins	
Elizabeth Biser	BB
Elizabeth Biser	NC DENR



VISITOR REGISTRATION SHEET

Jt Committee on Appropriations

03/10/15

Name of Committee

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

NAME	FIRM OR AGENCY AND ADDRESS
Juridical Services	NRMS
Fred Steen II	Governor's Office
Matthew Dockham	NC DENR
Ryan Blackledge	Cone Health
Adam Prodenre	NCRSA
Nelson Freeman	NC DOR
Dan Hanna	NC DISSEA
Jay Stem	NCAA
JACKSON TANCIL	LLS
DANIEL VANLIERE	VIDANT HEALTH
JOSHUA COOPER	Capital City Judges
Camron Henry	MCA





VISITOR REGISTRATION SHEET

Jt Committee on Appropriations

03/10/15

Name of Committee

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

Betty Doster	UNC Charlotte
Arnell Minter	UNC OA
Jule Moffitt	Mountain View Asheville, NC
Bob Wagner	" "
Jonathan Kappler	UNC OA
Andy Chase	KMA
Freddie Wal	East Side UCP
Chris Ague	DOJ
Regina	Conf. of DAs
Wang Shuping	NCCCS



VISITOR REGISTRATION SHEET

Jt Committee on Appropriations

03/10/15

Name of Committee

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

TJ Buzbee	NP
Tanya Kottan	TJ
Amanda Horner	TSS
Erica Nelson	NCHA
Dim Duhuru	BSA
Rod Davis	DHHS
Marjorie Donaldson	DHHS
Jim Slate	DHHS
Frank Hill	PSG
Aug Eick	NP



VISITOR REGISTRATION SHEET

JOINT APPROPRIATIONS/BASE BUDGET

March 10, 2015

Name of Committee

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

NAME	FIRM OR AGENCY AND ADDRESS
<i>Patricia B. ...</i>	<i>NC electric coop. inc</i>



**Senate Committee on Appropriations/Base Budget
Tuesday, March 24, 2015 at 8:30 AM
Room 643 of the Legislative Office Building**

MINUTES

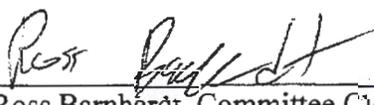
The Senate Committee on Appropriations/Base Budget met at 8:35 AM on March 24, 2015 in Room 643 of the Legislative Office Building. Fifteen members were present. Senator Brent Jackson, Chair, presided. Senator Jackson called the meeting to order and recognized the Sergeant-at-Arms' staff and Pages.

Senator Rick Gunn explained **SB 326 Increase JDIG Program Funding. (Senators Gunn, Meredith, and Apodaca).**

After discussion among committee members, Senator Tillman moved for a favorable report. The motion carried.

The meeting adjourned at 8:42 AM.

**SEE ATTACHMENT 3
FOR SIGNED MINUTES**



Ross Barnhardt, Committee Clerk

Presiding

Attachments:

- 1 Agenda
- 2 Committee Report
- 3 Minutes
- 4 Senate Bill 326
- 5 Summary of Senate Bill 326
- 6 Visitor's Registration

11-11-11



**Senate Committee on Appropriations/Base Budget
Tuesday, March 24, 2015, 8:30 AM
643 Legislative Office Building**

AGENDA

Welcome and Opening Remarks

Senator Brent Jackson, Presiding

Introduction of Pages

Bills

BILL NO.	SHORT TITLE	SPONSOR
SB 326	Increase JDIG Program Funding.	Senator Gunn

Adjournment



**NORTH CAROLINA GENERAL ASSEMBLY
SENATE**

APPROPRIATIONS/BASE BUDGET COMMITTEE REPORT

**Senator Brown, Co-Chair
Senator Harrington, Co-Chair
Senator B. Jackson, Co-Chair**

Tuesday, March 24, 2015

Senator B. Jackson,
submits the following with recommendations as to passage:

FAVORABLE

SB 326

Increase JDIG Program Funding.

Draft Number: None
Sequential Referral: None
Recommended Referral: None
Long Title Amended: No

TOTAL REPORTED: 1

Senator Richard Gunn will handle SB 326





**Senate Committee on Appropriations/Base Budget
Tuesday, March 24, 2015 at 8:30 AM
Room 643 of the Legislative Office Building**

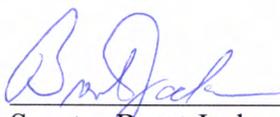
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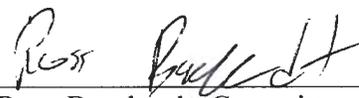
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After discussion among committee members, Senator Tillman moved for a favorable report. The motion carried.

The meeting adjourned at 8:42 AM.



Senator Brent Jackson, Chair
Presiding



Ross Barnhardt, Committee Clerk

Attachments:

- 1 Agenda
- 2 Committee Report
- 3 Minutes
- 4 Senate Bill 326
- 5 Summary of Senate Bill 326
- 6 Visitor's Registration



GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2015

S

1

SENATE BILL 326

Short Title: Increase JDIG Program Funding. (Public)

Sponsors: Senators Gunn, Meredith, Apodaca (Primary Sponsors); Bingham, Bryant, Clark, Curtis, J. Davis, Ford, Hise, B. Jackson, Lee, McInnis, Newton, Pate, Rabin, Rabon, Randleman, Sanderson, Smith, Smith-Ingram, Tillman, Tucker, and Van Duyn.

Referred to: Commerce.

March 19, 2015

1 A BILL TO BE ENTITLED
2 AN ACT TO PROVIDE INCREASED FUNDING TO THE JOB DEVELOPMENT
3 INVESTMENT GRANT PROGRAM.

4 The General Assembly of North Carolina enacts:

5 **SECTION 1.** Section 15.19(a1) of S.L. 2013-360 reads as rewritten:

6 "**SECTION 15.19.(a1)** Notwithstanding G.S. 143B-437.52(c), ~~for the 2013-2015 fiscal~~
7 ~~biennium,~~ the maximum total liability for grants awarded, including amounts transferred to the
8 Utility Account pursuant to G.S. 143B-437.61, is ~~twenty-two million five hundred thousand~~
9 ~~dollars (\$22,500,000)~~ as follows for the following time periods:

10 (1) For the 2013-2015 fiscal biennium, twenty-seven million five hundred
11 thousand dollars (\$27,500,000).

12 (2) For the period from July 1, 2015, to December 31, 2015, the maximum total
13 liability for grants awarded, including amounts transferred to the Utility
14 Account pursuant to G.S. 143B-437.61, is seven million five hundred
15 thousand dollars (\$7,500,000).

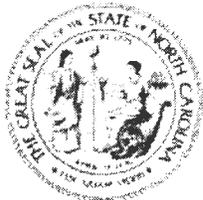
16 No agreement may be entered into that, when considered together with other existing
17 agreements governing grants awarded during an applicable time period provided in this
18 subsection, could cause the State's potential total annual liability for grants awarded in that time
19 period to exceed the designated maximum amount."

20 **SECTION 2.** This section is effective when it becomes law.



* S 3 2 6 - V - 1 *





SENATE BILL 326: Increase JDIG Program Funding

2015-2016 General Assembly

Committee:	Senate Ref to Commerce. If fav, re-ref to Finance. If fav, re-ref to Appropriations/Base Budget	Date:	March 20, 2015
Introduced by:	Sens. Gunn, Meredith, Apodaca	Prepared by:	Dan Etefagh Committee Counsel
Analysis of:	First Edition		

SUMMARY: *The bill would increase the maximum total liability for Job Development Investment Grant Program awards in the 2013-2015 fiscal biennium by \$5 million, from \$22.5 million to \$27.5 million.*

CURRENT LAW: Pursuant to G.S. 143B-437.52, the maximum amount of total annual liability for JDIG awards in any single calendar year is \$15M. In S.L. 2013-360, the cap was modified from a calendar year cap to a fiscal biennium cap for the 2013-15 fiscal biennium only, and the cap was modified for that period from \$15M to \$22.5M. The cap for the last half of the 2015 CY is \$7.5M.

BILL ANALYSIS: The bill would increase the \$22.5M JDIG cap applicable to the 2013-15 fiscal biennium by \$5M, raising it to a total of \$27.5M.

EFFECTIVE DATE: The bill is effective when it becomes law.

BACKGROUND: The Job Development Investment Grant Program (JDIG) is a discretionary grant program by the State to a new or expanding business for creating jobs in the State. The term of a grant is limited to no more than 12 years. The grant amount is based on a percentage (ranging from 10% to 75%) of the personal income tax withholdings of eligible positions created by the participating business and is automatically reduced by 25% if the project is located in a tier 3 area and by 15% if the project is located in a tier 2 area. The reduction is transferred to the Utility Account for rural infrastructure improvement. If a participating business fails to meet/comply with the grant agreement requirements, the grant amount or term is reduced proportionately to the failure or the agreement may be terminated. Funds are disbursed only after the Secretary of Revenue has certified the amount of withholdings received in that year by the Department.

Kory Goldsmith
Director



* S 3 2 6 - S M M C - 6 E 1 - V 3 *

Legislative Drafting
(919) 733-6660



VISITOR REGISTRATION SHEET

SENATE APPROPRIATIONS/BASE BUDGET

DATE: March 24, 2015

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
<u>1</u> John Cooper	Capital City Strategies
<u>2</u> GERRY COHEN	NELSON MULLINS
<u>3</u> Jennifer Casperini	NCMS
<u>4</u> Chip Bissett	NCMS
<u>5</u> Cheryl Posner-Cahill	NC School Psych Assoc
<u>6</u> Julie B...	Assoc: Assoc.
<u>7</u> Amanda Hbraker	Trotman Sander
<u>8</u> John Handli	MFS
<u>9</u> Rob Lamm	RLA
<u>10</u> Emmanuel Johnson	RLA
<u>11</u> Nelson Freeman	DOR
<u>12</u> Leah B...	Grov's office
<u>13</u> Kasey Grossberg	governor's office
<u>14</u> Ashley Jones	NC DOC
<u>15</u> Susan Flatwood	NC DOC
<u>16</u> Alca Miller	NC DOC
<u>17</u> Tom Murray	NC DOC



VISITOR REGISTRATION SHEET

SENATE APPROPRIATIONS/BASE BUDGET

DATE: March 24, 2015

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
<u>1</u> Jill Akiyama	UNC-CH
<u>2</u> Nancy Brown	UNC-CH
<u>3</u> Tom Basson	UNC-CH
<u>4</u> Sarah Edwards	UNC-CH
<u>5</u> Sarah Wolfe	MWC
<u>6</u> Nicole Murrell	UNC-CH
<u>7</u> Andrea Bazakas	UNC-CH
Pam Silberman	UNC-CH
<u>9</u> Jennie Spencer	UNC-CH
<u>10</u> Karen Wade	UNC-CH
<u>11</u> John Mezzant	Policy Group
<u>12</u> JIM PETERSON	NEEA
<u>13</u> J. M. R. S.	NMR S
<u>14</u>	
<u>15</u>	
<u>16</u>	
<u>17</u>	



VISITOR REGISTRATION SHEET

SENATE APPROPRIATIONS/BASE BUDGET

DATE: March 24, 2015

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
<u>18</u> Austin Pruitt	H. Perkinson
<u>19</u> Chris McClure	Banks Perce
<u>20</u>	
<u>21</u>	
<u>22</u>	
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<u>34</u>	



**Senate Committee on Appropriations/Base Budget
Wednesday, April 1, 2015 at 8:30 AM
Room 544 of the Legislative Office Building**

MINUTES

The Senate Committee on Appropriations/Base Budget met at 8:35 AM on April 1, 2015 in Room 544 of the Legislative Office Building. Fifteen members were present. Senator Harry Brown, Chair, presided. Senator Brown called the meeting to order and recognized the Sergeant-at-Arms' staff and Pages.

Senator Brown asked for a motion to hear a PCS for **Senate Bill 160: Enhance Safety & Commerce for Ports/Inlets. (Senators Lee, Brown, Cook)**. Senator Trudy Wade moved to hear the PCS.

Senator Brown recognized Senator Bill Cook, Senator Michael Lee and Mr. Jeff Hudson, Research Staff to explain the **PCS for Senate Bill 160: Enhance Safety and Commerce for Ports/Inlets: AN ACT TO PROVIDE FOR THE DREDGING AND MAINTENANCE OF THE STATE'S WATERWAYS IN ORDER TO ENHANCE SAFETY AND COMMERCE.**

Senator Brown then recognized Senator Bill Rabon who moved to amend the bill on page 2, lines 44 through 48 by deleting the lines.

Senator Brown asked for questions on the amendment. There were no questions from the committee. Senator Jerry Tillman moved to adopt the amendment. Amendment AMD-2 [v.2] was adopted.

After discussion among members, Senator Tillman made the following motion: unfavorable as to the original bill, favorable as to the committee substitute, as amended, with the amendment to be rolled into a new PCS with leave for staff to make technical corrections. The motion carried.

The meeting adjourned at 9:03 AM

**SEE ATTACHMENT 3
FOR SIGNED MINUTES**

Presiding

Elise McDowell, Committee Clerk

Attachments:

1. Agenda
2. Committee Report
3. Minutes
4. Senate Bill 160
5. PCS to Senate Bill 160
6. Summary of PCS to Senate Bill 160



- 
7. Amendment AMD-2 [v.2]
 8. Study of the Economic Impacts of Oregon Inlet
 9. Visitor's Registration
- 
- 



**Senate Committee on Appropriations/Base Budget
Wednesday, April 1, 2015, 8:30 AM
544 Legislative Office Building**

AGENDA

Welcome and Opening Remarks

Senator Harry Brown, Presiding

Introduction of Pages

Bills

BILL NO.	SHORT TITLE	SPONSOR
SB 160	Enhance Safety & Commerce for Ports/Inlets.	Senator Lee Senator Brown Senator Cook

Adjournment



**NORTH CAROLINA GENERAL ASSEMBLY
SENATE**

APPROPRIATIONS/BASE BUDGET COMMITTEE REPORT

**Senator Brown, Co-Chair
Senator Harrington, Co-Chair
Senator B. Jackson, Co-Chair**

Wednesday, April 01, 2015

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

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

SB 160	Enhance Safety & Commerce for Ports/Inlets.
	Draft Number: S160-PCS15218-RI-5
	Sequential Referral: Finance
	Recommended Referral: None
	Long Title Amended: Yes

TOTAL REPORTED: 1

Senator Bill Cook will handle SB 160



Senate Committee on Appropriations/Base Budget
Wednesday, April 1, 2015 at 8:30 AM
Room 544 of the Legislative Office Building

MINUTES

The Senate Committee on Appropriations/Base Budget met at 8:35 AM on April 1, 2015 in Room 544 of the Legislative Office Building. Fifteen members were present. Senator Harry Brown, Chair, presided. Senator Brown called the meeting to order and recognized the Sergeant-at-Arms' staff and Pages.

Senator Brown asked for a motion to hear a PCS for **Senate Bill 160: Enhance Safety & Commerce for Ports/Inlets. (Senators Lee, Brown, Cook)**. Senator Trudy Wade moved to hear the PCS.

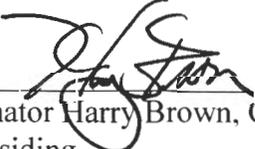
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Senator Brown then recognized Senator Bill Rabon who moved to amend the bill on page 2, lines 44 through 48 by deleting the lines.

Senator Brown asked for questions on the amendment. There were no questions from the committee. Senator Jerry Tillman moved to adopt the amendment. Amendment AMD-2 [v.2] was adopted.

After discussion among members, Senator Tillman made the following motion: unfavorable as to the original bill, favorable as to the committee substitute, as amended, with the amendment to be rolled into a new PCS with leave for staff to make technical corrections. The motion carried.

The meeting adjourned at 9:03 AM.



 Senator Harry Brown, Chair
 Presiding



 Elise McDowell, Committee Clerk

Attachments:

1. Agenda
2. Committee Report
3. Minutes
4. Senate Bill 160
5. PCS to Senate Bill 160
6. Summary of PCS to Senate Bill 160



- 
7. Amendment AMD-2 [v.2]
 8. Study of the Economic Impacts of Oregon Inlet
 9. Visitor's Registration
- 
- 



GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2015

S

2

SENATE BILL 160
Corrected Copy 3/5/15

Short Title: Enhance Safety & Commerce for Ports/Inlets. (Public)

Sponsors: Senators Lee, Brown, Cook (Primary Sponsors); Pate and Sanderson.

Referred to: Rules and Operations of the Senate.

March 4, 2015

1 A BILL TO BE ENTITLED
2 AN ACT TO ALLOW THE SECRETARY OF THE DEPARTMENT OF ENVIRONMENT
3 AND NATURAL RESOURCES TO WAIVE THE NON-STATE COST-SHARE
4 REQUIREMENT FOR DREDGING PROJECTS INTENDED TO ALLEVIATE
5 NAVIGATIONAL EMERGENCIES; TO MAKE OTHER CLARIFYING CHANGES TO
6 THE SHALLOW DRAFT NAVIGATION CHANNEL DREDGING AND LAKE
7 MAINTENANCE FUND; TO CREATE AND PROVIDE FUNDING FOR THE DEEP
8 DRAFT NAVIGATION CHANNEL DREDGING AND MAINTENANCE FUND; AND
9 TO AUTHORIZE THE SECRETARY OF ADMINISTRATION TO ACQUIRE
10 FEDERAL LAND FOR THE MAINTENANCE OF DEEP DRAFT NAVIGATIONAL
11 ACCESS TO THE PORT OF MOREHEAD CITY.

12 The General Assembly of North Carolina enacts:

13
14 **SHALLOW DRAFT NAVIGATION FUND AMENDMENTS**

15 SECTION 1.(a) G.S. 143-215.73F reads as rewritten:

16 "**§ 143-215.73F. Shallow Draft Navigation Channel Dredging and Lake Maintenance**
17 **Fund.**

18 (a) Fund Established. – The Shallow Draft Navigation Channel Dredging and Lake
19 Maintenance Fund is established as a special revenue fund. Interest and other investment
20 income earned by the Fund accrues to it. The Fund consists of fees credited to it under
21 G.S. 75A-3, 75A-38, and ~~105-449.126~~; 105-449.126, and monies contributed by a non-State
22 entity designated for a particular dredging project or group of projects.

23 (b) Uses of the Fund. – Revenue ~~is~~ credited to the Fund may only be used for the
24 following purposes:

25 (1) ~~to~~ To provide the State's share of the costs associated with ~~any~~ a dredging
26 project designed to keep shallow draft navigation channels located in State
27 waters or waters of the ~~state~~ State located within lakes navigable and safe.

28 (2) ~~or for~~ For aquatic weed control projects in waters of the State located within
29 lakes under Article 15 of Chapter 113A of the General Statutes. Funding for
30 aquatic weed control projects is limited to five hundred thousand dollars
31 (\$500,000) in each fiscal year.

32 (c) Conditions on Funding. – ~~Any~~ Unless otherwise provided in this subsection, any
33 project funded by revenue ~~from~~ credited to the Fund from the fees described in subsection (a)
34 of this section must be cost-shared with non-State dollars on a one-to-one ~~basis~~, provided that
35 the basis.



1 (1) The non-State cost-share required by this subsection may also be provided
2 by monies contributed to the Fund by a non-State entity.

3 (2) The cost-share for a lake located within a component of the State Parks
4 System shall be provided by the Division of Parks and Recreation of the
5 Department of Environment and Natural Resources. The Division of Parks
6 and Recreation may use funds allocated to the State Parks System for capital
7 projects under G.S. 113-44.15 for the cost-share.

8 (d) Waiver of Cost-share. – The Secretary may waive or modify the non-State
9 cost-share requirement for dredging projects that (i) alleviate a navigational emergency; or (ii)
10 represent an opportunity to supplement or leverage Corps funding.

11 (e) Return of Non-State Entity Funds. – Non-State entities that contribute to the Fund
12 for a particular project or group of projects may make a written request to the Secretary that the
13 contribution be returned if the contribution has not been spent or encumbered within two years
14 of receipt of the contribution by the Fund. If the written request is made prior to the funds being
15 spent or encumbered, the Secretary shall return the funds to the entity within 30 days after the
16 later of (i) receiving the request, or (ii) the expiration of the two-year period described by this
17 subsection.

18 (f) Reporting. – The Secretary shall report any waivers or modifications of the
19 cost-share requirement made under subsection (d) of this section within 30 days of issuing the
20 waiver or modification to the Joint Legislative Commission on Governmental Operations and
21 the Fiscal Research Division of the General Assembly. The report shall include an explanation
22 of the factors in subsection (d) of this section that are the basis for the waiver or modification
23 decision.

24 (g) Definitions. – For purposes of this section, "shallow draft navigation channel"
25 meansThe following definitions apply in this section:

26 (1) Corps. – The United States Army Corps of Engineers.

27 (2) Costs associated with a dredging project. – Includes the cost of the dredging
28 operation, surveys or studies directly attributable to the project, and the costs
29 of disposal of dredged material.

30 (3) Navigational emergency. – With respect to a shallow draft navigation
31 channel, the removal of or statement of intent to remove one or more
32 navigational buoys by the United States Coast Guard from the channel due
33 to shoaling.

34 (4) Shallow draft navigation channel. – (i) a waterway connection with a
35 maximum depth of 16 feet between the Atlantic Ocean and a bay or the
36 Atlantic Intracoastal Waterway, (ii) a river entrance to the Atlantic Ocean
37 through which tidal and other currents flow, or (iii) other interior coastal
38 waterways. "~~Shallow draft navigation channel~~"The term includes the
39 Atlantic Intracoastal Waterway and its side channels, Beaufort Harbor,
40 Bogue Inlet, Carolina Beach Inlet, the channel from Back Sound to Lookout
41 Back, channels connected to federal navigation channels, Lockwoods Folly
42 River, Manteo/Shallowbag Bay, including Oregon Inlet, Masonboro Inlet,
43 New River, New Topsail Inlet, Rodanthe, Rollinson, Shallotte River, Silver
44 Lake Harbor, and the waterway connecting Pamlico Sound and Beaufort
45 Harbor."

46 **SECTION 1.(b)** Chapter 449 of the 1985 Session Laws, as amended by Chapters
47 177 and 906 of the 1991 Session Laws, Part VII of S.L. 2001-439 and Section 7 of S.L.
48 2010-78, is amended by adding a new section to read:

49 "Sec. 3.3. Additional Use of Occupancy Taxes. – Notwithstanding any other use
50 requirement contained in this Session Law, as amended, the Dare County Board of
51 Commissioners may by resolution designate the use of some or all of the proceeds from the

1 occupancy taxes authorized by this Session Law, as amended, for contributions to the Shallow
2 Draft Navigation Channel Dredging and Lake Maintenance Fund, to be used for the non-State
3 share of costs associated with the dredging of shallow draft navigation channels, as defined in
4 G.S. 143-215.73F(g), that are located fully or partially in Dare County."
5

6 **DEEP DRAFT NAVIGATION CHANNEL DREDGING AND MAINTENANCE FUND**

7 **SECTION 2.(a)** Article 21 of Chapter 143 of the General Statutes is amended by
8 adding a new Part to read:

9 "Part 8C.

10 **"Deep Draft Navigation Channel Dredging and Maintenance Fund.**

11 **"§ 143-215.73G Deep Draft Navigation Channel Dredging and Maintenance Fund.**

12 (a) Fund Established. – The Deep Draft Navigation Channel Dredging and Maintenance
13 Fund is established as a special revenue fund. Interest and other investment income earned by
14 the Fund accrues to it. The Fund consists of General Fund appropriations, gifts or grants,
15 including monies contributed by a non-State entity for a particular dredging project or group of
16 projects, and any other revenues specifically allocated to the Fund by an act of the General
17 Assembly.

18 (b) Uses of the Fund. – Revenue credited to the Fund may only be used for costs
19 associated with projects providing safe and efficient navigational access to a State Port,
20 including the design, construction, expansion, modification, or maintenance of deep draft
21 navigation channels, turning basins, berths and related structures, as well as surveys or studies
22 related to any of the foregoing and the costs of disposal of dredged material.

23 (c) Conditions on Funding. – State funds credited to the Fund from the sources
24 described in subsection (a) of this section must be cost-shared on a one-to-one basis with funds
25 provided by the State Ports Authority, provided that:

26 (1) Funds contributed to the Fund by a non-State entity are not considered State
27 funds, and may be used to provide the cost-share required by this subsection.

28 (2) The Secretary may waive or modify the cost-share requirement for any
29 project that supplements Corps funding for a study authorized by the Corps
30 related to navigational access to a State Port, based on availability of
31 alternate funding sources.

32 (d) Waiver of Cost-share. – The Secretary may waive or modify the non-State
33 cost-share requirement for dredging projects or federally authorized studies of deep draft access
34 to State Ports that (i) represent an opportunity to supplement or leverage Corps funding that
35 would be lost if a cost-share was required, or (ii) alleviate shoaling or other navigational
36 hazards that pose a negative impact on safety or commerce within, or channels providing
37 access to, a State Port.

38 (e) Return of Non-State Entity Funds. – Non-State entities that contribute to the Fund
39 for a particular project or group of projects may make a written request to the Secretary that the
40 contribution be returned if the contribution has not been spent or encumbered within two years
41 of receipt of the contribution by the Fund. If the written request is made prior to the funds being
42 spent or encumbered, the Secretary shall return the funds to the entity within 30 days after the
43 later of (i) receiving the request, or (ii) the expiration of the two-year period described by this
44 subsection.

45 (f) Reporting. – The Secretary shall report any waivers or modifications of the
46 cost-share requirement made under subsection (d) of this section within 30 days of issuing the
47 waiver or modification to the Joint Legislative Commission on Governmental Operations and
48 the Fiscal Research Division of the General Assembly. The report shall include an explanation
49 of the factors in subsection (d) of this section that are the basis for the waiver or modification
50 decision.

51 (g) Definitions. – The following definitions apply in this Part:

1 (1) Corps. – The United States Army Corps of Engineers.

2 (2) State Port. – Facilities at Wilmington or Morehead City managed or operated
3 by the State Ports Authority.

4 **SECTION 2.(b)** Section 6.1 of S.L. 2013-360, as amended by Section 1.4 of S.L.
5 2013-363 and Section 6.12 of S.L. 2014-100, reads as rewritten:

6 **"SECTION 6.1.** Notwithstanding the provisions of subsections (b) and (c) of
7 G.S. 143C-4-4, of the funds appropriated to the Contingency and Emergency Fund for the
8 2014-2015 fiscal year, the sum of one million seven hundred thousand dollars (\$1,700,000) is
9 transferred to the Shallow Draft Navigation Channel Dredging and Lake Maintenance Fund to
10 be used for the purposes set forth in G.S. 143-215.73F, and the sum of eight hundred thousand
11 dollars (\$800,000) is transferred to the Deep Draft Navigation Channel Dredging and
12 Maintenance Fund to be used for the purposes set forth in G.S. 143-215.73G. For the
13 2013-2015 fiscal biennium and notwithstanding the provisions of G.S. 143C-4-4(b), the
14 remaining funds appropriated to the Contingency and Emergency Fund may be used only for
15 expenditures required (i) by a court or Industrial Commission order, (ii) to respond to events as
16 authorized under G.S. 166A-19.40(a) of the North Carolina Emergency Management Act, (iii)
17 by the State Treasurer to pay death benefits as authorized under Article 12A of Chapter 143 of
18 the General Statutes, (iv) by the Office of the Governor for crime rewards in accordance with
19 G.S. 15-53 and G.S. 15-53.1, (v) by the Industrial Commission for supplemental awards of
20 compensation, (vi) by the Department of Justice for legal fees, or (vii) for litigation expenses
21 incurred by State agencies in defense of the State during the 2014-2015 fiscal year, in an
22 amount not to exceed seven hundred fifty thousand dollars (\$750,000), as approved by the
23 Office of State Budget and Management.

24 These funds shall not be used for other statutorily authorized purposes or for any other
25 contingencies and emergencies. The Office of State Budget and Management shall transfer any
26 funds remaining in the Fund at the end of the 2013-2015 biennium to the Deep Draft
27 Navigation Channel Dredging and Maintenance Fund to be used for the purposes set forth in
28 G.S. 143-215.73G."

29 **SECTION 2.(c)** G.S. 143C-4-4 is amended by adding a new subsection to read:

30 **"(d) Reversion. – At the end of each biennium, the Office of State Budget and**
31 **Management shall transfer any funds remaining in the Fund to the Deep Draft Navigation**
32 **Channel Dredging and Maintenance Fund to be used for the purposes set forth in**
33 **G.S. 143-215.73G."**

34 35 **MEMORANDA OF UNDERSTANDING**

36 **SECTION 3.(a)** SPA Memorandum of Agreement. – The State Ports Authority
37 shall negotiate with the United States Army Corps of Engineers (hereafter, "Corps") a
38 memorandum of agreement allowing for nonfederal funding of dredging and related studies or
39 maintenance at the State Ports located at Wilmington and Morehead City. The memorandum
40 required by this section shall be for as long a term as possible.

41 **SECTION 3.(b)** DENR Memorandum of Agreement. – The Division of Water
42 Resources of the Department of Environment and Natural Resources shall negotiate with the
43 Corps a memorandum of agreement allowing for nonfederal funding of dredging of Oregon
44 Inlet. The memorandum required by this section shall be for as long a term as possible.

45 46 **ACQUISITION OF FEDERAL LAND FOR PROTECTION OF NAVIGATIONAL** 47 **SAFETY AND COMMERCE**

48 **SECTION 4.(a)** Acquisition Agreement. – Notwithstanding Chapter 146 of the
49 General Statutes or any other provision of law, the Department of Administration, on behalf of
50 the State, shall seek to initiate negotiations with the appropriate agency of the federal
51 government for an agreement to acquire the federally owned property necessary for

1 management of deep draft navigation channels providing access to State Port facilities at
2 Morehead City from the federal government in exchange for State-owned real property.

3 **SECTION 4.(b)** Terms. – The Secretary of the Department of Administration shall
4 have the authority to negotiate the terms of the acquisition agreement. The agreement (i) shall
5 provide for the acquisition of interests in real property described in subsection (a) of this
6 section and no other; (ii) shall provide that the conveyances described in the agreement become
7 effective as soon as practicable; and (iii) shall incorporate the relevant terms of this section.

8 **SECTION 4.(c)** Execution of Deeds. – Within 30 days of the acquisition becoming
9 effective, the Attorney General shall execute any documents or deeds necessary to effectuate
10 the acquisition under the exact terms set forth in the acquisition agreement. All State agencies
11 and officials shall cooperate to the fullest extent possible in effectuating the acquisition
12 agreement.

13 **SECTION 4.(d)** Reporting. – Within 30 days after an agreement is entered into
14 pursuant to this section, the Secretary of the Department of Administration shall report to the
15 Joint Legislative Commission on Governmental Operations on the terms of the agreement.

16
17 **EFFECTIVE DATE**

18 **SECTION 5.** This act is effective when it becomes law.



GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2015

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SENATE BILL 160
Corrected Copy 3/5/15
PROPOSED COMMITTEE SUBSTITUTE S160-PCS15217-SBx-2

Short Title: Enhance Safety & Commerce for Ports/Inlets.

(Public)

Sponsors:

Referred to:

March 4, 2015

- 1 A BILL TO BE ENTITLED
2 AN ACT TO PROVIDE FOR THE DREDGING AND MAINTENANCE OF THE STATE'S
3 WATERWAYS IN ORDER TO ENHANCE SAFETY AND COMMERCE.
4 The General Assembly of North Carolina enacts:
5
6 **PART I. SHALLOW DRAFT NAVIGATION FUND AMENDMENTS**
7 **SECTION 1.(a)** G.S. 143-215.73F reads as rewritten:
8 **"§ 143-215.73F. Shallow Draft Navigation Channel Dredging and Lake Maintenance**
9 **Fund.**
10 (a) Fund Established. – The Shallow Draft Navigation Channel Dredging and Lake
11 Maintenance Fund is established as a special revenue fund. The Fund consists of fees credited
12 to it under G.S. 75A-3, 75A-38, and ~~405-449.126, 105-449.126,~~ and monies contributed by a
13 non-State entity designated for a particular dredging project or group of projects.
14 (b) Uses of the Fund. – Revenue ~~is~~ credited to the Fund may only be used for the
15 following purposes:
16 (1) ~~to~~ To provide the State's share of the costs associated with ~~any~~ a dredging
17 project designed to keep shallow draft navigation channels located in State
18 waters or waters of the ~~state~~ State located within lakes navigable and ~~safe,~~
19 safe.
20 (2) ~~or for~~ For aquatic weed control projects in waters of the State located within
21 lakes under Article 15 of Chapter 113A of the General Statutes. Funding for
22 aquatic weed control projects is limited to five hundred thousand dollars
23 (\$500,000) in each fiscal year.
24 (c) Conditions on Funding. – ~~Any~~ Unless otherwise provided in this subsection, any
25 project funded by revenue ~~from~~ credited to the Fund from the fees described in subsection (a)
26 of this section must be cost-shared with non-State dollars on a one-to-one basis, provided that
27 the basis.
28 (1) The non-State cost-share required by this subsection may also be provided
29 by monies contributed to the Fund by a non-State entity.
30 (2) The cost-share for a lake located within a component of the State Parks
31 System shall be provided by the Division of Parks and Recreation of the
32 Department of Environment and Natural Resources. The Division of Parks
33 and Recreation may use funds allocated to the State Parks System for capital
34 projects under G.S. 113-44.15 for the cost-share.



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1 (d) Waiver of Cost-Share. – The Secretary may waive or modify the non-State
2 cost-share requirement for dredging projects that (i) alleviate a navigational emergency; or (ii)
3 represent an opportunity to supplement or leverage Corps funding.

4 (e) Return of Non-State Entity Funds. – Non-State entities that contribute to the Fund
5 for a particular project or group of projects may make a written request to the Secretary that the
6 contribution be returned if the contribution has not been spent or encumbered within two years
7 of receipt of the contribution by the Fund. If the written request is made prior to the funds being
8 spent or encumbered, the Secretary shall return the funds to the entity within 30 days after the
9 later of (i) receiving the request, or (ii) the expiration of the two-year period described by this
10 subsection.

11 (f) Reporting. – The Secretary shall report any waivers or modifications of the
12 cost-share requirement made under subsection (d) of this section within 30 days of issuing the
13 waiver or modification to the Joint Legislative Commission on Governmental Operations and
14 the Fiscal Research Division of the General Assembly. The report shall include an explanation
15 of the factors in subsection (d) of this section that are the basis for the waiver or modification
16 decision.

17 (g) Definitions. – For purposes of this section, "shallow draft navigation channel"
18 means The following definitions apply in this section:

19 (1) Corps. – The United States Army Corps of Engineers.

20 (2) Costs associated with a dredging project. – Includes the cost of the dredging
21 operation, surveys or studies directly attributable to the project, and the costs
22 of disposal of dredged material.

23 (3) Navigational emergency. – With respect to a shallow draft navigation
24 channel, the removal of or statement of intent to remove one or more
25 navigational buoys by the United States Coast Guard from the channel due
26 to shoaling.

27 (4) Shallow draft navigation channel. – (i) a waterway connection with a
28 maximum depth of 16 feet between the Atlantic Ocean and a bay or the
29 Atlantic Intracoastal Waterway, (ii) a river entrance to the Atlantic Ocean
30 through which tidal and other currents flow, or (iii) other interior coastal
31 waterways. "Shallow draft navigation channel" The term includes the
32 Atlantic Intracoastal Waterway and its side channels, Beaufort Harbor,
33 Bogue Inlet, Carolina Beach Inlet, the channel from Back Sound to Lookout
34 Back, channels connected to federal navigation channels, Lockwoods Folly
35 River, Manteo/Shallowbag Bay, including Oregon Inlet, Masonboro Inlet,
36 New River, New Topsail Inlet, Rodanthe, Rollinson, Shallotte River, Silver
37 Lake Harbor, and the waterway connecting Pamlico Sound and Beaufort
38 Harbor."

39 **SECTION 1.(b)** Of the funds appropriated to the Department of Commerce Job
40 Catalyst Fund (Budget Code 14600-1912) for the 2014-2015 fiscal year, the sum of six million
41 dollars (\$6,000,000) shall be transferred to the Shallow Draft Navigation Channel Dredging
42 and Lake Maintenance Fund established pursuant to G.S. 143-215.73F within 10 days of the
43 effective date of this act.

44 **SECTION 1.(c)** Beginning on June 30, 2015, and every year thereafter, the
45 Department of Transportation shall, at the end of each fiscal year, transfer any unencumbered
46 funds remaining in the Economic Development Fund (Budget Code 84210-7838) to the
47 Shallow Draft Navigation Channel Dredging and Lake Maintenance Fund established pursuant
48 to G.S. 143-215.73F.

49 **SECTION 1.(d)** Notwithstanding G.S. 143-215.73F, the funds available in the
50 Shallow Draft Navigation Channel Dredging and Lake Maintenance Fund shall be reserved for
51 all of the following purposes:

- 1 (1) The sum of four million dollars (\$4,000,000) shall be reserved for Oregon
2 Inlet dredging needs.
- 3 (2) The sum of one hundred fifty thousand dollars (\$150,000) shall be reserved
4 to reimburse the Department of Administration for its costs associated with
5 exploring options for acquiring Oregon Inlet and the adjacent real property,
6 including, but not limited to, surveys and appraisals, legal research, and
7 studies related to sand management, engineering proposals, and larval
8 transport.
- 9 (3) The sum of one million dollars (\$1,000,000) shall be reserved to reimburse
10 the Department of Administration for its costs associated with the
11 implementation of Section 14.7(g) of S.L. 2014-100.

12 The conditions on funding set out in G.S. 143-215.73F(c) may not be waived pursuant to
13 G.S. 143-215.73F(d) for funds reserved for the Oregon Inlet dredging needs set out in
14 subdivision (1) of this section. If State funds reserved for the purposes listed above are not
15 spent or encumbered by June 30, 2016, the State funds shall be unreserved and made available
16 for any of the uses set out in G.S. 143-215.73F.

17
18 **PART II. DEEP DRAFT NAVIGATION CHANNEL DREDGING AND**
19 **MAINTENANCE FUND**

20 **SECTION 2.(a)** Article 21 of Chapter 143 of the General Statutes is amended by
21 adding a new Part to read:

22 "Part 8C. Deep Draft Navigation Channel Dredging and Maintenance Fund.

23 "§ 143-215.73G. Deep Draft Navigation Channel Dredging and Maintenance Fund.

24 (a) Fund Established. – The Deep Draft Navigation Channel Dredging and Maintenance
25 Fund is established as a special revenue fund. The Fund consists of General Fund
26 appropriations, gifts or grants, including monies contributed by a non-State entity for a
27 particular dredging project or group of projects, and any other revenues specifically allocated to
28 the Fund by an act of the General Assembly.

29 (b) Uses of the Fund. – Revenue credited to the Fund may only be used for costs
30 associated with projects providing safe and efficient navigational access to a State Port,
31 including the design, construction, expansion, modification, or maintenance of deep draft
32 navigation channels, turning basins, berths and related structures, as well as surveys or studies
33 related to any of the foregoing and the costs of disposal of dredged material.

34 (c) Conditions on Funding. – State funds credited to the Fund from the sources
35 described in subsection (a) of this section must be cost-shared on a one-to-one basis with funds
36 provided by the State Ports Authority, provided that:

37 (1) Funds contributed to the Fund by a non-State entity are not considered State
38 funds, and may be used to provide the cost-share required by this subsection.

39 (2) The Secretary may waive or modify the cost-share requirement for any
40 project that supplements Corps funding for a study authorized by the Corps
41 related to navigational access to a State Port, based on availability of
42 alternate funding sources.

43 (d) Waiver of Cost-Share. – The Secretary may waive or modify the non-State
44 cost-share requirement for dredging projects or federally authorized studies of deep draft access
45 to State Ports that (i) represent an opportunity to supplement or leverage Corps funding that
46 would be lost if a cost-share was required, or (ii) alleviate shoaling or other navigational
47 hazards that pose a negative impact on safety or commerce within, or channels providing
48 access to, a State Port.

49 (e) Return of Non-State Entity Funds. – Non-State entities that contribute to the Fund
50 for a particular project or group of projects may make a written request to the Secretary that the
51 contribution be returned if the contribution has not been spent or encumbered within two years

1 of receipt of the contribution by the Fund. If the written request is made prior to the funds being
2 spent or encumbered, the Secretary shall return the funds to the entity within 30 days after the
3 later of (i) receiving the request, or (ii) the expiration of the two-year period described by this
4 subsection.

5 (f) Reporting. – The Secretary shall report any waivers or modifications of the
6 cost-share requirement made under subsection (d) of this section within 30 days of issuing the
7 waiver or modification to the Joint Legislative Commission on Governmental Operations and
8 the Fiscal Research Division of the General Assembly. The report shall include an explanation
9 of the factors in subsection (d) of this section that are the basis for the waiver or modification
10 decision.

11 (g) Definitions. – The following definitions apply in this Part:

12 (1) Corps. – The United States Army Corps of Engineers.

13 (2) State Port. – Facilities at Wilmington or Morehead City managed or operated
14 by the State Ports Authority."

15 **SECTION 2.(b)** Of the funds appropriated to the Department of Commerce Job
16 Catalyst Fund (Budget Code 14600-1912) for the 2014-2015 fiscal year, the sum of one million
17 dollars (\$1,000,000) shall be transferred to the Deep Draft Navigation Channel Dredging and
18 Maintenance Fund established pursuant to G.S. 143-215.73G, as enacted by Section 2 of this
19 act, within 10 days of the effective date of this act.
20

21 **PART III. MEMORANDA OF UNDERSTANDING**

22 **SECTION 3.(a)** SPA Memorandum of Agreement. – The State Ports Authority
23 shall negotiate with the United States Army Corps of Engineers (hereafter, "Corps") a
24 memorandum of agreement allowing for nonfederal funding of dredging and related studies or
25 maintenance at the State Ports located at Wilmington and Morehead City. The memorandum
26 required by this section shall be for as long a term as possible.

27 **SECTION 3.(b)** DENR Memorandum of Agreement. – The Division of Water
28 Resources of the Department of Environment and Natural Resources shall negotiate with the
29 Corps a memorandum of agreement allowing for nonfederal funding of dredging of Oregon
30 Inlet. The memorandum required by this section shall be for as long a term as possible.
31

32 **PART IV. ACQUISITION OF FEDERAL LAND FOR PROTECTION OF** 33 **NAVIGATIONAL SAFETY AND COMMERCE**

34 **SECTION 4.(a)** Acquisition Agreement. – Notwithstanding Chapter 146 of the
35 General Statutes or any other provision of law, the Department of Administration, on behalf of
36 the State, shall seek to initiate negotiations with the appropriate agency of the federal
37 government for an agreement to acquire the federally owned property necessary for
38 management of deep draft navigation channels providing access to State Port facilities at
39 Morehead City from the federal government in exchange for State-owned real property.

40 **SECTION 4.(b)** Terms. – The Secretary of the Department of Administration shall
41 have the authority to negotiate the terms of the acquisition agreement. The agreement (i) shall
42 provide for the acquisition of interests in real property described in subsection (a) of this
43 section and no other; (ii) shall provide that the conveyances described in the agreement become
44 effective as soon as practicable; and (iii) shall incorporate the relevant terms of this section.

45 **SECTION 4.(c)** Execution of Deeds. – Within 30 days of the acquisition becoming
46 effective, the Attorney General shall execute any documents or deeds necessary to effectuate
47 the acquisition under the exact terms set forth in the acquisition agreement. All State agencies
48 and officials shall cooperate to the fullest extent possible in effectuating the acquisition
49 agreement.

1 **SECTION 4.(d)** Reporting. – Within 30 days after an agreement is entered into
2 pursuant to this section, the Secretary of the Department of Administration shall report to the
3 Joint Legislative Commission on Governmental Operations on the terms of the agreement.
4

5 **PART V. REMOVAL OF NAVIGATIONAL OBSTRUCTIONS FOR ECOSYSTEM**
6 **RESTORATION AND PROTECTION OF NAVIGATIONAL SAFETY**

7 **SECTION 5.1.(a)** Definitions. – "Reserve Components Rule" means 15A NCAC
8 07O .0105 (North Carolina Coastal Reserve: Reserve Components) for purposes of this section
9 and its implementation.

10 **SECTION 5.1.(b)** Reserve Components Rule. – Until the effective date of the
11 revised permanent rule that the Coastal Resources Commission is required to adopt pursuant to
12 Section 5.1(c) of this act, the Commission and the Department of Environment and Natural
13 Resources shall implement the Reserve Components Rule, as provided in Section 5.1(c) of this
14 act.

15 **SECTION 5.1.(c)** Implementation. – Notwithstanding the Reserve Components
16 Rule, the Commission shall adjust the boundary established for Zeke's Island by moving the
17 current western boundary 200 feet seaward, and removing the area that lies between the current
18 boundary and the new boundary from the North Carolina Coastal Reserve.

19 **SECTION 5.1.(d)** Additional Rule-Making Authority. – The Commission shall
20 adopt a rule to replace the Reserve Components Rule. Notwithstanding G.S. 150B-19(4), the
21 rule adopted by the Commission pursuant to this section shall be substantively identical to the
22 provisions of Section 5.1(c) of this act. Rules adopted pursuant to this section are not subject to
23 Part 3 of Article 2A of Chapter 150B of the General Statutes. Rules adopted pursuant to this
24 section shall become effective as provided in G.S. 150B-21.3(b1) as though 10 or more written
25 objections had been received as provided by G.S. 150B-21.3(b2).

26 **SECTION 5.1.(e)** Effective Date. – Subsection (b) of this section expires when
27 permanent rules to replace subsection (b) of this section have become effective, as provided by
28 subsection (c) of this section.

29 **SECTION 5.2.(a)** The General Assembly finds that the New Inlet Dam or "The
30 Rocks" is a breakwater established by the United States Army Corps of Engineers in the late
31 1800s. The New Inlet Dam is composed of two components, a Northern Component that
32 extends from Federal Point to Zeke's Island and a Southern Component that extends
33 southwestward from Zeke's Island and separates the New Inlet from the main channel of the
34 Cape Fear River.

35 **SECTION 5.2.(b)** The General Assembly finds that the Southern Component of
36 the New Inlet Dam impedes the natural flow of water between the Cape Fear River and the
37 Atlantic Ocean that occurred prior to emplacement of the dam.

38 **SECTION 5.2.(c)** The General Assembly finds that it is necessary to remove the
39 Southern Component of the New Inlet Dam in order to reestablish the natural ecosystem of the
40 mouth of the Cape Fear River and its environs.

41 **SECTION 5.2.(d)** To this end, the Department of Environment and Natural
42 Resources shall do all of the following:

- 43 (1) Notify the United States Army Corps of Engineers of the State's intent to
44 remove the Southern Component of the New Inlet Dam.
- 45 (2) Issue a Request for Proposals for a firm capable of conducting all aspects of
46 removal of the Southern Component of New Inlet, including securing all
47 necessary State and federal permits and developing and implementing a
48 removal plan.
- 49 (3) Execute a contract with the firm chosen to implement subdivision (2) of this
50 section and exercise oversight of the fulfillment of the contract.

1 **SECTION 5.2.(e)** Notwithstanding any other provision of law, the Department of
2 Environment and Natural Resources may use funds from the Deep Draft Navigation Channel
3 Dredging and Maintenance Fund, established pursuant to G.S. 143-215.73G, as enacted by
4 Section 2 of this act, to implement this section.

5

6 **PART VI. SEVERABILITY CLAUSE AND EFFECTIVE DATE**

7 **SECTION 6.** If any provision of this act or its application is held invalid, the
8 invalidity does not affect other provisions or applications of this act that can be given effect
9 without the invalid provisions or application, and to this end the provisions of this act are
10 severable.

11 **SECTION 7.** This act is effective when it becomes law.



SENATE BILL 160: Enhance Safety & Commerce for Ports/Inlets

2015-2016 General Assembly

Committee:	Senate Re-ref to Appropriations/Base Budget. If fav, re-ref to Finance	Date:	April 1, 2015
Introduced by:	Sens. Lee, Brown, Cook	Prepared by:	Jeff Hudson and Jennifer McGinnis Staff Attorneys
Analysis of:	PCS to Second Edition S160-PCS15217-SBx-2		

SUMMARY: *The Proposed Committee Substitute for S160 (PCS) would amend and establish several laws related to the dredging and maintenance of State waterways.*

BILL ANALYSIS:

PART I. SHALLOW DRAFT NAVIGATION FUND AMENDMENTS

Section 1(a) would amend the Shallow Draft Navigation Channel Dredging and Lake Maintenance Fund (Shallow Fund) in the following ways:

- Provide that, in addition to other current sources, the Shallow Fund also consists of monies contributed by a non-State entity designated for a particular dredging project or group of projects.
- Modify a cost-share requirement applicable to projects to be funded by revenues credited to the Shallow Fund, to provide that the non-State cost share may be provided by monies contributed to the Shallow Fund by a non-State entity.
- Authorize the Secretary of Environment and Natural Resources to waive or modify the non-State cost-share requirement for dredging projects that (i) alleviate a navigational emergency; or (ii) represent an opportunity to supplement or leverage Corps funding.
- Allow for return of moneys contributed by non-State entities upon written request if the contribution has not been spent or encumbered within two years of receipt of the contribution by the Shallow Fund.

Section 1(b) would require transfer of \$6,000,000 to the Shallow Fund from funds appropriated to the Department of Commerce (from the unencumbered cash balance of the Job Catalyst Fund) for the 2014-2015 fiscal year.

Section 1(c) would require the Department of Transportation to transfer any unencumbered funds remaining in the Economic Development Fund to the Shallow Fund at the end of each fiscal year, beginning on June 30, 2015.

Section 1(d) would reserve moneys in the Shallow Fund for the following purposes:

- (1) \$4,000,000 for Oregon Inlet dredging needs.

O. Walker Reagan
Director



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Research Division
(919) 733-2578

Senate Bill 160

Page 2

- (2) \$150,000 to reimburse the Department of Administration for its costs associated with exploring options for acquiring Oregon Inlet and the adjacent real property, including, but not limited to, surveys and appraisals, legal research, and studies related to sand management, engineering proposals, and larval transport.
- (3) \$1,000,000 to reimburse the Department of Administration for its costs associated with the implementation of Section 14.7(g) of S.L. 2014-100, which required the Department to commence condemnation proceedings on all federally owned property deemed necessary to manage existing and future transportation corridors on the Outer Banks.

If State funds reserved for these purposes are not spent or encumbered by June 30, 2016, however, the State funds would be unreserved and made available for any of the uses allowed under existing law (including to provide the State's share of the costs associated with a dredging project designed to keep shallow draft navigation channels located in State waters or waters of the State located within lakes navigable and safe, and for aquatic weed control projects in waters of the State located within certain lakes).

The section would also negate the Secretary's authority to waive or modify the non-State cost-share requirement for dredging projects with regard to funds reserved for Oregon Inlet dredging needs.

PART II. DEEP DRAFT NAVIGATION CHANNEL DREDGING AND MAINTENANCE FUND

Section 2(a) would create the Deep Draft Navigation Channel Dredging and Maintenance Fund (Deep Fund) as a special revenue fund. The Deep Fund:

- Would consist of General Fund appropriations, gifts or grants, including monies contributed by a non-State entity for a particular dredging project or group of projects, and any other revenues specifically allocated to the Deep Fund by an act of the General Assembly.
- Could only be used for costs associated with projects providing safe and efficient navigational access to a State Port, including the design, construction, expansion, modification, or maintenance of deep draft navigation channels, turning basins, berths and related structures, as well as surveys or studies related to any of the foregoing and the costs of disposal of dredged material.

In addition, the PCS would:

- Require that State funds credited to the Deep Fund must be cost-shared on a one-to-one basis with funds provided by the State Ports Authority, but specify that funds contributed to the Deep Fund by a non-State entity are not considered State funds, and may be used to provide the cost-share. The PCS does, however, allow the Secretary to:
 - Waive or modify the cost-share requirement for any project that supplements Corps funding for a study authorized by the Corps related to navigational access to a State Port, based on availability of alternate funding sources, or
 - Waive or modify the non-State cost-share requirement for dredging projects or federally authorized studies of deep draft access to State Ports that (i) represent an opportunity to supplement or leverage Corps funding that would be lost if a cost-share was required, or (ii) alleviate shoaling or other navigational hazards that pose a negative impact on safety or commerce within, or channels providing access to, a State Port.

Senate Bill 160

Page 3

- Allow for return of moneys contributed by non-State entities upon written request if the contribution has not been spent or encumbered within two years of receipt of the contribution by the Fund.

Section 2(b) would require transfer of \$1,000,000 to the Deep Fund from funds appropriated to the Department of Commerce (from the unencumbered cash balance of the Job Catalyst Fund) for the 2014-2015 fiscal year.

PART III. MEMORANDA OF UNDERSTANDING

Section 3(a) would require the State Ports Authority to negotiate a memorandum of agreement (MOA) with the United States Army Corps of Engineers (Corps) to allow for nonfederal funding of dredging and related studies or maintenance at the State Ports located at Wilmington and Morehead City.

Section 3(b) would require the Division of Water Resources of the Department of Environment and Natural Resources to negotiate a MOA with the Corps to allow for nonfederal funding of dredging at Oregon Inlet.

PART IV. ACQUISITION OF FEDERAL LAND FOR PROTECTION OF NAVIGATIONAL SAFETY AND COMMERCE

Section 4 would:

- Direct the Department of Administration, on behalf of the State, to initiate negotiations with the appropriate agency of the federal government for an agreement to acquire the federally owned property necessary for management of deep draft navigation channels providing access to State Port facilities at Morehead City from the federal government in exchange for State-owned real property.
- Require the Attorney General to execute any documents or deeds necessary to effectuate such an acquisition under the exact terms set forth in the acquisition agreement, within 30 days of an acquisition becoming effective.
- Require all State agencies and officials to cooperate to the fullest extent possible in effectuating an acquisition agreement.

PART V. REMOVAL OF NAVIGATIONAL OBSTRUCTIONS FOR ECOSYSTEM RESTORATION AND PROTECTION OF NAVIGATIONAL SAFETY

Section 5.1 would require the Coastal Resources Commission to revise a rule establishing components of the North Carolina Coastal Reserve to adjust the boundary established for Zeke's Island by moving the current western boundary 200 feet seaward, and removing the area that lies between the current boundary and the new boundary from the North Carolina Coastal Reserve.

The General Statutes provide that the purpose of the Reserve is to acquire, improve, and maintain undeveloped coastal land and water areas in a natural state. All lands and waters within the Reserve must be used primarily for research and education. In addition, other public uses, such as hunting, fishing, navigation, and recreation, are allowed to the extent consistent with these primary uses. Improvements and alterations to the lands are limited to those consistent with these uses.

Senate Bill 160

Page 4

Section 5.2 would enact provisions related to the New Inlet Dam or "The Rocks," which is a breakwater established by the United States Army Corps of Engineers in the late 1800's. The New Inlet Dam is composed of two components, a Northern Component that extends from Federal Point to Zeke's Island and a Southern Component that extends southwestward from Zeke's Island and separates the New Inlet from the main channel of the Cape Fear River.

The PCS would establish certain findings with respect to the New Inlet Dam as follows:

- The Southern Component of the New Inlet Dam impedes the natural flow of water between the Cape Fear River and the Atlantic Ocean that occurred prior to emplacement of the Dam.
- It is necessary to remove the Southern Component of the New Inlet Dam in order to reestablish the natural ecosystem of the mouth of the Cape Fear River and its environs.

The PCS would direct the Department of Environment and Natural Resources (DENR) to:

- Notify the Corps of the State's intent to remove the Southern Component of the New Inlet Dam.
- Issue a Request for Proposals for a firm capable of conducting all aspects of removal of the Southern Component of New Inlet, including securing all necessary State and federal permits and developing and implementing a removal plan.
- Execute a contract with the firm to remove the Southern Component of the New Inlet Dam and exercise oversight of the fulfillment of the contract.

The PCS would also authorize DENR to use funds from the Deep Fund, established pursuant to implement this section.

PART VI. SEVERABILITY CLAUSE AND EFFECTIVE DATE

Section 6 would add a severability clause to the PCS.

Section 7 would provide that the PCS would be effective when it becomes law.



NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 160

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

S160-AMD-2 [v.2]

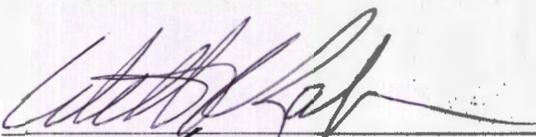
Page 1 of 1

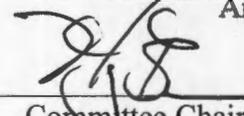
Comm. Sub. [YES]
Amends Title [NO]
S160-PCS15217-SBx-2

Date _____, 2015

Senator Rabon

1 moves to amend the bill on page 2, lines 44 through 48, by deleting the lines.

SIGNED 
Amendment Sponsor

SIGNED 
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____



* S 1 6 0 - A M D - 2 - V - 2 *



**STUDY OF THE ECONOMIC IMPACTS OF OREGON INLET NAVIGABILITY TO DARE COUNTY,
THE SURROUNDING REGION, AND THE STATE OF NORTH CAROLINA
FINAL REPORT**

EXECUTIVE SUMMARY

The economic impact of Oregon Inlet to Dare County is very significant and far outweighs the costs necessary to keep the inlet passable. In fact, the annual economic impact to the Federal Government alone greatly exceeds the recent and historical annual expenditures for dredging. The following tables show the overall total annual economic impact of Oregon Inlet given the three different inlet condition scenarios and five main study sectors (commercial fishing, seafood packing & processing, boat building & support services, recreational fishing & tourism, and tournament fishing).

MAIN STUDY FINDINGS

- The five main study sectors currently provide a total annual economic impact of 3,319 jobs and \$403.5 million to Dare County, 3,601 jobs and \$423.3 million to the surrounding region (including Dare County), and 4,348 jobs and \$548.4 million to the state of North Carolina (including Dare County and the surrounding region).
- The five main study sectors could potentially provide, under current economic conditions, a total annual economic impact of 5,120 jobs and \$642.2 million to Dare County, 5,590 jobs and \$678.4 million to the surrounding region (including Dare County), and 5,397 jobs and \$693.0 million to the state of North Carolina (including Dare County and the surrounding region) if the inlet were to be fully open.
- Conversely, the economic sectors may only provide a total annual economic impact of 670 jobs and \$89.3 million to Dare County, 731 jobs and \$93.7 million to the surrounding region (including Dare County), and 2,273 jobs and \$294.6 million to the state of North Carolina (including Dare County and the surrounding region) if the inlet were to be essentially closed.
- If economic conditions improved to levels seen in 2005-2006, the total annual economic impact could reach up to \$952.7 million in Dare County, \$1.0 billion in the surrounding region (including Dare County), and \$1.1 billion in state of North Carolina (including Dare County and the surrounding region) for fully open conditions. However, it is also possible that these projections could be lower if economic conditions worsen with higher gas prices, higher interest rates, higher unemployment, etc.
- In addition to the main study sectors, offshore drilling could potentially provide a total annual economic impact of 3,983 jobs and \$203.0 million to Dare County, 4,102 jobs and \$210.2 million to the surrounding region (including Dare County), and 4,990 jobs and \$348.7 million to the state of North Carolina (including Dare County and the surrounding region) if the inlet were fully navigable. However, please note that the impact estimates for this sector are based on limited data and are highly speculative.
- Offshore wind could potentially provide a total annual economic impact of 295 jobs and \$15.0 million to Dare County, 303 jobs and \$15.5 million to the surrounding region (including Dare County), and 369 jobs and \$25.8 million to the state of North Carolina (including Dare County and the surrounding region) if the inlet were fully navigable. However, please note that the impact estimates for this sector are based on limited data and are highly speculative.
- Based on previous studies, a fully navigable inlet could save between \$55.5 million and \$106 million of lost property value in Dare and Bertie Counties (only ones studied) due to elevated water levels between 3 in and 10 in, respectively.



VISITOR REGISTRATION SHEET

SENATE APPROPRIATIONS/BASE BUDGET

April 1, 2015

Name of Committee

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

Honny Hatafi	N.C.B +
John Hardie	MTS
Dave Horne	Smith Anderson
Bo Hart	McGuire Wood
R Rogers	NCRGEA
Michelle Frazier	MTS
Leah Morgan	NCRMA
Joy Wilks	NCDACS
Steve Matkoff	The Policy Group



VISITOR REGISTRATION SHEET

Senate Appropriations / Base Budget
Name of Committee

4-1-2015
Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

Riian Menwald	WM
Matthew Dockham	NCTDNR
T Reeder	//
MMA3b111	SELC
Flint Benson	SEANC
M. Jillian Dorman	MWC LLC
Stacy Zell	MVE
GERPY COHEN	Nelson Mullins
Michelle Brooker	ECU



**Senate Committee on Appropriations/Base Budget
Thursday, June 16, 2015 at 8:30 AM
Room 643 of the Legislative Office Building**

MINUTES

The Senate Committee on Appropriations/Base Budget met at 8:36 AM on June 16, 2015 in Room 643 of the Legislative Office Building. 18 members were present.

Senator Brent Jackson, Chair, presided. Senator Jackson recognized the Sergeant at Arms' staff and the Senate Pages.

Chairman Jackson asked for a motion to adopt the Proposed Committee Substitute for HB 97 for discussion purposes. Senator Harrington made the motion. The Chairman read the Senate Appropriations/ Base Budget Committee's Rules for Considering Amendments. He then called upon Senator Brown to present an overview of HB 97: Proposed Committee Substitute:

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

Senator Brown thanked his committee chair, Senator Harrington and Senator Jackson, for the long hours and hard work in putting the budget together. He also thanked the staff and expressed his appreciation for their talent and long hours during the budget development process. Senator Brown then began going over the highlights of HB 97, emphasizing on what he believed to be one of the key pieces of the budget, which is that it does not use any non-recurring funds for recurring items. He then asked for the sub-committee chairs to explain major provisions in their budgets.

Senator Soucek	Education/ Higher Education
Senator Hise	Health & Human Services
Senator Brock	Natural and Economic Resources
Senator Randleman	Justice and Public Safety
Senator J. Davis	General Government
Senator Rabon	Transportation
Senator Brock	Information Technology

The Committee chairs and staff took a 101 minute recess to review the amendments submitted.

At 12:10 p.m. the committee began considering the amendments.

The amendments and their actions follow:

AML-50[v.9]	Brown	Adopted
ALH-37[v.6]	Brock	Adopted
ATR-26[v.2]	Hise	Adopted



ALM-41[v.5]	Hise	Adopted
AML-49[v.4]	Hise	Adopted
ALR-14[v.7]	Brock	Adopted
ALU-23[v.5]	Tucker	Adopted
AMH-46[v.2]	Wade	Adopted
ALU-22[v.6]	Apodaca	Adopted
ALL-22[v.2]	Foushee	Adopted
AMK-42[v.4]	B. Jackson	Failed
AMC-74[v.3]	J. Davis	Adopted

Following discussions by members, Senator Apodaca moved for a motion:

Unfavorable to the bill, favorable as to the Senate committee substitute, as amended, with amendments unengrossed, and a sequential referral to Finance and Pensions, Retirement and Aging and with leave for staff to make technical corrections and conforming changes.

Attachments (9)

1. Agenda
2. Committee Report
3. Minutes
4. PCS for HB 97
5. Money Report
6. Legislative Incarceration Fiscal Note
7. Rules for Considering Amendments
8. List of Amendments and Action Taken
9. Visitor Log

The meeting adjourned at 1:05 PM.

**SEE ATTACHMENT 3
FOR SIGNED MINUTES**

Presiding

Ross Barnhardt Committee Clerk



SENATE COMMITTEE ON APPROPRIATIONS/BASE BUDGET

Legislative Office Building, Room 643

June 16, 2015

8:30 a.m.

**House Bill 97
Appropriations Act of 2015
Proposed Committee Substitute**

*Senator Brent Jackson, Presiding
Senator Harry Brown
Senator Kathy Harrington*

**Opening Remarks and Presentation of
Committee Rules**

Senate Appropriations Chairs

Availability, Reserves, and Capital

Senator Harry Brown

Subcommittee Overviews

Senate Subcommittee Chairs

- Education
- Health and Human Service
- Natural and Economic Resources
- Justice and Public Safety
- General Government
- Transportation

Information Technology

Amendments

Vote - Proposed Committee Substitute House Bill 97

Adjourn



NORTH CAROLINA GENERAL ASSEMBLY
SENATE

APPROPRIATIONS/BASE BUDGET COMMITTEE REPORT

Senator Brown, Co-Chair
Senator Harrington, Co-Chair
Senator B. Jackson, Co-Chair

Tuesday, June 16, 2015

Senator B. Jackson,
submits the following with recommendations as to passage:

**UNFAVORABLE AS TO COMMITTEE SUBSTITUTE BILL NO. 4, BUT FAVORABLE AS TO
SENATE COMMITTEE SUBSTITUTE BILL, AS AMENDED, WITH UNENGROSSED
AMENDMENTS**

HB 97 (CS#4)	2015 Appropriations Act.	
	Draft Number:	H97-PCS40471-MDxfr-12
	Sequential Referral:	Finance
	Recommended Referral:	None
	Long Title Amended:	No

TOTAL REPORTED: 1

Senator Harry Brown will handle HB 97



* C M R 4 5 8 - V - 2 *

Senate Committee on Appropriations/Base Budget
Thursday, June 16, 2015 at 8:30 AM
Room 643 of the Legislative Office Building

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Senator Brent Jackson, Chair
Presiding



Ross Barnhardt Committee Clerk



GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2015

H

D

HOUSE BILL 97

Committee Substitute Favorable 5/18/15
Committee Substitute #2 Favorable 5/20/15
Committee Substitute #3 Favorable 5/20/15
Committee Substitute #4 Favorable 5/21/15
Fifth Edition Engrossed 5/22/15

PROPOSED SENATE COMMITTEE SUBSTITUTE H97-PCS40471-MDxfr-12

Short Title: 2015 Appropriations Act. (Public)

Sponsors:

Referred to:

February 24, 2015

A BILL TO BE ENTITLED

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

The General Assembly of North Carolina enacts:

PART I. INTRODUCTION AND TITLE OF ACT

TITLE OF ACT

SECTION 1.1. This act shall be known as the "Current Operations and Capital Improvements Appropriations Act of 2015."

INTRODUCTION

SECTION 1.2. The appropriations made in this act are for maximum amounts necessary to provide the services and accomplish the purposes described in the budget. Savings shall be effected where the total amounts appropriated are not required to perform these services and accomplish these purposes and, except as allowed by the State Budget Act or this act, the savings shall revert to the appropriate fund at the end of each fiscal year.

PART II. CURRENT OPERATIONS AND EXPANSION GENERAL FUND

CURRENT OPERATIONS AND EXPANSION/GENERAL FUND

SECTION 2.1. Appropriations from the General Fund of the State for the maintenance of the State's departments, institutions, and agencies, and for other purposes as enumerated, are made for the fiscal biennium ending June 30, 2017, according to the following schedule:

Current Operations – General Fund	FY 2015-2016	FY 2016-2017
--	---------------------	---------------------

EDUCATION



1	Community Colleges System Office	1,051,528,672	1,050,528,672
2			
3	Department of Public Instruction	8,282,418,560	8,382,532,357
4			
5	University of North Carolina – Board of Governors		
6	Appalachian State University	127,701,024	127,694,714
7	East Carolina University		
8	Academic Affairs	210,407,112	210,739,558
9	Health Affairs	73,527,686	73,527,686
10	Elizabeth City State University	33,759,228	30,759,228
11	Fayetteville State University	48,741,530	48,741,530
12	North Carolina A&T State University	90,898,021	90,898,021
13	North Carolina Central University	82,132,848	82,132,848
14	North Carolina State University		
15	Academic Affairs	392,256,502	392,249,291
16	Agricultural Extension	38,595,927	38,595,927
17	Agricultural Research	53,099,332	53,099,332
18	University of North Carolina at Asheville	37,592,283	37,592,283
19	University of North Carolina at Chapel Hill		
20	Academic Affairs	251,265,861	251,265,861
21	Health Affairs	186,779,905	186,779,905
22	AHEC	47,182,678	47,182,678
23	University of North Carolina at Charlotte	198,971,605	198,971,605
24	University of North Carolina at Greensboro	143,459,427	143,459,427
25	University of North Carolina at Pembroke	53,184,870	53,192,105
26	University of North Carolina at School of the Arts	28,669,298	28,669,298
27	University of North Carolina at Wilmington	101,627,684	101,473,413
28	Western Carolina University	85,805,817	85,805,817
29	Winston-Salem State University	64,619,124	64,619,124
30	General Administration	37,256,706	37,256,706
31	University Institutional Programs	82,284,833	111,221,371
32	Related Educational Programs	108,168,501	108,168,501
33	North Carolina School of Science & Math	19,833,370	19,834,570
34	Aid to Private Institutions	117,219,754	115,219,754
35			
36	Total University of North Carolina –		
37	 Board of Governors	2,715,040,926	2,739,150,553
38			
39	HEALTH AND HUMAN SERVICES		
40			
41	Department of Health and Human Services		
42	Central Management and Support	116,500,781	130,139,186
43	Division of Aging and Adult Services	42,845,788	42,845,788
44	Division of Services for the Blind, Deaf,		
45	and Hard of Hearing	8,098,207	8,098,207
46	Division of Child Development and Early Education	233,900,693	237,476,515
47	Health Service Regulation	15,462,135	14,902,628
48	Division of Medical Assistance	3,761,598,331	3,910,621,818
49	Division of Mental Health, Developmental Disabilities,		
50	and Substance Abuse Services	519,096,709	502,439,890
51	NC Health Choice	13,373,219	1,590,592

1	Division of Public Health	137,337,977	139,261,609
2	Division of Social Services	181,783,263	184,883,263
3	Division of Vocational Rehabilitation	37,752,132	37,752,132
4	Total Health and Human Services	5,067,749,235	5,210,011,628
5			
6	NATURAL AND ECONOMIC RESOURCES		
7			
8	Department of Agriculture and Consumer Services	112,339,862	114,625,261
9			
10	Department of Commerce		
11	Commerce	58,030,891	57,512,842
12	Commerce State-Aid	3,405,472	1,155,472
13			
14	Department of Cultural Resources		
15	Cultural Resources	134,129,484	140,169,029
16	Roanoke Island Commission	517,384	517,384
17			
18	Wildlife Resources Commission	10,501,493	10,426,493
19			
20	Department of Environment and Natural Resources	111,377,775	100,246,626
21			
22	Department of Labor	15,472,917	15,472,917
23			
24	JUSTICE AND PUBLIC SAFETY		
25			
26	Department of Public Safety	1,828,196,520	1,840,640,544
27			
28	Judicial Department	480,029,282	479,474,050
29			
30	Judicial Department - Indigent Defense	115,738,069	115,748,013
31			
32	Department of Justice	52,295,684	51,405,759
33			
34			
35	GENERAL GOVERNMENT		
36			
37	Department of Administration	60,353,742	58,381,592
38			
39	Office of Administrative Hearings	5,117,214	5,117,214
40			
41	Department of State Auditor	11,739,374	11,891,894
42			
43	Office of State Controller	22,700,620	22,700,620
44			
45	State Board of Elections	6,603,243	6,503,243
46			
47	General Assembly	53,019,670	53,019,670
48			
49	Office of the Governor	5,580,229	5,580,229
50			
51	Office of the Governor - Special Projects	2,000,000	2,000,000

1			
2	Office of State Budget and Management		
3	Office of State Budget and Management	7,242,104	7,242,104
4	OSBM -- Reserve for Special Appropriations	1,550,000	1,500,000
5			
6	Housing Finance Agency	9,118,739	9,818,739
7			
8	Department of Insurance	38,381,581	38,381,581
9			
10	Office of Lieutenant Governor	676,874	676,874
11			
12	Military and Veterans Affairs	9,525,132	7,815,123
13			
14	Department of Revenue	79,810,071	79,952,920
15			
16	Department of Secretary of State	11,713,470	11,713,470
17			
18	Department of State Treasurer		
19	State Treasurer	11,045,175	10,699,175
20	State Treasurer -- Retirement for Fire and Rescue		
21	Squad Workers	20,664,274	20,664,274
22			
23	RESERVES, ADJUSTMENTS, AND DEBT SERVICE		
24			
25	Contingency and Emergency Fund	5,000,000	5,000,000
26			
27	Salary Adjustment Fund	34,000,000	34,000,000
28			
29	OSHR Minimum of Market Adjustment	0	12,000,000
30			
31	Job Development Investment Grants (JDIG)	57,816,215	71,728,126
32			
33	One North Carolina Fund	6,995,976	9,000,000
34			
35	Information Technology Reserve	20,585,787	19,230,683
36			
37	Information Technology Fund	22,381,854	22,381,854
38			
39	Film and Entertainment Grant Fund	10,000,000	10,000,000
40			
41	Workers' Compensation Reserve	5,000,000	(10,000,000)
42			
43	State Emergency Response and Disaster Relief Fund	10,000,000	0
44			
45	Site Infrastructure Development Fund	13,000,000	0
46			
47	Debt Service		
48	General Debt Service	713,159,643	676,849,215
49	Federal Reimbursement	1,616,380	1,616,380
50			
51	TOTAL CURRENT OPERATIONS –		

1	GENERAL FUND	21,295,169,593	21,515,082,580
2			
3	GENERAL FUND AVAILABILITY STATEMENT		
4	SECTION 2.2.(a) The General Fund availability used in developing the 2015-2017		
5	fiscal biennial budget is shown below.		
6		FY 2015-2016	FY 2016-2017
7	Unappropriated Balance Remaining from Previous Year	2,033,330	43,297,632
8	Anticipated Over Collections FY 2014-15	400,000,000	0
9	Anticipated Reversions from FY 2014-15		
10	(OSBM Estimate, May 12, 2015)	226,734,550	0
11	Other Reversions	27,343,020	0
12	Revenue Adjustment as per S.L. 2015-2	(1,000,000)	0
13	Less Earmarkings of Year End Fund Balance		
14	Savings Reserve	(500,000,000)	0
15	Repairs and Renovations	(155,110,900)	0
16			
17	Beginning Unreserved Fund Balance	0	43,297,632
18			
19	Revenues Based on Existing Tax Structure	20,981,400,000	21,592,400,000
20			
21	Non-tax Revenues		
22	Investment Income	17,100,000	17,400,000
23	Judicial Fees	227,800,000	225,500,000
24	Disproportionate Share	139,000,000	139,000,000
25	Insurance	78,400,000	79,600,000
26	Master Settlement Agreement (MSA)	137,500,000	137,500,000
27	Other Non-Tax Revenues	168,000,000	168,800,000
28	Highway Fund Transfer	215,900,000	215,900,000
29	Subtotal Non-tax Revenues	983,700,000	983,700,000
30			
31	Total General Fund Availability	21,965,100,000	22,619,397,632
32			
33	Adjustments to Availability: 2015 Session		
34	Tax Reductions	(72,700,000)	(421,100,000)
35	Renewable Energy Safe Harbor (S.L. 2015-11)	0	(36,700,000)
36	Realign Judicial Fees	25,000,000	25,000,000
37	MSA Funds to Golden L.E.A.F.	(20,075,000)	(20,075,000)
38	End Highway Fund Transfer to General Fund	(215,900,000)	(215,900,000)
39	Department of Justice Tobacco Settlement	2,194,000	0
40	Transfer to Medicaid Transformation Reserve	(185,604,653)	(185,604,653)
41	Transfer from DPS Enterprise Resource Planning		
42	System IT Fund	9,000,000	0
43	Transfer from Federal Insurance Contributions Act		
44	(FICA) Fund	4,296,802	641,628
45	Transfer from Statewide Automated Fingerprint		
46	Identification System Fund	333,557	0
47	Transfer from E-Commerce Fund	1,257,140	0
48	Adjustment of Transfer from Department of State		
49	Treasurer	375,262	369,262
50	Adjustment of Transfer from Insurance Regulatory		
51	Fund	85,217	85,217

1	Subtotal Adjustments to Availability: 2015 Session	(451,737,675)	(853,283,546)
2			
3	Revised General Fund Availability	21,513,362,325	21,766,114,086
4			
5	Less General Fund Appropriations	(21,470,064,693)	(21,520,170,080)
6			
7	Unappropriated Balance Remaining	43,297,632	245,944,006

8
9 **SECTION 2.2.(b)** G.S. 105-164.44D is repealed.

10 **SECTION 2.2.(c)** Notwithstanding the provisions of G.S. 143C-4-3(a), the State
11 Controller shall transfer a total of one hundred fifty-five million one hundred ten thousand nine
12 hundred dollars (\$155,110,900) from the unreserved fund balance to the Repairs and
13 Renovations Reserve on June 30, 2015. Funds transferred under this section to the Repairs and
14 Renovations Reserve are appropriated for the 2015-2016 fiscal year and shall be used in
15 accordance with G.S. 143C-4-3. This subsection becomes effective June 30, 2015.

16 **SECTION 2.2.(d)** Notwithstanding G.S. 143C-4-2, the State Controller shall
17 transfer a total of five hundred million dollars (\$500,000,000) from the unreserved fund
18 balance to the Savings Reserve Account on June 30, 2015. This transfer is not an
19 "appropriation made by law," as that phrase is used in Section 7(1) of Article V of the North
20 Carolina Constitution. This subsection becomes effective June 30, 2015.

21 **SECTION 2.2.(e)** Funds reserved in the Medicaid Transformation Reserve
22 established in Section 12H.24.(w) of this act do not constitute an "appropriation made by law,"
23 as that phrase is used in Section 7(1) of Article V of the North Carolina Constitution.

24 **SECTION 2.2.(e1)** Funds reserved by section 2.2 of S.L. 2014-100 in the Medicaid
25 Contingency Reserve established in Section 12H.38 of that act do not constitute an
26 "appropriation made by law," as that phrase is used in Section 7(1) of Article V of the North
27 Carolina Constitution.

28 **SECTION 2.2.(f)** Notwithstanding any other provision of law to the contrary,
29 effective June 30, 2015, the following amounts shall be transferred to the State Controller to be
30 deposited in the appropriate budget code as determined by the State Controller. These funds
31 shall be used to support the General Fund appropriations as specified in this act for the
32 2015-2016 fiscal year.

33	Budget	Fund		FY 2015-2016
34	Code	Code	Description	Amount
35	24100	2514	E-Commerce Fund	\$ 1,257,140
36	24160	2000	NC FICA Account	4,296,802
37	23002	2910	Statewide Automated Fingerprint	
38			Identification System Fund	333,557
39	24554	2004	DPS – Enterprise Resource Planning	
40			System IT Fund	9,000,000

41 **SECTION 2.2.(g)** Notwithstanding any other provision of law to the contrary,
42 effective June 30, 2016, the following amounts shall be transferred to the State Controller to be
43 deposited in the appropriate budget code as determined by the State Controller. These Funds
44 shall be used to support the General Fund appropriations as specified in this act for the 2016-
45 2017 fiscal year.

46	Budget	Fund		FY 2016-2017
47	Code	Code	Description	Amount
48	24160	2000	NC FICA Account	641,628

49 **SECTION 2.2.(h)** Notwithstanding any other provision of law to the contrary,
50 effective June 30, 2015, the following amounts shall revert to the General Fund. These funds

1 shall be used to support the General Fund appropriations as specified in this act for the
2 2015-2016 fiscal year:

4 Description	4 Amount
5 Department of Commerce – Job Catalyst Fund	\$ 20,000,000
6 Community Colleges – Yellow Ribbon	1,000,000
7 UNC System – Yellow Ribbon	4,863,276
8 Department of Public Safety – Broaden Access to Community Treatment	1,479,744

9 **SECTION 2.2.(i)** Subsections (c), (d), (f), (h), and (i) of this section become
10 effective June 30, 2015.

12 **PART III. CURRENT OPERATIONS/HIGHWAY FUND**

14 **CURRENT OPERATIONS AND EXPANSION/HIGHWAY FUND**

15 **SECTION 3.1.** Appropriations from the State Highway Fund for the maintenance
16 and operation of the Department of Transportation and for other purposes as enumerated are
17 made for the fiscal biennium ending June 30, 2017, according to the following schedule:

19 Current Operations – Highway Fund	20 FY 2015-2016	20 FY 2016-2017
21 Department of Transportation		
22 Administration	\$ 112,492,808	\$ 90,112,808
23		
24 Division of Highways		
25 Administration	33,467,959	33,467,959
26 Construction	45,054,878	45,054,878
27 Maintenance	1,207,773,807	1,237,538,168
28 Planning and Research	0	0
29 OSHA Program	358,030	358,030
30		
31 State Aid to Municipalities	147,500,000	150,000,000
32		
33 Intermodal Divisions		
34 Ferry	39,750,395	39,750,395
35 Public Transportation	88,173,419	88,173,419
36 Aviation	25,760,952	25,760,952
37 Rail	23,651,674	23,651,674
38 Bicycle and Pedestrian	726,895	726,895
39		
40 Governor's Highway Safety	251,241	251,241
41 Division of Motor Vehicles	120,334,217	120,334,217
42		
43 Other State Agencies, Reserves, Transfers	54,283,569	54,134,470
44		
45 Capital Improvements	7,817,900	15,444,300
46		
47 Total Highway Fund Appropriations	\$ 1,907,397,744	\$ 1,924,759,406

49 **HIGHWAY FUND/AVAILABILITY STATEMENT**

50 **SECTION 3.2.** The Highway Fund availability used in developing the 2015-2017
51 fiscal biennial budget is shown below:

1			
2	Highway Fund Availability Statement		FY 2015-2016 FY 2016-2017
3	Unreserved Fund Balance	\$ 0	\$ 0
4	Estimated Revenue	1,969,300,000	1,934,200,000
5	Adjustment to Revenue Availability:		
6	Motor Fuel Tax (Shallow Draft Navigation		
7	Channel Dredging and Lake Maintenance Fund)	157,517	152,333
8	Motor Fuel Tax (Wildlife Resources Fund)	157,517	152,333
9	Motor Fuel Tax (Noncommercial Leaking		
10	Petroleum Underground Storage Tank		
11	Cleanup Fund)	0	1,540,000
12	Motor Fuel Tax Distribution	(94,510,000)	(91,400,000)
13	Division of Motor Vehicles Fee Adjustments	30,822,710	78,644,740
14	Special Registration Plate Account	1,470,000	1,470,000
15			
16	Revised Total Highway Fund Availability	\$ 1,907,397,744	\$ 1,924,759,406
17			
18	Unappropriated Balance	\$ 0	\$ 0
19			

PART IV. HIGHWAY TRUST FUND APPROPRIATIONS

HIGHWAY TRUST FUND APPROPRIATIONS

SECTION 4.1. Appropriations from the State Highway Trust Fund for the maintenance and operation of the Department of Transportation and for other purposes as enumerated are made for the fiscal biennium ending June 30, 2017, according to the following schedule:

28	Current Operations – Highway Trust Fund	FY 2015-2016	FY 2016-2017
29			
30	Program Administration	\$ 35,064,813	\$ 35,064,813
31	Turnpike Authority	49,000,000	49,000,000
32	Transfer to Highway Fund	400,000	400,000
33	Debt Service	48,619,701	61,012,229
34	Strategic Prioritization Funding Plan for		
35	Transportation Investments	1,185,145,486	1,189,802,958
36			
37	Total Highway Trust Fund Appropriations	\$ 1,318,230,000	\$ 1,335,280,000
38			
39			

HIGHWAY TRUST FUND AVAILABILITY STATEMENT

SECTION 4.2. The Highway Trust Fund availability used in developing the 2015-2017 fiscal biennial budget is shown below:

44	Highway Trust Fund Availability	FY 2015-2016	FY 2016-2017
45	Unreserved Fund Balance	\$ 0	\$ 0
46	Estimated Revenue	1,215,900,000	1,221,200,000
47	Adjustment to Revenue Availability:		
48	Motor Fuel Tax Distribution	94,510,000	91,400,000
49	Motor Fuel Tax (Noncommercial Leaking Petroleum		
50	Underground Storage Tank Cleanup Fund)	0	660,000
51	Division of Motor Vehicles Fee Adjustments	3,650,000	12,020,000

1	Highway Use Tax Adjustments	4,170,000	10,000,000
2			
3	Total Highway Trust Fund Availability	\$ 1,318,230,000	\$ 1,335,280,000
4			
5	Unappropriated Balance	\$ 0	\$ 0
6			

PART V. OTHER APPROPRIATIONS

CASH BALANCES AND OTHER APPROPRIATIONS

SECTION 5.1.(a) Cash balances, federal funds, departmental receipts, grants, and gifts from the General Fund, revenue funds, enterprise funds, and internal service funds are appropriated for the 2015-2017 fiscal biennium as follows:

- (1) For all budget codes listed in "The Governor's Recommended Budget, the State of North Carolina 2015-2017" and in the Budget Support Document, fund balances and receipts are appropriated up to the amounts specified, as adjusted by the General Assembly, for the 2015-2016 fiscal year and the 2016-2017 fiscal year. Funds may be expended only for the programs, purposes, objects, and line items or as otherwise authorized by the General Assembly. Expansion budget funds listed in those documents are appropriated only as otherwise provided in this act.
- (2) Notwithstanding the provisions of subdivision (1) of this subsection:
 - a. Any receipts that are required to be used to pay debt service requirements for various outstanding bond issues and certificates of participation are appropriated up to the actual amounts received for the 2015-2016 fiscal year and the 2016-2017 fiscal year and shall be used only to pay debt service requirements.
 - b. Other funds, cash balances, and receipts of funds that meet the definition issued by the Governmental Accounting Standards Board of a trust or agency fund are appropriated for and in the amounts required to meet the legal requirements of the trust agreement for the 2015-2016 fiscal year and the 2016-2017 fiscal year.

SECTION 5.1.(b) Receipts collected in a fiscal year in excess of the amounts appropriated by this section shall remain unexpended and unencumbered until appropriated by the General Assembly, unless the expenditure of overrealized receipts in the fiscal year in which the receipts were collected is authorized by the State Budget Act. Overrealized receipts are appropriated in the amounts necessary to implement this subsection.

SECTION 5.1.(c) Notwithstanding subsections (a) and (b) of this section, there is appropriated from the Reserve for Reimbursements to Local Governments and Shared Tax Revenues for each fiscal year an amount equal to the amount of the distributions required by law to be made from that reserve for that fiscal year.

OTHER RECEIPTS FROM PENDING GRANT AWARDS

SECTION 5.1A.(a) Notwithstanding G.S. 143C-6-4, State agencies may, with approval of the Director of the Budget, spend funds received from grants awarded subsequent to the enactment of this act for grant awards that are for less than two million five hundred thousand dollars (\$2,500,000), do not require State matching funds, and will not be used for a capital project. State agencies shall report to the Joint Legislative Commission on Governmental Operations within 30 days of receipt of such funds.

State agencies may spend all other funds from grants awarded after the enactment of this act only with approval of the Director of the Budget and after consultation with the Joint Legislative Commission on Governmental Operations.

1 **SECTION 5.1A.(b)** The Office of State Budget and Management shall work with
 2 the recipient State agencies to budget grant awards according to the annual program needs and
 3 within the parameters of the respective granting entities. Depending on the nature of the award,
 4 additional State personnel may be employed on a time-limited basis. Funds received from such
 5 grants are hereby appropriated and shall be incorporated into the authorized budget of the
 6 recipient State agency.

7
 8 **EDUCATION LOTTERY FUNDS/EXPENSES OF THE LOTTERY/LIMIT ON**
 9 **REGIONAL OFFICES**

10 **SECTION 5.2.(a)** The appropriations made from the Education Lottery Fund for
 11 the 2015-2017 fiscal biennium are as follows:

	FY 2015-2016	FY 2016-2017
12 Noninstructional Support Personnel	\$ 345,571,558	\$ 361,666,883
13 Prekindergarten Program	75,535,709	75,535,709
14 Public School Building Capital Fund	100,100,000	100,000,000
15 Scholarships for Needy Students	30,450,000	30,450,000
16 UNC Need-Based Financial Aid	10,744,733	10,744,733
17 TOTAL	\$ 562,402,000	\$ 578,397,325

18
 19
 20 **SECTION 5.2.(b)** The Education Lottery Fund availability used in developing the
 21 2015-2017 biennial budget is shown below:

	FY 2015-2016	FY 2016-2017
22 AVAILABILITY		
23 Revenue Based on Existing Policies	\$ 528,902,000	\$ 533,397,325
24 Revenue from E-Instant Games	2,000,000	13,500,000
25 Revenue from Additional Advertising	31,500,000	31,500,000
26 TOTAL	\$ 562,402,000	\$ 578,397,325

27
 28
 29 **SECTION 5.2.(c)** Notwithstanding G.S. 18C-164, the Office of State Budget and
 30 Management shall not transfer funds to the Education Lottery Reserve Fund for either year of
 31 the 2015-2017 fiscal biennium.

32 **SECTION 5.2.(d)** G.S. 18C-162(a) reads as rewritten:

33 **"§ 18C-162. Allocation of revenues.**

34 (a) The Commission shall allocate revenues to the North Carolina State Lottery Fund in
 35 order to increase and maximize the available revenues for education purposes, and to the extent
 36 practicable, shall adhere to the following guidelines:

- 37 (1) At least fifty percent (50%) of the total annual revenues, as described in this
 38 Chapter, shall be returned to the public in the form of prizes.
- 39 (2) At least thirty-five percent (35%) of the total annual revenues, as described
 40 in this Chapter, shall be transferred as provided in G.S. 18C-164.
- 41 (3) No more than eight percent (8%) of the total annual revenues, as described
 42 in this Chapter, shall be allocated for payment of expenses of the Lottery.
 43 Advertising expenses shall not exceed ~~one percent (1%)~~ one and one-half
 44 percent (1.5%) of the total annual revenues.
- 45 (4) No more than seven percent (7%) of the face value of tickets or shares, as
 46 described in this Chapter, shall be allocated for compensation paid to lottery
 47 game retailers."

48 **SECTION 5.2.(e)** Of the funds appropriated in this section to the Public School
 49 Building Capital Fund for the 2015-2016 fiscal year, the Office of State Budget and
 50 Management shall use up to one hundred thousand dollars (\$100,000) to contract with an
 51 outside entity (i) to perform an independent assessment of school construction needs in local

1 school administrative units in the 50 counties determined under the low-wealth school funding
 2 formula to have the lowest ability to pay for school facilities and (ii) to determine which of
 3 those units have the highest facility needs in relation to their capacity to raise revenue to meet
 4 those needs.

5 The Office of State Budget and Management shall report the results of this study to
 6 the Joint Legislative Commission on Governmental Operations prior to January 1, 2016.

7 **SECTION 5.2.(f)** The Lottery Commission shall maintain eight regional offices or
 8 claims centers, one of which shall be located in each of the regional Prosperity Zones
 9 established in G.S. 143B-28.1. As soon as it is practicable to do so, the Lottery Commission
 10 shall co-locate its regional offices or claims centers with the regional offices of the Prosperity
 11 Zones.

12
 13 **CIVIL PENALTY AND FORFEITURE FUND**

14 **SECTION 5.3.(a)** Appropriations are made from the Civil Penalty and Forfeiture
 15 Fund for the fiscal biennium ending June 30, 2017, as follows:

	FY 2015-2016	FY 2016-2017
18 School Technology Fund	\$18,000,000	\$18,000,000
19 State Public School Fund	124,362,790	124,362,790
21 Total Appropriation	\$142,362,790	\$142,362,790

22
 23 **SECTION 5.3.(b)** Excess receipts realized in the Civil Penalty and Forfeiture Fund
 24 in each year of the 2015-2017 fiscal biennium are appropriated to the School Technology Fund.

25
 26 **INDIAN GAMING EDUCATION REVENUE FUND**

27 **SECTION 5.4.** Notwithstanding G.S. 143C-9-7, there is appropriated from the
 28 Indian Gaming Education Revenue Fund to the Department of Public Instruction, Textbooks
 29 and Digital Resources Allotment, the sum of six million dollars (\$6,000,000) for the 2015-2016
 30 fiscal year and the sum of six million dollars (\$6,000,000) for the 2016-2017 fiscal year.

31
 32 **MODIFY ELEMENTS OF CASH MANAGEMENT PLAN**

33 **SECTION 5.5.** G.S. 147-86.11(e) reads as rewritten:

34 "(e) Elements of Plan. – For moneys received or to be received, the statewide cash
 35 management plan shall provide at a minimum that:

36 ...
 37 (4) Unpaid billings due to a State agency other than amounts owed by patients
 38 to the University of North Carolina Health Care System, East Carolina
 39 University's Division of Health Sciences, ~~or by~~ customers of the North
 40 Carolina Turnpike Authority ~~Authority~~, or the North Carolina Department of
 41 Transportation shall be turned over to the Attorney General for collection no
 42 more than 90 days after the due date of the billing, except that a State agency
 43 need not turn over to the Attorney General unpaid billings of less than five
 44 hundred dollars (\$500.00), or (for institutions where applicable) amounts
 45 owed by all patients which are less than the federally established deductible
 46 applicable to Part A of the Medicare program, and instead may handle these
 47 unpaid bills pursuant to agency debt collection procedures.

48 ...
 49 (4b) The North Carolina Turnpike Authority ~~and the North Carolina Department~~
 50 of Transportation may turn over to the Attorney General for collection

1 amounts owed to the North Carolina Turnpike ~~Authority~~ Authority or the
2 North Carolina Department of Transportation.

3"
4

5 PART VI. GENERAL PROVISIONS

7 CONTINGENCY AND EMERGENCY FUND LIMITATION

8 **SECTION 6.1.** For the 2015-2017 fiscal biennium and notwithstanding the
9 provisions of G.S. 143C-4-4(b), funds appropriated to the Contingency and Emergency Fund
10 may be used only for expenditures required (i) by a court or Industrial Commission order or (ii)
11 to respond to events as authorized under G.S. 166A-19.40(a) of the North Carolina Emergency
12 Management Act. These funds shall not be used for other statutorily authorized purposes or for
13 any other contingencies and emergencies.
14

15 ESTABLISHING OR INCREASING FEES

16 **SECTION 6.2.(a)** Notwithstanding G.S. 12-3.1, an agency is not required to
17 consult with the Joint Legislative Commission on Governmental Operations prior to
18 establishing or increasing a fee to the level authorized or anticipated in this act.

19 **SECTION 6.2.(b)** Notwithstanding G.S. 150B-21.1A(a), an agency may adopt an
20 emergency rule in accordance with G.S. 150B-21.1A to establish or increase a fee as authorized
21 by this act if the adoption of a rule would otherwise be required under Article 2A of Chapter
22 150B of the General Statutes.
23

24 STATE AGENCIES/REPORTS ON LEGISLATIVE LIAISONS AND SALARY 25 INFORMATION

26 **SECTION 6.4.** By September 1, 2015, the Office of State Budget and Management
27 shall report the following information to the chairs of the House of Representatives
28 Appropriations Committee, the chairs of the Senate Appropriations/Base Budget Committee,
29 and to the Fiscal Research Division:

30 (1) Legislative liaisons. -

- 31 a. The number of legislative liaisons designated by each Department or
32 Commission.
33 b. For each individual, the position name, position number, salary, the
34 amount of time spent lobbying legislators or legislative employees
35 for legislative action, and whether lobbying is the individual's
36 principal duty such that the individual is required to file a registration
37 statement with the Secretary of State.
38 c. An explanation of why each legislative liaison is needed.
39 d. A description of any other responsibilities or duties performed by
40 each legislative liaison.

41 (2) Public Information Officer (PIO) and staff reporting to PIO. -

- 42 a. The number of individuals designated by the Department or
43 Commission to serve as a Public Information Officer, and the
44 number of staff reporting to each PIO.
45 b. For each individual, the position name, position number, and salary.
46 c. The duties and responsibilities of each individual in his or her role as
47 a Public Information Officer or staff to a PIO.
48 d. An explanation of why each Public Information Officer and staff to
49 each PIO is needed.

50 (3) Salary reserve and lapsed salaries. -

- 1 a. The amount of salary reserve, by source, remaining in each fund
2 code on June 30 of fiscal year 2013-2014 and fiscal year 2014-2015.
3 b. The amount of lapsed salaries generated in fiscal year 2013-2014 and
4 fiscal year 2014-2015.
5 c. The Department's or Commission's policy on the use of salary
6 reserve and lapsed salaries.
7

8 **COMPENSATION FOR RESEARCH AND DEVELOPMENT**

9 **SECTION 6.11.(a)** Any contract entered into by a State agency for the
10 development, design, creation, or testing of a new curriculum, technology system or platform,
11 or other product shall contain a provision specifying how the State of North Carolina will be
12 appropriately compensated from the proceeds of the contractor's future revenue, use, and sales
13 related to the curriculum, information technology system or platform, or other product in
14 recognition of the State's investment of time, resources, expertise, knowledge, and data.

15 **SECTION 6.11.(b)** The Office of the Attorney General shall develop the necessary
16 contract language to effectuate the requirement in subsection (a) of this section and shall ensure
17 that the language is incorporated into the State's template for contracts, as appropriate.
18

19 **EXPENDITURES OF FUNDS IN RESERVES LIMITED**

20 **SECTION 6.17.** All funds appropriated by this act into reserves may be expended
21 only for the purposes for which the reserves were established.
22

23 **CLARIFY THE CONSULTATION REQUIREMENT BEFORE THE JOINT** 24 **LEGISLATIVE COMMISSION ON GOVERNMENTAL OPERATIONS WHEN A** 25 **STATE AGENCY ESTABLISHES OR INCREASES A FEE OR CHARGE**

26 **SECTION 6.18.** G.S. 12-3.1(a) reads as rewritten:

27 "(a) Authority. – Only the General Assembly has the power to authorize an agency to
28 establish or increase a fee or charge for the rendering of any service or fulfilling of any duty to
29 the public. In the construction of a statute, unless that construction would be inconsistent with
30 the manifest intent of the General Assembly or repugnant to the context of the statute, the
31 legislative grant of authority to an agency to adopt rules shall not be construed as a grant of
32 authority to the agency to establish by rule a fee or a charge for the rendering of any service or
33 fulfilling of any duty to the public, unless the statute expressly provides for the grant of
34 authority to establish a fee or charge for that specific service. Notwithstanding any other law, a
35 rule adopted by an agency to establish or increase a fee or charge shall not go into effect until
36 the agency has consulted with the Joint Legislative Commission on Governmental Operations
37 on the amount and purpose of the fee or charge to be established or increased. Where a rule
38 provides for a periodic automatic adjustment to a fee, the agency that adopts the rule is not
39 required to consult with the Commission every time the fee automatically adjusts. The agency
40 shall submit a request for consultation to all members of the Commission, the Commission
41 Assistant, and the Fiscal Research Division of the General Assembly on the same date the
42 notice of text of the rule is published. The request for consultation shall consist of a written
43 report stating (i) the amount of the current fee or charge, if applicable, (ii) the amount of the
44 proposed new or increased fee or charge, (iii) the statutory authority for the fee or charge, and
45 (iv) a detailed explanation of the need for the establishment or increase of the fee or charge."
46

47 **EMERGENCY AND DISASTER RESPONSE FUNDING CHANGES**

48 **SECTION 6.19.(a)** G.S. 166A-19.40 reads as rewritten:

49 **"§ 166A-19.40. Use of contingency and emergency funds.**

50 (a) Use of Funds for Relief and Assistance. – Contingency and Emergency Funds. – The
51 Governor may use contingency and emergency funds as necessary and appropriate to provide

1 relief and assistance from the effects of an emergency and may reallocate such other funds as
 2 may reasonably be available within the appropriations of the various departments when the
 3 severity and magnitude of the emergency so requires and the contingency and emergency funds
 4 are insufficient or inappropriate funds:

5 (1) As necessary and appropriate to provide relief and assistance from the
 6 effects of an emergency.

7 (2) As necessary and appropriate for National Guard training in preparation for
 8 emergencies, with the concurrence of the Council of State.

9 (b) ~~Use of Funds for National Guard Training. — In preparation for a state of~~
 10 ~~emergency, with the concurrence of the Council of State, the Governor may use contingency~~
 11 ~~and emergency funds as necessary and appropriate for National Guard training in preparation~~
 12 ~~for emergencies.~~

13 (c) Use of Other Funds. — The Governor may reallocate such other funds as may
 14 reasonably be available within the appropriations of the various departments when all of the
 15 following conditions are satisfied:

16 (1) The severity and magnitude of the emergency so requires.

17 (2) Contingency and emergency funds are insufficient or inappropriate.

18 (3) A state of emergency has been declared pursuant to G.S. 166A-19.20(a).

19 (4) Funds in the State Emergency Response and Disaster Relief Account are
 20 insufficient."

21 **SECTION 6.19.(b)** G.S. 166A-19.42 reads as rewritten:

22 "**§ 166A-19.42. State Emergency Response and Disaster Relief Account.**

23 (a) Account Established. — There is established a State Emergency Response and
 24 Disaster Relief Account as a reserve in the General Fund. Any funds appropriated to the
 25 Account shall remain available for expenditure as provided by this section, unless directed
 26 otherwise by the General Assembly.

27 (b) Use of Funds. — The Governor may spend funds from the Account for the following
 28 purposes:

29 (1) To cover the start-up costs of State Emergency Response Team operations
 30 for an emergency that poses an imminent threat of a Type I, Type II, or Type
 31 III disaster.

32 (2) To cover the cost of first responders to a Type I, Type II, or Type III disaster
 33 and any related supplies and equipment needed by first responders that are
 34 not provided for under subdivision (1) of this subsection.

35 (3) To provide relief and assistance in accordance with G.S. 166A-19.41 from
 36 the effects of an emergency.

37 ~~All other types of emergency assistance authorized by this Part shall continue to be~~
 38 ~~financed by the funds made available under G.S. 166A-19.41.~~

39"

40 **SECTION 6.19.(c)** G.S. 166A-19.3 reads as rewritten:

41 "**§ 166A-19.3. Definitions.**

42 The following definitions apply in this Article:

43 (1) Account. — The State Emergency Response and Disaster Relief Account
 44 established in G.S. 166A-19.42.

45"

46 CONTINUATION REVIEW OF CERTAIN FUNDS/PROGRAMS/DIVISIONS

47 **SECTION 6.20.(a)** It is the intent of the General Assembly to review the funds,
 48 agencies, divisions, and programs financed by transfers from the Highway Fund. This process
 49 is known as the Continuation Review Program. The Continuation Review Program is intended
 50 to assist the General Assembly in determining whether to continue, reduce, or eliminate
 51

1 transfers from the Highway Fund for the funds, agencies, divisions, and programs subject to
2 continuation review.

3 **SECTION 6.20.(b)** The Appropriations/Base Budget Committee of the Senate and
4 the Appropriations Committee of the House of Representatives may review the transfers from
5 the Highway Fund for the funds, programs, and divisions listed in this section and shall
6 determine whether to continue, reduce, or eliminate transfers from the Highway Fund for the
7 funds, programs, and divisions, subject to the Continuation Review Program. The Fiscal
8 Research Division may issue instructions to the State departments and agencies subject to
9 continuation review regarding the expected content and format of the reports required by this
10 section. The following funds, agencies, divisions, and programs are subject to continuation
11 review as provided in this section:

- 12 (1) Department of Agriculture and Consumer Services – Gasoline and Oil
13 Inspection.
- 14 (2) Department of Environment and Natural Resources –
 - 15 a. Commercial Leaking Petroleum Underground Storage Tank Cleanup
16 Fund.
 - 17 b. Division of Air Quality Inspection and Maintenance Fees.
 - 18 c. Division of Air Quality Water and Air Quality Account.
 - 19 d. Shallow Draft Navigation Channel Dredging and Lake Maintenance
20 Fund.
 - 21 e. Mercury Pollution Prevention Account.
- 22 (3) Department of Health and Human Services – Forensic Test for Alcohol
23 Branch.
- 24 (4) Department of Insurance –
 - 25 a. Rescue Squad Workers' Relief Fund.
 - 26 b. Volunteer Rescue/EMS Grant Program.
 - 27 c. State Fire Protection.
- 28 (5) Department of Public Safety –
 - 29 a. Highway Patrol Motor Carrier Safety Assistance Program.
 - 30 b. Inmate Road Squads and Litter Crews.
- 31 (6) Office of State Controller – Funding transferred for BEACON support.
- 32 (7) Wildlife Resources Commission – Boating Account.

33 **SECTION 6.20.(c)** The continuation review reports required in this section shall
34 include the following information:

- 35 (1) A description of the fund, agency, division, or program mission, goals, and
36 objectives, including statutorily required functions and functions performed
37 without specific statutory authority.
- 38 (2) The performance measures for the fund, agency, division, or program and
39 the problem or need addressed.
- 40 (3) The extent to which the fund, agency, division, or program objectives and
41 performance measures have been achieved.
- 42 (4) A detailed accounting of all sources of funds for the fund, agency, division,
43 or program.
- 44 (5) Recommendations for statutory, budgetary, or administrative changes
45 needed to improve efficiency and effectiveness of services delivered to the
46 public, including recommendations regarding whether to transfer the
47 program to the Division of Motor Vehicles or to elsewhere in the
48 Department of Transportation.
- 49 (6) The consequences of discontinuing funding or of continuing funding with a
50 source other than a transfer from the Highway Fund.
- 51 (7) Recommendations for improving services or reducing costs or duplication.

- 1 (8) The identification of policy issues that should be brought to the attention of
2 the General Assembly.
3 (9) Other information necessary to fully support the General Assembly's
4 Continuation Review Program along with any information included in
5 instructions from the Fiscal Research Division.

6 **SECTION 6.20.(d)** State departments and agencies identified in subsection (b) of
7 this section shall submit a report of the preliminary findings of the continuation review to the
8 Fiscal Research Division no later than December 1, 2015, and shall submit a final report to the
9 Fiscal Research Division no later than April 1, 2016.

10
11 **LRC STUDY ON METHODS FOR INCREASING TRANSFERS TO THE SAVINGS**
12 **RESERVE ACCOUNT**

13 **SECTION 6.21.(a)** The Legislative Research Commission (LRC) shall study
14 methods for increasing the amount of funds transferred to the Savings Reserve Account. As
15 part of its study, the LRC shall do all of the following:

- 16 (1) Examine potential costs and benefits of requiring one or more of the
17 following to be transferred periodically to the Savings Reserve Account:
18 a. Growth in General Fund revenue in excess of a benchmark growth
19 rate.
20 b. A particular percentage or dollar amount of General Fund revenue
21 each fiscal year.
22 c. Some portion of growth in the sources of revenue identified pursuant
23 to subdivision (2) of this subsection each fiscal year.
24 d. Interest earned on special funds.
25 (2) Identify specific sources of State revenue that are especially volatile.
26 (3) Consider how the timing of transfers to the Savings Reserve Account affects
27 the amount transferred and the stability of the General Fund.
28 (4) Determine the appropriate target balance of the Savings Reserve Account, if
29 different from the goal set forth in G.S. 143C-4-2.
30 (5) Any other matters the Commission deems relevant to its efforts to increase
31 the amount of funds in the Savings Reserve Account.

32 **SECTION 6.21.(b)** The LRC shall report its findings, together with any proposed
33 legislation, to the 2016 Regular Session of the 2015 General Assembly upon its convening.

34
35 **REQUIRE SETTLEMENT FUNDS IN EXCESS OF TEN MILLION DOLLARS TO BE**
36 **DEPOSITED IN THE SAVINGS RESERVE ACCOUNT**

37 **SECTION 6.22.(a)** G.S. 114-2.4A reads as rewritten:

38 "**§ 114-2.4A. Disposition of funds received by the State or a State agency from a**
39 **settlement or other final order or judgment of the court.**

40 ...

41 (c) Exception. – Subsections ~~(b) and (e)(b)~~, (e), and (h) of this section shall not apply
42 to funds received by the Department of Health and Human Services to the extent those funds
43 represent the recovery of previously expended Medicaid funds.

44 ...

45 (h) Recoveries in Excess of Ten Million Dollars. – Whenever the State or a State
46 agency receives funds from a particular settlement or other final order or judgment of the court
47 in excess of ten million dollars (\$10,000,000) in any fiscal year, the State Controller shall
48 transfer the excess to the Savings Reserve Account. For purposes of determining whether funds
49 received from a settlement or other final order or judgment of the court are subject to this
50 section:

1 (1) The amount of funds to be considered shall be net of any funds distributed to
2 the parties set forth in sub-subdivisions (b)(1)a. through c. of this section.

3 (2) Payments to more than one State agency shall be aggregated for purposes of
4 determining the amount of the funds.

5 (i) Subsection (h) Does Not Apply to Master Settlement Agreement. – Subsection (h)
6 of this section does not apply to funds received from or in connection with the Master
7 Settlement Agreement as described in S.L. 1999-2."

8 **SECTION 6.22.(b)** G.S. 114-2.4A(h), as enacted by subsection (a) of this section,
9 does not apply to funds received from or in connection with the following settlements:

10 (1) Settlement funds received by the State pursuant to the Consent Judgment in
11 *U.S. v. Bank of America*, Civil Action No. 12-CV-0361, dated April 4, 2012.

12 (2) Settlement funds received by the State pursuant to the settlement agreement
13 in *North Carolina ex rel. Cooper v. The McGraw-Hill Companies, Inc., and*
14 *Standard & Poor's Financial Services LLC*, No. 13CVS 001703.

15
16 **REQUIRE TRANSFER OF SAVINGS FROM THE REFINANCING OF CERTAIN**
17 **STATE DEBT TO BE TRANSFERRED TO THE SAVINGS RESERVE**

18 **SECTION 6.23.(a)** Article 1 of Chapter 142 of the General Statutes is amended by
19 adding a new section to read:

20 "**§ 142-15.4. Savings from refinancing of general obligation bonds to be placed in the**
21 **Savings Reserve Account.**

22 Whenever general obligation bonds issued or incurred by the State are refinanced:

23 (1) The General Assembly shall not reduce the funds appropriated for servicing
24 the refinanced debt during the fiscal biennium in which the refinancing
25 occurs.

26 (2) The State Controller shall, in conjunction with the State Treasurer,
27 periodically transfer the savings resulting from the refinancing of the debt to
28 the Savings Reserve Account established pursuant to G.S. 143C-4-2 during
29 the fiscal biennium in which the refinancing occurs.

30 (3) The Director of the Budget shall, in the fiscal biennium immediately
31 following the refinancing, adjust the amount of debt service funded in the
32 base budget so that it aligns with actual debt service needs."

33 **SECTION 6.23.(b)** Article 9 of Chapter 142 of the General Statutes is amended by
34 adding a new section to read:

35 "**§ 142-96. Savings from refinancing of special indebtedness to be placed in the Savings**
36 **Reserve Account.**

37 Whenever special indebtedness issued or incurred pursuant to this Article is refinanced:

38 (1) The General Assembly shall not reduce the funds appropriated for servicing
39 the refinanced debt during the fiscal biennium in which the refinancing
40 occurs.

41 (2) The State Controller shall, in conjunction with the State Treasurer,
42 periodically transfer the savings resulting from the refinancing of the debt to
43 the Savings Reserve Account established pursuant to G.S. 143C-4-2 during
44 the fiscal biennium in which the refinancing occurs.

45 (3) The Director of the Budget shall, in the fiscal biennium immediately
46 following the refinancing, adjust the amount of debt service funded in the
47 base budget so that it aligns with actual debt service needs."

48 **SECTION 6.23.(c)** This section becomes effective July 1, 2015, and applies to
49 indebtedness issued, incurred, or refinanced on or after that date.

50
51 **MSA CHANGES**

1 **SECTION 6.24.(a)** Section 6 of S.L. 1999-2, as amended by Section 6.11(d) of
2 Session Law 2011-145, Section 7(b) of Session Law 2011-391, and Section 6.4(b) of S.L.
3 2013-360, reads as rewritten:

4 "**SECTION 6.(a)** ~~The~~ It is the intent of the General Assembly that the funds under the
5 Master Settlement Agreement, which is incorporated into the Consent Decree, ~~shall be credited~~
6 ~~to the Settlement Reserve Fund.~~ be allocated as follows:

7 (1a) Fourteen and six-tenths percent (14.6%) to The Golden L.E.A.F.
8 (Long-Term Economic Advancement Foundation), Inc., a nonprofit
9 corporation.

10 (1b) Eighty-five and four-tenths percent (85.4%) shall be credited to the
11 Settlement Reserve Fund.

12 (b) Any monies paid into the North Carolina State Specific Account from the Disputed
13 Payments Account on account of the Non-Participating Manufacturers that would have been
14 transferred to The Golden L.E.A.F. (Long-Term Economic Advancement Foundation), Inc.,
15 shall be deposited in the Settlement Reserve Fund."

16 **SECTION 6.24.(b)** The Attorney General shall take all necessary actions to notify
17 the court in the action entitled *State of North Carolina v. Philip Morris Incorporated*, et al., 98
18 CVS 14377, in the General Court of Justice, Superior Court Division, Wake County, North
19 Carolina, and the administrators of the State Specific Account established under the Master
20 Settlement Agreement of this action by the General Assembly regarding redirection of
21 payments set forth in subsection (a) of this section.

22 **SECTION 6.24.(c)** G.S. 66-290 reads as rewritten:

23 **"§ 66-290. Definitions.**

24 As used in this Article:

25 ...

26 (10) "Units sold" means the number of individual cigarettes sold in the State by
27 the applicable tobacco product manufacturer (whether directly or through a
28 distributor, retailer, or similar intermediary or intermediaries) during the
29 year in question, ~~as measured by excise taxes collected by the State on packs~~
30 ~~(or "roll your own" tobacco containers).~~ on which the State has authority
31 under federal law to impose excise or similar taxes or to collect escrow. The
32 term does not include cigarettes sold (i) on a federal installation in a
33 transaction that is exempt from state taxation under federal law or (ii) on a
34 Native American tribe's reservation to a consumer who is an adult enrolled
35 member of that tribe in a transaction that is exempt from state taxation under
36 federal law. The Secretary of Revenue shall promulgate such rules as are
37 necessary to ascertain the amount of State excise tax paid on the cigarettes of
38 such tobacco product manufacturer for each year. In lieu of adopting rules,
39 the Secretary of Revenue may issue bulletins or directives requiring
40 taxpayers to submit to the Department of Revenue the information necessary
41 to make the required determination under this subdivision."

42 **SECTION 6.24.(d)** G.S. 66-291 reads as rewritten:

43 **"§ 66-291. Requirements.**

44 ...

45 (c) Each tobacco product manufacturer that elects to place funds into escrow pursuant
46 to this section shall annually certify to the Attorney General that it is in compliance with this
47 section. The Attorney General may bring a civil action on behalf of the State against any
48 tobacco product manufacturer or joint and severally liable importer that fails to place into
49 escrow the funds required under this section. Any tobacco product manufacturer that fails in
50 any year to place into escrow the funds required under this section shall:

51 "

1 **SECTION 6.24.(e)** G.S. 66-293 reads as rewritten:

2 "**§ 66-293. Sale of certain cigarettes prohibited.**

3 (a) Civil Penalty. – It is unlawful for a person required to pay taxes pursuant to Part 2 or
4 3 of Article 2A of Chapter 105 of the General Statutes to sell or deliver cigarettes belonging to
5 a brand family of a nonparticipating manufacturer if the sale of the cigarettes is subject to such
6 taxes unless the cigarettes are included on the compliant nonparticipating manufacturer's list
7 prepared and made public by the Office of the Attorney General under G.S. 66-294.1 as of the
8 date the person sells or delivers the cigarettes. It is not a violation of this subsection if the brand
9 family was on the compliant nonparticipating manufacturer's list when the person purchased the
10 cigarettes and the person sold or delivered the cigarettes within ~~60~~30 days of the purchase. The
11 Attorney General may impose a civil penalty on a person that it finds violates this subsection.
12 The amount of the penalty may not exceed the greater of five hundred percent (500%) of the
13 retail value of the cigarettes sold or five thousand dollars (\$5,000).

14 (b) Contraband. – Cigarettes described in subsection (a) of this section are contraband
15 and may be seized by a law enforcement officer. The procedure for seizure and disposition of
16 this contraband is the same as the procedure under G.S. 105-113.31 and G.S. 105-113.32 for
17 non-tax-paid cigarettes."

18 **SECTION 6.24.(f)** G.S. 66-294(b) is amended by adding a new subdivision to
19 read:

20 "**§ 66-294. Duties of manufacturers.**

21 ...
22 (b) Nonparticipating Manufacturers. – A nonparticipating manufacturer must:

23 ...
24 (7) Notwithstanding any other provision of law, if a newly qualified
25 nonparticipating manufacturer is to be listed in the North Carolina Tobacco
26 Directory (the Directory), or if the Attorney General reasonably determines
27 that any nonparticipating manufacturer who has filed a certification pursuant
28 to G.S. 66-291, et seq., poses an elevated risk for noncompliance with this
29 Article, neither such nonparticipating manufacturer nor any of its brand
30 families shall be included in the Directory unless and until such
31 nonparticipating manufacturer, or its United States importer that undertakes
32 joint and several liability for the manufacturer's performance in accordance
33 with G.S. 66-291, et seq., has posted a bond in accordance with this section.

34 The bond shall be posted by a corporate surety located within the United
35 States in a form and manner acceptable to the Attorney General, or a cash
36 equivalent posted by the nonparticipating manufacturer, in an amount equal
37 to the greater of fifty thousand dollars (\$50,000) or the greatest amount of
38 escrow the manufacturer in either its current or predecessor form was
39 required to deposit as a result of its highest calendar year's sales in North
40 Carolina or greatest quarterly escrow deposit depending on the
41 manufacturer's required escrow deposit frequency. The bond or its cash
42 equivalent shall be posted at least 10 days in advance of each calendar year
43 or quarter depending on the manufacturer's required escrow deposit
44 frequency. The bond shall be written in favor of North Carolina and such
45 bond or cash equivalent shall be conditioned on the performance by the
46 nonparticipating manufacturer or its United States importer that undertakes
47 joint and several liability for the manufacturer's performance in accordance
48 with G.S. 66-294.2, of all of its duties and obligations under this Article
49 during the year in which the certification is filed and the next succeeding
50 calendar year. The bond may be drawn upon by the Attorney General to

1 cover unsatisfied escrow obligations, penalties, and any other liability under
2 the tobacco laws of the State.

3 Some factors, though not exclusive, which the Attorney General may
4 consider in determining whether any nonparticipating manufacturer or
5 importer poses an elevated risk of noncompliance are (i) the nonparticipating
6 manufacturer or any affiliate thereof or importer has illegally failed to satisfy
7 an escrow obligation with respect to any state in the past; (ii) any state has
8 removed the nonparticipating manufacturer or its brand families or an
9 affiliate or any of the affiliate's brand families from the state's tobacco
10 directory for noncompliance with the state's laws; (iii) any state has pending
11 litigation against, or an unsatisfied judgment against the nonparticipating
12 manufacturer or any affiliate thereof or importer for escrow or penalties
13 related to noncompliance with state escrow laws; (iv) the nonparticipating
14 manufacturer sells its cigarettes or tobacco products directly to consumers
15 via remote or other non-face-to-face means; (v) a state or federal court has
16 determined that the nonparticipating manufacturer or importer has violated
17 any tobacco tax or tobacco control law or engaged in unfair business practice
18 or unfair competition; or (vi) the nonparticipating manufacturer or importer
19 fails to submit or complete any required forms, documents, certifications or
20 notices, in a timely manner or, to the satisfaction of the Attorney General."

21 **SECTION 6.24.(g)** G.S. 66-294.1 reads as rewritten:

22 **"§ 66-294.1. Duties of Attorney General.**

23 ...

24 (b) Supplemental Lists. – The Office of the Attorney General must supplement the
25 annual lists as necessary to reflect additions to or deletions of manufacturers and brand
26 families. The Attorney General shall delete a nonparticipating manufacturer and its brand
27 families from the list if it determines that the manufacturer fails to comply with the duties listed
28 in G.S. 66-294. The Attorney General must add a nonparticipating manufacturer and its brand
29 families to the list if it determines all of the following:

- 30 (1) The nonparticipating ~~manufacturer~~ manufacturer, as well as any joint and
31 severally liable importer, has submitted an application under G.S. 66-294,
32 and it is found to be complete and accurate.
33 (2) The Office of the Attorney General has approved the manufacturer's escrow
34 agreement.
35 (3) The manufacturer has made any past due payments owed to its escrow
36 account for any of its listed brand families.
37 (4) The manufacturer has resolved any outstanding penalty demands or
38 adjudicated penalties for its listed brand families.

39"

40 **SECTION 6.24.(h)** Part 2 of Article 37 of Chapter 66 of the General Statutes is
41 amended by adding a new section to read:

42 **"§ 66-294.2 Joint and several liability of importers of cigarettes manufactured by**
43 **nonparticipating manufacturers located outside the United States.**

44 For each nonparticipating manufacturer located outside the United States, each importer
45 into the United States of any such nonparticipating manufacturer's brand families that are or are
46 intended to be sold in North Carolina shall bear joint and several liability with such
47 nonparticipating manufacturer for deposit of all escrow due under this Article and payment of
48 all penalties imposed and shall so designate in a form prepared and provided by the Attorney
49 General and shall appoint and continually maintain a process service agent with the Secretary
50 of State and the Office of the Attorney General."

51 **SECTION 6.24.(i)** G.S. 105-259(b) reads as rewritten:

1 **"§ 105-259. Secrecy required of officials; penalty for violation.**

2 ...

3 (b) Disclosure Prohibited. – An officer, an employee, or an agent of the State who has
4 access to tax information in the course of service to or employment by the State may not
5 disclose the information to any other person except as provided in this subsection. Standards
6 used or to be used for the selection of returns for examination and data used or to be used for
7 determining the standards may not be disclosed for any purpose. All other tax information may
8 be disclosed only if the disclosure is made for one of the following purposes:

9 ...

10 (40a) To furnish a data clearinghouse the information required to be released in
11 accordance with the State's agreement under the December 2012 Term Sheet
12 Settlement, as finalized by the State in the NPM Adjustment Settlement
13 Agreement, concerning annual tobacco product sales by a nonparticipating
14 manufacturer. Such information released to a data clearinghouse may be
15 released to parties to the NPM Adjustment Settlement Agreement provided
16 confidentiality protections are agreed to by the parties and overseen and
17 enforced by this State's applicable court for enforcement of the Master
18 Settlement Agreement for (i) any state information constituting confidential
19 tax information or otherwise confidential under state law and (ii)
20 manufacturer information designated confidential. The following definitions
21 apply in this subdivision:

- 22 a. Data clearinghouse. – Defined in the Term Sheet Settlement and in
23 the NPM Adjustment Settlement Agreement.
24 b. Master Settlement Agreement. – Defined in G.S. 66-290.
25 c. Nonparticipating manufacturer. – Defined in G.S. 66-292.
26 d. NPM Adjustment Settlement Agreement. – The final executed
27 settlement document resulting from the 2012 Term Sheet Settlement.
28 e. Participating manufacturer. – Defined in G.S. 66-292.
29 f. Term Sheet Settlement. – The settlement agreement entered into in
30 December 2012 by the State and certain participating manufacturers
31 under the Master Settlement Agreement.

32"

33
34 **ALIGN AGENCY BUDGETS TO ACTUAL EXPENDITURES**

35 **SECTION 6.25.(a)** Elimination of Certain Vacant Positions. – Notwithstanding
36 G.S. 143C-6-4, and except as otherwise provided in subsection (d) of this section, each State
37 agency, in conjunction with the Office of State Budget and Management, shall do all of the
38 following:

- 39 (1) Abolish all positions that have been vacant for more than 12 months as of
40 April 17, 2015, other than those positions required to exist as part of the
41 State's maintenance of effort requirements related to a federal grant that
42 cannot be addressed with other State funds, or for which the Director of the
43 Budget provides an exception, in the Director's sole discretion. This
44 requirement shall apply regardless of the source of funding for affected
45 positions.
46 (2) Fund objects or line items in the certified budget for recurring obligations
47 that have been funded from nonrecurring sources in two or more of the
48 previous three fiscal years. The amount funded shall not exceed the average
49 amount expended for each object or line item during the previous three fiscal
50 years.

1 (3) Fund objects or line items in the following priority order if funds generated
2 pursuant to subdivision (1) of this subsection are insufficient to adequately
3 fund all of the objects and line items described in subdivision (2) of this
4 subsection:

- 5 a. Fund legal obligations of the agency that have been funded with
6 lapsed salaries in prior years.
7 b. Fund operational requirements directly related to the health, safety,
8 or well-being of individuals in the care or custody of the State that
9 have been funded with lapsed salaries in prior years.
10 c. Fund legal obligations of the agency or operational requirements
11 directly related to the health, safety, or well-being of individuals in
12 the care or custody of the State that have been funded with other
13 nonrecurring sources in prior years.
14 d. Fund operational deficiencies where the obligation cannot be reduced
15 and where no other source of funding exists and failure to fund will
16 result in operational disruptions or unfunded liabilities at fiscal
17 year-end.

18 (4) Adjust the appropriate objects or line items in the next recommended base
19 budget submitted pursuant to G.S. 143C-3-5 to reflect the actions taken
20 pursuant to this subsection.

21 **SECTION 6.25.(b)** Use of Savings. – Any General Fund savings generated
22 pursuant to subdivision (1) of subsection (a) of this section that are not used to fund objects or
23 line items pursuant to subdivision (2) of subsection (a) of this section shall be transferred on a
24 nonrecurring basis by June 30, 2016, to the Savings Reserve Account established in
25 G.S. 143C-4-2. Savings generated by eliminating positions funded in whole or in part from
26 federal funds or other dedicated receipts that are not used to fund objects or line items pursuant
27 to subdivision (2) of subsection (a) of this section shall be reflected as savings to the respective
28 funding source.

29 **SECTION 6.25.(c)** Reporting. – No later than December 1, 2015, the Office of
30 State Budget and Management shall report to the Fiscal Research Division on the
31 implementation of this section. The report shall include all of the following, by budget code
32 and fund code:

- 33 (1) A list of positions abolished pursuant to subdivision (1) of subsection (a) of
34 this section.
35 (2) A list of positions that were exempted from being abolished pursuant to
36 subdivision (1) of subsection (a) of this section.
37 (3) A list of objects or line items funded pursuant to subdivision (2) of
38 subsection (a) of this section and the associated amount for each object or
39 line item.
40 (4) The amount of lapsed salaries transferred to the Savings Reserve Account
41 and used for other purposes pursuant to subsection (b) of this section.
42 (5) The amount and disposition of savings from the Highway Fund, federal
43 funds, and other non-State agency dedicated receipt sources.
44 (6) A list of objects or line items that were not funded because the funds
45 generated pursuant to subdivision (1) of this subsection were insufficient.

46 **SECTION 6.25.(d)** Section Inapplicable to Certain Vacant Positions. – This
47 section shall not apply to vacant positions (i) within the Department of Transportation or (ii)
48 reclassified pursuant to Section 30.18(e) of this act.
49

50 CAP STATE FUNDED PORTION OF NONPROFIT SALARIES

1 **SECTION 6.26.** No more than one hundred twenty thousand dollars (\$120,000) in
 2 State funds may be used for the annual salary of any individual employee of a nonprofit
 3 organization receiving State funds. For the purposes of this section, the term "State funds"
 4 means funds as defined in G.S. 143C-1-1(d)(25) and any interest earnings that accrue from
 5 those funds.

6
 7 **PART VII. INFORMATION TECHNOLOGY**

8
 9 **INFORMATION TECHNOLOGY FUND**

10 **SECTION 7.1.** The availability used to support appropriations made in this act
 11 from the Information Technology Fund established in G.S. 147-33.72H is as follows:

	FY 2015-2016	FY 2016-2017
14 General Fund Appropriation for IT Fund	\$22,381,854	\$22,381,854

16
 17 Appropriations are made from the Information Technology Fund for the 2015-2017 fiscal
 18 biennium as follows:

20 Criminal Justice Information Network	\$193,085	\$193,085
21 Center for Geographic Information and Analysis	\$503,810	\$503,810
22 Enterprise Security Risk Management	\$871,497	\$871,497
23 Staffing and Strategic Projects	\$7,573,903	\$7,573,903
24 First Net (State Match)	\$140,000	\$140,000
25 Enterprise Project Management Office	\$1,501,234	\$1,501,234
26 IT Strategy and Standards	\$865,326	\$865,326
27 State Portal	\$233,510	\$233,510
28 Process Management	\$398,234	\$398,234
29 IT Consolidation	\$1,000,000	\$1,000,000
30 Government Data Analytics Center	\$9,101,255	\$9,101,255

31
 32 Unless a change is approved by the State Chief Information Officer after
 33 consultation with the Office of State Budget and Management, funds appropriated to the
 34 Information Technology Fund shall be spent only as specified in this section. Changes shall not
 35 result in any degradation to the information technology operations or projects listed in this
 36 section for which the funds were originally appropriated.

37 Any changes to the specified uses shall be reported in writing to the chairs of the
 38 Joint Legislative Oversight Committee on Information Technology, the chair and cochair of the
 39 House Appropriations Committee on Information Technology, and the Fiscal Research
 40 Division.

41
 42 **INFORMATION TECHNOLOGY INTERNAL SERVICE FUND**

43 **SECTION 7.2.(a)** IT Internal Service Fund. – For the 2015-2016 fiscal year,
 44 receipts for the IT Internal Service Fund shall not exceed one hundred eighty-one million eight
 45 hundred thirty-five thousand nine hundred thirteen dollars (\$181,835,913). For fiscal year
 46 2016-2017, receipts for the Internal Service Fund shall not exceed one hundred eighty-eight
 47 million two hundred seventy-four thousand five hundred five dollars (\$188,274,505). For each
 48 year of the 2015-2017 fiscal biennium, receipts may be increased for specific purposes to a
 49 maximum of one hundred ninety-five million dollars (\$195,000,000), following consultation
 50 with the Joint Legislative Commission on Governmental Operations each time a requirement
 51 for an increase is identified. Rates approved by the Office of State Budget and Management
 52 (OSBM) to support the IT Internal Service Fund shall be based on this fund limit. In the event

1 the Fund exceeds the required limit, rates shall be adjusted within 30 days. The Internal Service
2 Fund may also collect in each year of the 2015-2017 fiscal biennium two hundred nineteen
3 thousand seven hundred ninety-one dollars (\$219,791) to fund Workers' Compensation and up
4 to one million five hundred forty-nine thousand seven hundred twenty-nine dollars
5 (\$1,549,729) over the biennium to fund FirstNet.

6 **SECTION 7.2.(b)** For the 2016-2017 fiscal year, budget requirements and
7 associated rates shall be developed based on actual service costs for fiscal year 2014-2015.
8 These budget requirements and associated rates shall be developed and reported to the Joint
9 Legislative Oversight Committee on Information Technology and the Fiscal Research Division
10 by October 1, 2015.

11 **SECTION 7.2.(c)** Receipts collected for IT Internal Service Fund services shall
12 only be used for the specific purposes for which they were collected and are hereby
13 appropriated for those purposes. Funds collected for information technology equipment and
14 fixtures shall be separately maintained and accounted for by the Office of Information
15 Technology Services, and such funds shall be used only for the replacement of the fixtures and
16 equipment for which the funds were collected. By October 1, 2015, the Office of Information
17 Technology Services shall report to the Joint Legislative Oversight Committee on Information
18 Technology and the Fiscal Research Division on the means and methods by which it is in
19 compliance with the requirements of this subsection.

20 **SECTION 7.2.(d)** Agency Billing and Payments. – The State Chief Information
21 Officer shall ensure that bills from the Office of Information Technology Services are easily
22 understandable and fully transparent. If a State agency fails to pay its IT Internal Service Fund
23 bill within 30 days of receipt, the Office of State Budget and Management may transfer funds
24 from the agency to fully or partially cover the cost of the bill from that agency to the IT Internal
25 Service Fund following notification of the affected agency.

26 **SECTION 7.2.(e)** Of the funds carried forward from fiscal year 2014-2015 to
27 fiscal year 2015-2016, the sum of five million dollars (\$5,000,000) shall be used during the
28 2015-2017 fiscal biennium to offset any shortfalls in agency budgets resulting from rate
29 increases that cause an agency to be unable to pay an IT Internal Service fund bill. The State
30 Chief Information Officer shall ensure that the offsetting funding does not come from federal
31 receipts that the Department of Information Technology has collected or from federal funding
32 intended for any State program or project.

33 **SECTION 7.2.(f)** The State Chief Information Officer shall identify IT
34 Restructuring savings of at least nine million one hundred four thousand ten dollars
35 (\$9,104,010) in fiscal year 2015-2016 and savings of at least twenty million one hundred four
36 thousand ten dollars (\$20,104,010) in fiscal year 2016-2017. As savings are accrued, the
37 OSBM shall reduce the IT Internal Service Fund and agency budgets to reflect the savings,
38 adjusting for actual indirect costs and overhead related to the savings. These accrued savings
39 shall be used for the development of an Enterprise Resource Planning (ERP) system for the
40 State. In order to ensure an effective implementation of the ERP system, all State agencies shall
41 fully cooperate and coordinate with the ERP Provisional Oversight Committee, which is
42 comprised of the Secretary of Information Technology (Chair), State Controller, and State
43 Budget Director. All State agencies shall also fully cooperate and coordinate with any future
44 ERP governance bodies, the Department, and the OSBM and provide data for all statewide
45 ERP-related activities.

46 **SECTION 7.2.(g)** Statewide information technology procurement shall be funded
47 through a combination of administrative fees as part of the IT Supplemental Staffing contract,
48 as well as fees charged to agencies using the services of the Statewide Information Technology
49 Procurement Office. The Department shall provide to the OSBM a fee schedule to allow cost
50 recovery. If an agency fails to pay for services within 30 days of billing, OSBM shall transfer

1 the unpaid amount to the State Information Technology Procurement Office, following
2 notification of the affected agency.

4 INFORMATION TECHNOLOGY RESERVE

5 **SECTION 7.3.(a)** The appropriations from the Information Technology Reserve
6 Fund for the 2015-2017 fiscal biennium are as follows:

	FY 2015-2016	FY 2016-2017
7 Government Data Analytics Center	\$8,200,000	\$8,200,000
8 Improve Efficiency and Customer		
9 Service through IT Modernization	\$8,255,891	\$8,183,212
10 NC Connect/Digital Infrastructure	\$429,438	\$688,061
11 IT Restructuring	\$3,238,804	\$2,029,509
12 Maintenance Management System Replacement	\$173,180	\$129,901
13 Law Enforcement Information Exchange	\$288,474	—

14
15
16 **SECTION 7.3.(b)** Of the funds appropriated for Information Technology
17 Modernization, the sum of five hundred fifty-two thousand eight hundred seventy-four dollars
18 (\$552,874) for fiscal year 2015-2016 and five hundred twenty-eight thousand seventy-four
19 dollars (\$528,074) for fiscal year 2016-2017 shall be transferred to the Department of Revenue
20 to fund four security positions. The security positions shall include a Security Design Engineer,
21 a Security Impact Analyst, and two Security Specialists.

22 **SECTION 7.3.(c)** The funds appropriated for Maintenance Management System
23 Replacement shall be transferred to the Department of Administration to support the acquisition
24 of a cloud-based facilities management system. The system shall include core system
25 functionality consisting of maintenance, inventory, and utility management systems. The
26 system shall also include three additional modules for system failure alerts, automation of
27 utility bills, and the extension of maintenance management to mobile devices.

28 **SECTION 7.3.(d)** Funds appropriated to the Information Technology Reserve
29 Fund shall be spent only as specified in this section unless a change is approved by the State
30 Chief Information Officer after consultation with the Office of State Budget and Management.
31 An authorized change may not result in any degradation to the information technology
32 operations or projects listed in this section for which the funds were originally appropriated.
33 Any changes to the specified uses for the funds shall be reported immediately, in writing, to the
34 chairs of the Joint Legislative Oversight Committee on Information Technology, the chairs of
35 the House Appropriations Committee on Information Technology, and the Fiscal Research
36 Division.

37 **SECTION 7.3.(e)** The Office of State Budget and Management shall establish a
38 fund code for the Information Technology Reserve Fund and shall create budget codes within
39 the fund code for each specific appropriation to the Fund. The Office of State Budget and
40 Management shall manage the fund code separately from other funding for the Department of
41 Information Technology as created by this act.

42 INFORMATION TECHNOLOGY ENTERPRISE ARCHITECTURE

43 **SECTION 7.4.(a)** By April 15, 2016, the Department of Information Technology,
44 as enacted by this act, shall develop an information technology enterprise architecture for State
45 government.

46
47 **SECTION 7.4.(b)** The completed State information technology enterprise
48 architecture developed pursuant to this section shall be provided to the Joint Legislative
49 Oversight Committee on Information Technology and the Fiscal Research Division. This
50 architecture, along with State and agency business plans, shall be incorporated into a biennial
51 State Information Technology Plan (State IT Plan).

DEPARTMENT OF INFORMATION TECHNOLOGY PERFORMANCE MEASURES

SECTION 7.11.(a) On or before September 1, 2015, the State Chief Information Officer shall establish specific, quantifiable performance measures for each function performed by the Department of Information Technology (Department) created by this act. These performance measures shall be based on industry standards and best practices in other states for performance of each function and shall include measurable objectives for improved performance. The objectives shall include specific time lines for achieving the performance measures and metrics for gauging intended performance. Service level agreements (SLAs) shall also be established. The Department shall post the performance measures and SLAs on the Department's Internet Web site. The Department shall provide monthly updates to its Web site to report on their progress toward achieving performance measures and report whether or not SLAs have been met for each agency during the previous month. Any plans developed by the Department shall include mitigation strategies to resolve any failure to meet established performance measures.

SECTION 7.11.(b) On or before September 1, 2015, the State Chief Information Officer shall report to the Joint Legislative Oversight Committee on Information Technology and the Fiscal Research Division on the establishment of performance measures and SLAs. The report shall identify (i) the methodology used to determine the performance measures and SLAs, (ii) assumptions made in determining the performance measures and SLAs, (iii) potential factors that could impact the achievement of performance measures and SLAs, and (iv) the sources of statistical and cost data and processes utilized to assure accuracy.

For any month that the Department does not meet a performance measure or SLA, the Department shall report to the Joint Legislative Oversight Committee on Information Technology and the Fiscal Research Division on the reason the performance measure or SLA was not achieved, what corrective action is being taken, and when the Department expects to achieve the performance measure or SLA.

ELECTRONIC FORMS AND DIGITAL SIGNATURES

SECTION 7.13.(a) The State Chief Information Officer (State CIO) shall implement a digital forms program for State agencies that provides for the acquisition and use of information technologies that enable electronic review, submission, maintenance, or disclosure of information as a replacement substitute for paper documents and hardcopy forms. In developing this capability, the State shall implement a citizen-friendly electronic forms processing solution that does all of the following:

- (1) Allows form data to be saved locally and submitted electronically.
- (2) Supports interactive forms on desktop and mobile devices.
- (3) Enables forms to be electronically routed through a workflow.
- (4) Provides for the encryption of confidential and sensitive documents.
- (5) Provides for digital signatures through the use of x.509 digital certificates, where applicable, to enable and ensure submitter identity, submitted form information, and acceptance of forms terms and requirements.

If practicable, this program shall be made available to all State agencies, departments, and institutions; local political subdivisions of the State; The University of North Carolina and its constituent institutions; community colleges; and local school administrative units.

SECTION 7.13.(b) By October 1, 2015, the State CIO shall provide a completed plan for the program to the Joint Legislative Oversight Committee on Information Technology and the Fiscal Research Division. This plan shall include a priority list for implementing digital identities and associated certificates, specific electronic forms, a time line for each implementation, and costs associated with the program.

STATE INFORMATION TECHNOLOGY BUDGETING

SECTION 7.16.(a) The Administration and Finance Division of the Department of Information Technology (DIT), as created by this act, shall work with the Office of State Budget and Management (OSBM), the Office of the State Controller, and participating agencies to institute a process to oversee and manage State agency information technology funding. This joint effort shall include implementing a process for the following:

- (1) Developing State agency information technology budgets.
- (2) Determining what participating and separate agency information technology funding will transition to DIT and what will remain with the agencies.
- (3) Developing a plan to transfer appropriate funding to DIT in coordination with other State budget requirements.
- (4) Developing rates and chargebacks for support provided to agencies.
- (5) Identifying anticipated information technology cost savings.
- (6) Identifying any rule or statutory changes required to facilitate information technology budgeting oversight and management.

By October 1, 2015, the OSBM and DIT shall report jointly to the Joint Legislative Oversight Committee on Information Technology and Fiscal Research Division on the development of the information technology budgeting process and any anticipated cost savings.

SECTION 7.16.(b) The OSBM and DIT shall identify anticipated information technology cost savings projected for the 2017-2019 fiscal biennium, with documentation as to the specific sources and amounts of those savings, and shall report that information to the Joint Legislative Oversight Committee on Information Technology and Fiscal Research Division by December 1, 2015.

BUDGETARY TRANSPARENCY/EXPENDITURES ONLINE

SECTION 7.17. The State Chief Information Officer shall establish an Internet Web site to provide information on the Department of Information Technology budget and actual expenditures. The Internet Web site shall be fully functional by April 1, 2016. The State CIO shall make the site user-friendly with easy-to-use search features and data provided in formats that can be readily downloaded and analyzed by the public. The information shall list expenditures based on DIT budget codes. The information provided shall include receipts and expenditures from and to all sources, including vendor payments, updated on a monthly basis.

MULTIYEAR IT CONTRACTS

SECTION 7.18. Notwithstanding the cash management provisions of G.S. 147-86.11, the Department of Information Technology, as created by this act, may procure information technology goods and services for periods up to a total of three years where the terms of the procurement contracts require payment of all or a portion of the contract price at the beginning of the contract agreement. All of the following conditions shall be met before payment for these agreements may be disbursed:

- (1) Any advance payment can be accomplished within the IT Internal Service Fund budget.
- (2) The State Controller receives conclusive evidence that the proposed agreement would be more cost-effective than a multiyear agreement that complies with G.S. 147-86.11.
- (3) The procurement complies in all other aspects with applicable statutes and rules.
- (4) The proposed agreement contains contract terms that protect the financial interest of the State against contractor nonperformance or insolvency through the creation of escrow accounts for funds, source codes, or both, or by any other reasonable means that have legally binding effect.

1 The Office of State Budget and Management shall ensure the savings from any authorized
2 agreement shall be included in the IT Internal Service Fund rate calculations before approving
3 annual proposed rates. Any savings resulting from the agreements shall be returned to agencies
4 included in the contract in the form of reduced rates.

6 INFORMATION TECHNOLOGY SECURITY/TWO-FACTOR AUTHENTICATION

7 **SECTION 7.19.(a)** The State CIO shall develop and implement a plan to provide a
8 standardized, statewide two-factor authentication system. Development of the plan shall be
9 accomplished in coordination with the Criminal Justice Information Network Board of
10 Directors. On or before January 15, 2016, the State CIO shall provide the completed two-factor
11 authentication plan to the Joint Legislative Oversight Committee on Information Technology
12 and the Fiscal Research Division.

13 **SECTION 7.19.(b)** Funding appropriated to the Information Technology Reserve
14 for two-factor authentication, along with any remaining funding from prior appropriations for
15 authentication, shall be used to support implementation of the plan.

17 DATA SECURITY STUDY

18 **SECTION 7.20.** The Joint Legislative Oversight Committee on Information
19 Technology shall study liability issues associated with data security in both the public and
20 private sectors. The Committee shall report its findings and any legislative proposals pertaining
21 to liability issues associated with data security to the General Assembly on or before April 1,
22 2016.

24 LAW ENFORCEMENT INFORMATION EXCHANGE

25 **SECTION 7.21.** Funds appropriated in this act for the Law Enforcement
26 Information Exchange shall be allocated to the Criminal Justice Information Network Board of
27 Directors to be used to map the records management systems of law enforcement agencies in
28 the State to allow these agencies to interface with the Law Enforcement Information Exchange.

30 ENTERPRISE RESOURCE PLANNING

31 **SECTION 7.22.(a)** In coordination with the Office of the State Controller (OSC)
32 and the Office of State Budget and Management (OSBM), the Department of Information
33 Technology (DIT) shall establish a program to plan, develop, and implement an enterprise
34 resource planning (ERP) system for the State using funds identified from information
35 technology restructuring savings. The funds shall be maintained at OSBM and shall be used to
36 support the development, implementation, and operation of the ERP system.

37 **SECTION 7.22.(b)** Beginning October 1, 2015, and quarterly thereafter, the DIT,
38 in conjunction with OSC and OSBM, shall report to the Joint Legislative Oversight Committee
39 on Information Technology and the Fiscal Research Division on the status of the program. The
40 report shall include all of the following:

- 41 (1) A detailed listing of current, completed, and potential future projects.
- 42 (2) The amount of funding identified from restructuring savings since the
43 inception of the program.
- 44 (3) The uses of the identified funding.
- 45 (4) The costs of current, completed, and potential future projects.
- 46 (5) The status of planning and implementation of each project.
- 47 (6) Identification of any issues associated with the program.

49 STATE BROADBAND PLAN

50 **SECTION 7.23.(a)** The State CIO shall develop a State broadband plan that
51 includes:

- 1 (1) Information regarding the availability and functionality of broadband
2 throughout the State and an evaluation of the current deployment of
3 broadband service.
- 4 (2) A strategy to support the affordability of broadband service as well as
5 maximum utilization of broadband infrastructure, including potential
6 partnerships and sources of funding to support the effort.
- 7 (3) Analysis of means, methods, and best practices to establish universal
8 broadband access across the State.

9 In developing the State broadband plan, the State CIO shall coordinate with other
10 State agencies in order to maximize the effectiveness and efficiency of available resources.

11 **SECTION 7.23.(b)** For the 2015-2017 fiscal biennium, by October 1, 2015, and
12 then quarterly thereafter, the State CIO shall provide a report to the Joint Legislative Oversight
13 Committee on Information Technology and the Fiscal Research Division on the development
14 and implementation of the State broadband plan.

15 16 **STATE PORTAL/ECONOMIC DEVELOPMENT/BUSINESS WEB SITE PLAN**

17 **SECTION 7.24.(a)** In coordination with appropriate State agencies, departments,
18 and institutions as part of the State portal planning and development, the State Chief
19 Information Officer (State CIO) shall develop and implement a plan to establish an Internet
20 Web site for businesses operating, or considering operating, within North Carolina, which shall
21 include all of the following:

- 22 (1) The capabilities necessary to complete required business transactions
23 electronically, to include the availability of electronic forms and digital
24 signatures.
- 25 (2) How the State CIO will ensure secure access to any and all information and
26 services required to facilitate the operation of businesses within the State.
- 27 (3) Potential sources of funding to support the development and implementation
28 of the Web site.

29 **SECTION 7.24.(b)** On or before December 1, 2015, the State CIO shall provide
30 the completed plan to the Joint Legislative Oversight Committee on Information Technology
31 and the Fiscal Research Division. On or before December 1, 2015, and then at least
32 semiannually for the duration of the 2015-2017 fiscal biennium, the State CIO shall provide
33 progress reports regarding the establishment and use of the business Internet Web site to the
34 Joint Legislative Oversight Committee on Information Technology and the Fiscal Research
35 Division.

36 37 **AGENCY USE OF ENTERPRISE ACTIVE DIRECTORY**

38 **SECTION 7.25.** On or before July 1, 2016, all State agencies identified as
39 principal departments under G.S. 143B-6 shall become direct members of and shall use the
40 Enterprise Active Directory. A principal department may submit to the State Chief Information
41 Officer a written request to deviate from certain requirements of the Enterprise Active
42 Directory, provided that any deviation shall be consistent with available funding and shall be
43 subject to any terms and conditions specified by the State Chief Information Officer.

44 45 **STUDY STATE AGENCY USE OF UTILITY-BASED COMPUTING**

46 **SECTION 7.26.(a)** The Department of Information Technology (Department) shall
47 study the use of and cost savings associated with the adoption of utility-based cloud computing
48 services by State agencies. For the purposes of this section, "utility-based computing" means
49 the process of providing computing service through an on-demand, pay-per-use billing method,
50 metering the offered services. At a minimum, the review conducted by the Department shall:

- 1 (1) Evaluate the actual and potential usefulness of commercial cloud computing
2 services by State agencies and whether expedited transition to cloud
3 computing would offer significant savings to State agencies.
- 4 (2) Evaluate how giving State agencies the ability to purchase information
5 technology (IT) services in a utility-based model would result in savings
6 from paying for only the IT services consumed.
- 7 (3) Identify the capabilities required to implement utility-based computing,
8 storage, and applications, including a rate structure.

9 **SECTION 7.26.(b)** By October 1, 2015, the State Chief Information Officer shall
10 make a written report to the Joint Legislative Oversight Committee on Information Technology
11 on the results of the DIT review of utility-based computing.
12

13 STATE FUNDED IT CONTRACTS

14 **SECTION 7.27.** For all information technology contracts that receive any State
15 funds, State agencies and vendors shall immediately provide copies of contract documents and
16 any subsequent amendments, modifications, or other changes upon request of the Joint
17 Legislative Oversight Committee on Information Technology or the Fiscal Research Division.
18

19 PART VII-A. ESTABLISH DEPARTMENT OF INFORMATION TECHNOLOGY

20 ESTABLISH DEPARTMENT OF INFORMATION TECHNOLOGY

21 **SECTION 7A.1.(a)** The Department of Information Technology is established in
22 this Part as a single, unified cabinet-level department that consolidates information technology
23 functions, powers, duties, obligations, and services existing within the principal departments.
24 Notwithstanding G.S. 143B-9 and G.S. 143B-10, and except as otherwise provided in this act,
25 all information technology functions, powers, duties, obligations, and services vested in the
26 State entities listed in G.S. 143B-6 are transferred to, vested in, and consolidated within the
27 Department of Information Technology. The head of the Department of Information
28 Technology is the State Chief Information Officer, who shall be known as the State CIO. The
29 powers and duties of the deputy chief information officers, directors, and divisions of the
30 Department shall be subject to the direction and control of the State CIO. Upon the
31 establishment of the Department of Information Technology, the Governor shall appoint a State
32 CIO in accordance with G.S. 143B-9.
33

34 **SECTION 7A.1.(b)** The following transfers from the Office of Information
35 Technology Services are made to the Department of Information Technology created by this
36 act:

- 37 (1) A Type I transfer, as defined in G.S. 143A-6, of the:
 - 38 a. Office of the State Chief Information Officer.
 - 39 b. Office of Information Technology Services.
- 40 (2) A Type II transfer, as defined in G.S. 143A-6, of the:
 - 41 a. 911 Board.
 - 42 b. Criminal Justice Information Network.
 - 43 c. Government Data Analytics Center.
 - 44 d. North Carolina Geographic Information Coordinating Council and
45 the Center for Geographic Information and Analysis.

46 **SECTION 7A.1.(c)** G.S. 143B-2 reads as rewritten:

47 "**§ 143B-2. Interim applicability of the Executive Organization Act of 1973.**

48 The Executive Organization Act of 1973 shall be applicable only to the following named
49 departments:

- 50 ...
- 51 (11) Department of Information Technology."

1 SECTION 7A.1.(d) G.S. 143B-6 reads as rewritten:

2 **"§ 143B-6. Principal departments.**

3 In addition to the principal departments enumerated in the Executive Organization Act of
4 1971, all executive and administrative powers, duties, and functions not including those of the
5 General Assembly and its agencies, the General Court of Justice and the administrative
6 agencies created pursuant to Article IV of the Constitution of North Carolina, and higher
7 education previously vested by law in the several State agencies, are vested in the following
8 principal departments:

9 ...
10 (12) Department of Information Technology."

11
12 **STATUTORY CHANGES CREATING THE DEPARTMENT OF INFORMATION
13 TECHNOLOGY**

14 SECTION 7A.2.(a) Article 3D of Chapter 147 of the General Statutes is repealed.

15 SECTION 7A.2.(b) Chapter 143B of the General Statutes is amended by adding a
16 new Article to read:

17 "Article 14.

18 "Department of Information Technology.

19 "Part 1. General Provisions.

20 **"§ 143B-1300. Definitions; scope; exemptions.**

21 (a) Definitions. – The following definitions apply in this Article:

22 (1) CGIA. – Center for Geographic Information and Analysis.

23 (2) CJIN. – Criminal Justice Information Network.

24 (3) Cooperative purchasing agreement. – An agreement between a vendor and
25 one or more states or state agencies providing that the parties may
26 collaboratively or collectively purchase information technology goods and
27 services in order to increase economies of scale and reduce costs.

28 (4) Department. – The Department of Information Technology.

29 (5) Distributed information technology assets. – Hardware, software, and
30 communications equipment not classified as traditional mainframe-based
31 items, including personal computers, local area networks, servers, mobile
32 computers, peripheral equipment, and other related hardware and software
33 items.

34 (6) Exempt agencies. – An entity designated as exempt in Part 1 of this Article.

35 (7) GDAC. – Government Data Analytics Center.

36 (8) GICC. – North Carolina Geographic Information Coordinating Council.

37 (9) Information technology or IT. – Set of tools, processes, and methodologies,
38 including, but not limited to, coding and programming, data
39 communications, data conversion, data analysis, architecture, planning,
40 storage and retrieval, systems analysis and design, systems control, mobile
41 applications, and associated equipment employed to collect, process, and
42 present information to support the operation of an organization. The term
43 also includes office automation, multimedia, telecommunications, and any
44 personnel and support personnel required for planning and operations.

45 (10) Information technology security incident. – A computer-, network-, or
46 paper-based activity that results directly or indirectly in misuse, damage,
47 denial of service, compromise of integrity, or loss of confidentiality of a
48 network, computer, application, or data.

49 (11) Local government entity. – A local political subdivision of the State,
50 including a city, a county, a local school administrative unit as defined in
51 G.S. 115C-5, or a community college.

1 (12) Participating agency. – Any agency that has transferred its information
2 technology personnel, operations, projects, assets, and funding to the
3 Department of Information Technology. The State CIO shall be responsible
4 for providing all required information technology support to participating
5 agencies.

6 (13) Separate agency. – Any agency that has maintained responsibility for its
7 information technology personnel, operations, projects, assets, and funding.
8 The agency head shall work with the State CIO to ensure that the agency has
9 all required information technology support.

10 (14) State agency or agency. – Any agency, department, institution, commission,
11 committee, board, division, bureau, office, unit, officer, or official of the
12 State. The term does not include the legislative or judicial branches of
13 government or The University of North Carolina.

14 (15) State Chief Information Officer or State CIO. – The head of the Department,
15 who is a Governor's cabinet level officer.

16 (b) Exemptions. – Except as otherwise specifically provided by law, the provisions of
17 this Chapter do not apply to the General Assembly, the Judicial Department, or The University
18 of North Carolina and its constituent institutions. The General Assembly, the Judicial
19 Department, or The University of North Carolina and its constituent institutions may elect to
20 participate in the information technology programs, services, or contracts offered by the
21 Department, including information technology procurement, in accordance with the statutes,
22 policies, and rules of the Department. Such an election must be made in writing, as follows:

23 (1) For the General Assembly, by the Legislative Services Commission.

24 (2) For the Judicial Department, by the Chief Justice.

25 (3) For The University of North Carolina, by the Board of Governors.

26 (4) For the constituent institutions of The University of North Carolina, by the
27 respective boards of trustees.

28 (c) Deviations. – Any State agency may apply in writing to the State Chief Information
29 Officer for approval to deviate from the provisions of this Chapter. If granted by the State Chief
30 Information Officer, any deviation shall be consistent with available appropriations and shall be
31 subject to such terms and conditions as may be specified by the State CIO.

32 (d) Review. – Notwithstanding subsection (b) of this section, any State agency shall
33 review and evaluate any deviation authorized and shall, in consultation with the Department of
34 Information Technology, adopt a plan to phase out any deviations that the State CIO
35 determines to be unnecessary in carrying out functions and responsibilities unique to the
36 agency having a deviation. The plan adopted by the agency shall include a strategy to
37 coordinate its general information processing functions with the Department of Information
38 Technology in the manner prescribed by this act, and provide for its compliance with policies,
39 procedures, and guidelines adopted by the Department of Information Technology. Any agency
40 receiving a deviation shall submit its plan to the Office of State Budget and Management as
41 directed by the State Chief Information Officer.

42 **"§ 143B-1301. Powers and duties of the Department; cost-sharing with exempt entities.**

43 (a) The Department shall have the following powers and duties:

44 (1) Provide information technology support to executive branch agencies.

45 (2) Provide such information technology support to local government entities
46 and others, as may be required.

47 (3) Plan and coordinate information technology efforts with State agencies,
48 nonprofits, and private organizations, as required.

49 (4) Establish a consistent process for planning, maintaining, and acquiring the
50 State's information technology resources. This includes responsibility for

- 1 developing and administering a comprehensive long-range plan to ensure the
2 proper management of the State's information technology resources.
- 3 (5) Develop standards and accountability measures for information technology
4 projects, including criteria for effective project management.
- 5 (6) Set technical standards for information technology, review and approve
6 information technology projects and budgets, establish information
7 technology security standards, provide for the procurement of information
8 technology resources, and develop a schedule for the replacement or
9 modification of information technology systems.
- 10 (7) Implement enterprise procurement processes and develop metrics to support
11 this process.
- 12 (8) Manage the information technology funding for State agencies, to include
13 the Information Technology Fund for statewide information technology
14 efforts and the Information Technology Internal Service Fund for agency
15 support functions.
- 16 (9) Support, maintain, and develop metrics for the State's technology
17 infrastructure and facilitate State agencies' delivery of services to citizens.
- 18 (10) Operate as the State enterprise organization for information technology
19 governance.
- 20 (11) Advance the State's technology and data management capabilities.
- 21 (12) Prepare and present the Department's budget in accordance with Chapter
22 143C of the General Statutes, the State Budget Act.
- 23 (13) Obtain, review, and maintain, on an ongoing basis, records of the
24 appropriations, allotments, expenditures, revenues, grants, and federal funds
25 for each State agency for information technology.
- 26 (14) Adopt rules for the administration of the Department and implementing this
27 Article, pursuant to the Administrative Procedures Act, Chapter 150B of the
28 General Statutes.
- 29 (15) Require reports by State agencies, departments, and institutions about
30 information technology assets, systems, personnel, and projects and
31 prescribing the form of such reports.
- 32 (16) Prescribe the manner in which information technology assets, systems, and
33 personnel shall be provided and distributed among agencies, to include
34 changing the distribution when the State CIO determines that is necessary.
- 35 (17) Prescribe the manner of inspecting or testing information technology assets,
36 systems, or personnel to determine compliance with information technology
37 plans, specifications, and requirements.
- 38 (18) Submit all rates and fees for common, shared, and State government-wide
39 technology services provided by the Department to the Office of State
40 Budget and Management for approval.
- 41 (19) Establish and operate centers of expertise for specific information
42 technologies and services to serve two or more agencies on a cost-sharing
43 basis, if the State CIO, after consultation with the Office of State Budget and
44 Management, decides it is advisable from the standpoint of efficiency and
45 economy to establish these centers and services.
- 46 (20) Charge each State agency for which services are performed its proportionate
47 part of the cost of maintaining and operating the shared centers and services,
48 subject to approval by the Office of State Budget and Management.
- 49 (21) Require any State agency served to transfer to the Department ownership,
50 custody, or control of information-processing equipment, supplies, and
51 positions required by the shared centers and services.

- 1 (22) Identify and develop projects to facilitate the consolidation of information
2 technology equipment, support, and projects.
- 3 (23) Identify agency to serve as the lead for an enterprise effort, when
4 appropriate.
- 5 (24) Develop performance standards for shared services in coordination with
6 supported State agencies, and publish performance reports on the
7 Department Web site.
- 8 (25) Adopt plans, policies, and procedures for the acquisition, management, and
9 use of information technology resources in State agencies to facilitate more
10 efficient and economic use of information technology in the agencies.
- 11 (26) Develop and manage career progressions and training programs to
12 efficiently implement, use, and manage information technology resources
13 throughout State government.
- 14 (27) Provide local government entities with access to the Department's services as
15 authorized in this section for State agencies. Access shall be provided on the
16 same cost basis that applies to State agencies.
- 17 (28) Support the operation of the CGIA, GICC, GDAC, CJIN, and 911 Board.
- 18 (29) Provide geographic information systems services through the Center for
19 Geographic Information and Analysis on a cost recovery basis. The
20 Department and the Center for Geographic Information and Analysis may
21 contract for funding from federal or other sources to conduct or provide
22 geographic information systems services for public purposes.
- 23 (30) Support the development, implementation, and operation of an Education
24 Community of Practice.

25 (b) Cost-Sharing with Other Branches. – Notwithstanding any other provision of law to
26 the contrary, the Department shall provide information technology services on a cost-sharing
27 basis to exempt agencies, upon request.

28 **"§ 143B-1302. State CIO duties and Departmental administration.**

29 (a) State CIO. – The State CIO is the head of the Department and a member of the
30 Governor's cabinet. The State CIO shall be qualified by education and experience for the office.
31 The State CIO shall be appointed by and serve at the pleasure of the Governor. The salary of
32 the State CIO shall be set by the Governor. The State CIO shall receive longevity pay on the
33 same basis as is provided to employees of the State who are subject to the North Carolina
34 Human Resources Act.

35 (b) Administration. – The Department shall be managed under the administration of the
36 State CIO. The State CIO shall have the power and duty to do all of the following:

- 37 (1) Ensure that executive branch agencies receive all required information
38 technology support in an efficient and timely manner.
- 39 (2) Ensure that such information technology support is provided to local
40 government entities and others, as appropriate.
- 41 (3) As required, plan and coordinate information technology efforts with State
42 agencies, nonprofits, and private organizations.
- 43 (4) Ensure the security of State information technology systems and networks,
44 as well as associated data, developing standardized systems and processes.
- 45 (5) Prepare and present the Department's budget in accordance with Chapter
46 143C of the General Statutes, the State Budget Act.
- 47 (6) Establish rates for all goods and services provided by the Department within
48 required schedules.
- 49 (7) Identify and work to consolidate duplicate information technology
50 capabilities.

- 1 (8) Identify and develop plans to increase State data center efficiencies,
2 consolidating assets in State-managed data centers.
- 3 (9) Plan for and manage State network development and operations.
- 4 (10) Centrally classify, categorize, manage, and protect the State's data.
- 5 (11) Obtain, review, and maintain, on an ongoing basis, records of the
6 appropriations, allotments, expenditures, and revenues of each State agency
7 for information technology.
- 8 (12) Be responsible for developing and administering a comprehensive
9 long-range plan to ensure the proper management of the State's information
10 technology resources.
- 11 (13) Set technical standards for information technology, review and approve
12 information technology projects and budgets, establish information
13 technology security standards, provide for the procurement of information
14 technology resources, and develop a schedule for the replacement or
15 modification of information technology systems.
- 16 (14) Require reports by State departments, institutions, or agencies of information
17 technology assets, systems, personnel, and projects; prescribe the form of
18 such reports; and verify the information when the State CIO determines
19 verification is necessary.
- 20 (15) Prescribe the manner in which information technology assets, systems, and
21 personnel shall be provided and distributed among agencies.
- 22 (16) Establish and maintain a program to provide career management for
23 information technology professionals.
- 24 (17) Prescribe the manner of inspecting or testing information technology assets,
25 systems, or personnel to determine compliance with information technology
26 plans, specifications, and requirements.
- 27 (18) Supervise and support the operations of the CGIA, GICC, GDAC, CJIN, and
28 911 Board.
- 29 (19) Oversee and coordinate an Education Community of Practice.
- 30 (c) Budgetary Matters. – The Department's budget shall incorporate information
31 technology costs and anticipated expenditures of State agencies identified as principal
32 departments in G.S. 143B-6, together with all divisions, boards, commissions, or other State
33 entities for which the principal departments have budgetary authority.
- 34 (d) Cost-Sharing with Other Branches. – Notwithstanding any other provision of law,
35 the Department shall provide information technology services on a cost-sharing basis to the
36 judicial branch as requested by the Chief Justice and to the General Assembly and its agencies
37 as requested by the Legislative Services Commission.
- 38 **§ 143B-1303. Divisions and units of the Department.**
- 39 (a) The Department shall be organized into at least the following divisions and units:
- 40 (1) Statewide Information Technology Division.
- 41 (2) Shared Services Division.
- 42 (3) Administrative and Finance Division.
- 43 (b) Statewide Information Technology Division. – There is hereby created within the
44 Department the Statewide Information Technology Division. The functions of the Statewide
45 Information Technology Division shall include, but are not limited to, the following:
- 46 (1) Statewide strategic planning.
- 47 (2) Statewide information technology procurement.
- 48 (3) Information technology project management.
- 49 (4) Statewide information technology strategies and standards (enterprise
50 architecture).
- 51 (5) Data analytics.

1 (6) Digital support to include Web support, mobile support, and social media
2 support (State portal).

3 (7) Solution architecture.

4 (8) Requirements analysis.

5 (c) Shared Services Division. – There is hereby created within the Department the
6 Shared Services Division. The Shared Services Division shall provide services to State
7 agencies as well as local government entities on a cost recovery basis. These services include
8 the following:

9 (1) Network Infrastructure.

10 (2) Hosting Infrastructure.

11 (3) Telephony and call center services.

12 (4) Client computing.

13 (5) Electronic mail.

14 (6) Identity Management.

15 (7) Quality assurance testing.

16 (8) Document management.

17 (9) Project management staffing.

18 (10) Primary and secondary data centers operation.

19 (d) Administration and Finance Division. – There is hereby created within the
20 Department the Administration and Finance Division. The Administration and Finance
21 Division shall provide:

22 (1) Financial management services, including handling the Department's
23 budgeting, accounting, purchasing, rate-setting, and billing functions.

24 (2) Agency information management, including asset management, agency IT
25 security, billing systems, and Department-specific tools and applications.

26 (3) Administrative support.

27 (4) Facilities management.

28 (5) Internal auditing.

29 (6) Boards administration.

30 (e) Education Community of Practice. – There is established an Education Community
31 of Practice to promote collaboration and create efficiencies between and among The University
32 of North Carolina system, the North Carolina Community Colleges System Office, the
33 constituent institutions of the Community College System the Department of Public
34 Instruction, and local school administrative units.

35 (f) Other Units. – Other units of the Department include the following:

36 (1) Center for Geographic Information and Analysis.

37 (2) Criminal Justice Information Network.

38 (3) Government Data Analytics Center.

39 (4) North Carolina 911 Board.

40 (5) North Carolina Geographic Information Coordinating Council.

41 **"§ 143B-1304. State agency information technology management; deviations for State**
42 **agencies.**

43 Each State agency shall have tools and applications specific to their respective functions in
44 order to effectively and efficiently carry out the business of the State with respect to all of the
45 following:

46 (1) Administrative support.

47 (2) Facilities management.

48 (3) Internal auditing.

49 (4) Boards administration.

50 (5) Departmental policies and procedures.

51 **"§ 143B-1305. Transition to Department of Information Technology.**

1 (a) Transition Period. – During the 2015-2016 fiscal year, the State CIO shall work
2 with appropriate State agencies to develop a State business plan. The State CIO shall develop
3 documentation to support the consolidation of enterprise information technology functions
4 within the executive branch to include the following:

- 5 (1) Information technology architecture.
- 6 (2) Updated State information technology strategic plan that reflects State and
7 agency business plans and the State information technology architecture.
- 8 (3) Information technology funding process to include standardized, transparent
9 rates that reflect market costs for information technology requirements.
- 10 (4) Information technology personnel management.
- 11 (5) Information technology project management.
- 12 (6) Information technology procurement.
- 13 (7) Hardware configuration and management.
- 14 (8) Software acquisition and management.
- 15 (9) Data center operations.
- 16 (10) Network operations.
- 17 (11) System and data security, including disaster recovery.
- 18 (12) Establishment, implementation, and monitoring of verifiable, industry
19 standard Department performance measures for support to both participating
20 agencies and nonparticipating agencies available on the agency Web site.

21 Each plan shall include specific, quantifiable performance measures. These performance
22 measures shall be posted on the Department's Web site. The Department's plans shall include
23 mitigation strategies to resolve any failure to meet established performance measures. These
24 plans shall be provided to the Joint Legislative Oversight Committee on Information
25 Technology and the Fiscal Research Division by March 1, 2016.

26 (b) Phased Transitions. – The State CIO shall develop detailed plans for the phased
27 transition of Principal Departments to the Department, as well as a plan that defines in detail
28 how information technology support shall be provided to agencies that are not Principal
29 Departments. These plans shall be coordinated, in writing, with each agency and shall address
30 any issues unique to a specific agency.

31 (c) Pilot Participating Agencies. – During the 2015-2016 fiscal year, after completion
32 of detailed plans for each agency, the following pilot participating agencies shall transfer
33 information technology personnel, operations, projects, assets, and appropriate funding to the
34 Department of Information Technology:

- 35 (1) Department of Public Safety.
- 36 (2) Governor's Office.
- 37 (3) Department of Environment and Natural Resources.
- 38 (4) Office of State Budget and Management.
- 39 (5) Office of State Human Resources.
- 40 (6) Department of Cultural Resources.
- 41 (7) Department of Commerce.

42 After integration of the pilot participating agencies, the State CIO shall identify lessons
43 learned during the pilot, update plans to reflect needed changes, and provide both the lessons
44 learned documents and the updated plans to Joint Legislative Oversight Committee on
45 Information Technology and the Fiscal Research Division. Upon successful transition of the
46 pilot participating agencies, the State CIO may add additional agencies during the 2016-2017
47 fiscal year.

48 (d) Final State Agencies to Transition. – During the 2016-2017 fiscal year, all
49 remaining principal departments shall transfer to the Department all information technology
50 personnel, operations, projects, assets, and funding.

1 The State CIO shall ensure that agencies' operations are not impacted during the transition.
2 Within 48 hours of occurrence, the State CIO and the affected agency shall report any impact
3 on agency operations resulting from the transition to the new Department to the Joint
4 Legislative Oversight Committee on Information Technology and the Fiscal Research Division.

5 The State CIO shall develop a plan to transition all remaining State agencies to the
6 Department during the 2017-2019 biennium, provided that no constitutional provision is
7 violated by the transition.

8 "Part 2. Information Technology Planning, Funding, and Reporting.

9 **"§ 143B-1306. Planning and financing State information technology resources.**

10 (a) The State CIO shall develop policies for agency information technology planning
11 and financing. Agencies shall prepare and submit such plans as required in this section.

12 (1) The Department shall analyze the State's legacy information technology
13 systems and develop a plan to document the needs and costs for replacement
14 systems, as well as determining and documenting the time frame during
15 which State agencies can continue to efficiently use legacy information
16 technology systems, resources, security, and data management to support
17 their operations. The plan shall include an inventory of legacy applications
18 and infrastructure, required capabilities not available with the legacy system,
19 the process, time line, and cost to migrate from legacy environments, and
20 any other information necessary for fiscal or technology planning. The State
21 CIO shall have the authority to prioritize the upgrade and replacement of
22 legacy systems. Agencies shall provide all requested documentation to
23 validate reporting on legacy systems and shall make the systems available
24 for inspection by the Department.

25 (2) The State CIO shall develop a biennial State Information Technology Plan
26 (Plan).

27 (3) The State CIO shall develop and periodically update a long-range State
28 Information Technology Plan that forecasts, at a minimum, the needs of
29 State agencies for the next 10 years.

30 (4) The State CIO shall develop one or more strategic plans for information
31 technology. The State CIO shall determine whether strategic plans are
32 needed for any agency and shall consider an agency's operational needs,
33 functions, and capabilities when making such determinations.

34 (b) The biennial State Information Technology Plan shall be transmitted to the General
35 Assembly in conjunction with the Governor's budget of each regular session. The Plan shall
36 include the following elements:

37 (1) Anticipated requirements for information technology support over the next
38 five years.

39 (2) An inventory of current information technology assets and major projects.
40 As used in this subdivision, the term "major project" includes projects
41 costing more than five hundred thousand dollars (\$500,000) to implement.

42 (3) Significant unmet needs for information technology resources over a
43 five-year time period. The Plan shall rank the unmet needs in priority order
44 according to their urgency.

45 (4) A statement of the financial requirements, together with a recommended
46 funding schedule for major projects in progress or anticipated for approval
47 during the upcoming fiscal biennium.

48 (5) An analysis of opportunities for statewide initiatives that would yield
49 significant efficiencies or improve effectiveness in State programs.

50 (c) Each participating agency shall actively participate in preparing, testing, and
51 implementing an information technology plan required under subsection (b) of this section.

1 Separate agencies shall prepare biennial information technology plans including the
2 requirements listed in subsection (b) and transmit these plans to the State CIO by October 1 of
3 each even-numbered year. Agencies shall provide all financial information to the State CIO
4 necessary to determine full costs and expenditures for information technology assets and
5 resources provided by the agencies or through contracts or grants. The Department shall consult
6 with and assist State agencies in the preparation of these plans; shall provide appropriate
7 personnel or other resources to the principal departments identified in G.S. 143B-6; and to
8 Council of State agencies upon request pursuant to Part 3, Shared Information Technology
9 Services, of this Article. Plans shall be submitted to the State CIO of Information Technology
10 by October 1 of each even-numbered year.

11 **"§ 143B-1307. Business continuity planning.**

12 The State CIO shall oversee the manner and means by which information technology
13 business and disaster recovery plans for the State agencies are created, reviewed, and updated.
14 Each State agency shall establish a disaster recovery planning team to work with the
15 Department, or other resources designated by the State CIO, to develop the disaster recovery
16 plan and to administer implementation of the plan. In developing the plan, all of the following
17 shall be completed:

- 18 (1) Consider the organizational, managerial, and technical environments in
19 which the disaster recovery plan must be implemented.
- 20 (2) Assess the types and likely parameters of disasters most likely to occur and
21 the resultant impacts on the agency's ability to perform its mission.
- 22 (3) List protective measures to be implemented in anticipation of a natural or
23 man-made disaster.
- 24 (4) Determine whether the plan is adequate to address information technology
25 security incidents.

26 Each State agency shall submit its disaster recovery plan to the State CIO on an annual
27 basis and as otherwise requested by the State CIO.

28 **"§ 143B-1308. Information Technology Fund.**

29 There is established a special revenue fund to be known as the Information Technology
30 Fund, which may receive transfers or other credits as authorized by the General Assembly.
31 Money may be appropriated from the Information Technology Fund to support the operation
32 and administration that meet statewide requirements, including planning, project management,
33 security, electronic mail, State portal operations, early adoption of enterprise efforts, and the
34 administration of systemwide procurement procedures. Funding for principal agency
35 information technology projects shall be appropriated to the Information Technology Fund and
36 may be reallocated by the State CIO, if appropriate, following coordination with the impacted
37 agencies and written approval by the Office of State Budget and Management. Any redirection
38 of agency funds shall immediately be reported to the Joint Legislative Oversight Committee on
39 Information Technology and the Fiscal Research Division with a detailed explanation of the
40 reasons for the redirection. Expenditures involving funds appropriated to the Department from
41 the Information Technology Fund shall be made by the State CIO. Interest earnings on the
42 Information Technology Fund balance shall be credited to the Information Technology Fund.

43 **"§ 143B-1309. Internal Service Fund.**

44 (a) The Internal Service Fund is established within the Department as a fund to provide
45 goods and services to State agencies on a cost-recovery basis. The Department shall establish
46 fees for subscriptions and chargebacks for consumption-based services. The State CIO shall
47 establish and annually update consistent, fully transparent, easily understandable fees and rates
48 that reflect industry standards for any good or service for which an agency is charged. These
49 fees and rates shall be prepared by October 1 and shall be approved by the Office of State
50 Budget and Management. The Office of State Budget and Management shall ensure that State
51 agencies have the opportunity to adjust their budgets based on any rate or fee changes prior to

1 submission of those budget recommendations to the General Assembly. The approved
2 Information Technology Internal Service Fund budget and associated rates shall be included in
3 the Governor's budget recommendations to the General Assembly.

4 (b) Receipts shall be used solely for the purpose for which they were collected. Any
5 uses of the Information Technology Internal Service Fund not specifically related to providing
6 receipt-supported services to State agencies shall immediately be reported to the Joint
7 Legislative Oversight Committee on Information Technology and the Fiscal Research Division.

8 (c) In coordination with the Office of the State Controller and the Office of State
9 Budget Management, the State CIO shall ensure processes are established to manage federal
10 receipts, maximize those receipts, and ensure that federal receipts are correctly utilized. By
11 September 1 of each year, the State CIO shall certify that federal receipts for participating
12 agency information technology programs have been properly used during the previous State
13 fiscal year.

14 **"§ 143B-1310. Information technology reporting.**

15 The State CIO shall report to the Joint Legislative Oversight Committee on Information
16 Technology and to the Fiscal Research Division regarding the Information Technology Fund,
17 the Internal Service Fund, and any Information Technology Reserve Fund on a quarterly basis,
18 no later than the first day of the second month following the end of the quarter. The report shall
19 include current cash balances, line-item detail on expenditures from the previous quarter, and
20 anticipated expenditures and revenues over the next year, by quarter. The State CIO shall report
21 to the Joint Legislative Oversight Committee on Information Technology and the Fiscal
22 Research Division on expenditures for the upcoming quarter, projected year-end balance, and
23 the status report on personnel position changes, including new positions created and existing
24 positions eliminated. Spending reports shall comply with the State Accounting System object
25 codes.

26 **"§ 143B-1311. Financial reporting and accountability for information technology**
27 **investments and expenditures.**

28 The Department, along with the Office of State Budget and Management and the Office of
29 the State Controller, shall develop processes for budgeting and accounting of expenditures for
30 information technology operations, services, projects, infrastructure, and assets for State
31 agencies, notwithstanding any deviations permitted pursuant to G.S. 143B-1303(b) or
32 G.S. 143B-1303(c). The budgeting and accounting processes may include hardware, software,
33 personnel, training, contractual services, and other items relevant to information technology,
34 and the sources of funding for each. Annual reports regarding information technology shall be
35 coordinated by the Department with the Office of State Budget and Management and the Office
36 of the State Controller and submitted to the Governor and the General Assembly on or before
37 October 1 of each year.

38 The State CIO shall not enter into any information technology contracts requiring agency
39 financial participation without obtaining written agreement from participating agencies
40 regarding apportionment of the contract costs.

41 The State CIO shall review the information technology budgets for principal departments
42 and shall recommend appropriate adjustments to support requirements identified by the State
43 CIO.

44 **"§ 143B-1312. Information technology human resources.**

45 (a) The State CIO may appoint all employees of the Department of Information
46 Technology necessary to carry out the powers and duties of the Department. All employees of
47 the Department are under the supervision, direction, and control of the State CIO, who may
48 assign any function vested in his or her office to any subordinate employee of the Department.

49 (b) The State CIO may appoint a deputy State CIO for each of the three divisions within
50 the Department, each of whom shall be under the control and direction of the State CIO. The

1 salaries of the deputy secretaries shall be set by the State CIO. The State CIO and the deputy
2 secretaries are exempt from the North Carolina Human Resources Act.

3 (c) Subject to approval of the Governor and limitations of G.S. 126-5, the State CIO
4 may appoint or designate additional managerial and policymaking positions, including, but not
5 limited to, the chief financial officer, and general counsel, who shall be exempt from the North
6 Carolina Human Resources Act.

7 (d) The State CIO shall establish a detailed, standardized, systemic plan for the
8 transition of participating agency personnel to the new organization. This shall include the
9 following:

- 10 (1) Documentation of current information technology personnel requirements.
- 11 (2) An inventory of current agency information technology personnel and their
12 skills.
- 13 (3) Analysis and documentation of the gaps between current personnel and
14 identified requirements.
- 15 (4) An explanation of how the Department plans to fill identified gaps.
- 16 (5) The Department's plan to eliminate positions no longer required.
- 17 (6) The Department's plan for employees whose skills are no longer required.

18 For each person to be transferred, the State CIO shall identify a designated position with a
19 job description, determine the cost for the position, identify funding sources, and establish a
20 standardized rate.

21 (e) Participating agency information technology personnel performing information
22 technology functions shall be moved to the Department. The State CIO shall consolidate
23 participating agency information technology personnel following the time line established in
24 this Article once a detailed plan has been developed for transitioning the personnel to the new
25 agency.

26 (f) The State CIO shall establish standard information technology career paths for both
27 management and technical tracks, including defined qualifications, career progression, training
28 requirements, and appropriate compensation. For information technology procurement
29 professionals, the State CIO shall establish a career path that includes defined qualifications,
30 career progression, training requirements, and appropriate compensation. These career paths
31 shall be documented by December 1, 2015, and shall be provided to the Joint Legislative
32 Oversight Committee on Information Technology and the Fiscal Research Division by
33 December 1, 2015. The career paths shall be updated on an annual basis.

34 (g) The State CIO may, subject to the provisions of G.S. 147-64.7(b)(2), obtain the
35 services of independent public accountants, qualified management consultants, and other
36 professional persons or experts to carry out the powers and duties of this Article, if the
37 Department does not have any personnel qualified to perform the function for which the
38 professionals would be engaged and if the requirement has been included in the Department's
39 budget for the year in which the services are required.

40 (h) Criminal Records Checks. – The State CIO shall require background investigations
41 of any employee or prospective employee, including a criminal history record check, which
42 may include a search of the State and National Repositories of Criminal Histories based on the
43 person's fingerprints. A criminal history record check shall be conducted by the State Bureau of
44 Investigation upon receiving fingerprints and other information provided by the employee or
45 prospective employee. If the employee or prospective employee has been a resident of the State
46 for less than five years, the background report shall include a review of criminal information
47 from both the State and National Repositories of Criminal Histories. The criminal background
48 report shall be provided to the State CIO and is not a public record under Chapter 132 of the
49 General Statutes.

50 "Part 3. Information Technology Projects and Management.

51 "§ 143B-1318. Project Management.

1 (a) Overall Management. – All information technology projects shall be managed
2 through a standardized, fully documented process established and overseen by the State CIO.
3 The State CIO shall be responsible for ensuring that participating agency information
4 technology projects are completed on time, within budget, and meet all defined business
5 requirements upon completion. For separate agency projects, the State CIO shall ensure that
6 projects follow the Department's established process and shall monitor schedule, budget, and
7 adherence to business requirements. For all projects, the State CIO shall establish procedures to
8 limit the need for change requests and shall report on this process to the Joint Legislative
9 Oversight Committee on Information Technology and the Fiscal Research Division by October
10 1, 2015. The State CIO shall also ensure that agency information technology project
11 requirements are documented in biennial information technology plans. If an agency updates a
12 biennial information technology plan to add a new project, the State CIO shall immediately
13 report to the Joint Legislative Oversight Committee on Information Technology and the Fiscal
14 Research Division on the reasons for the new requirement, the costs, and the sources of
15 funding.

16 (b) Project Review and Approval. – The State CIO shall review, approve, and monitor
17 all information technology projects for State agencies and shall be responsible for the efficient
18 and timely management of all information technology projects for participating agencies.
19 Project approval may be granted upon the State CIO's determination that the project conforms
20 to project management procedures and policies, does not duplicate a capability already existing
21 in the State, conforms to procurement rules and policies, and that sufficient funds are available.

22 (c) Project Implementation. – No State agency, unless expressly exempt within this
23 Article, shall proceed with an information technology project until the State CIO approves the
24 project. If a project is not approved, the State CIO shall specify in writing to the agency the
25 grounds for denying the approval. The State CIO shall provide this information to the agency
26 and the Office of State Budget and Management within five business days of the denial.

27 (d) Suspension of Approval/Cancellation of Projects. – The State CIO of Information
28 Technology may suspend the approval of, or cancel, any information technology project that
29 does not continue to meet the applicable quality assurance standards. The State CIO shall
30 immediately suspend approval of, or cancel, any information technology project that is initiated
31 without State CIO approval. Any project suspended or cancelled because of lack of State CIO
32 approval cannot proceed until it completes all required project management documentation and
33 meets criteria established by the State CIO for project approval, to include a statement from the
34 State CIO that the project does not duplicate capabilities that already exist within the executive
35 branch. If the State CIO suspends or cancels a project, the State CIO shall specify in writing to
36 the agency the grounds for suspending or cancelling the approval. The State CIO shall provide
37 this information to the agency within five business days of the suspension.

38 The Department shall report any suspension or cancellation immediately to the Office of
39 the State Controller, the Office of State Budget and Management, the Joint Legislative
40 Oversight Committee on Information Technology, and the Fiscal Research Division. The
41 Office of State Budget and Management shall not allow any additional expenditure of funds for
42 a project that is no longer approved by the State CIO of Information Technology.

43 (e) General Quality Assurance. – Information technology projects authorized in
44 accordance with this Article shall meet all project standards and requirements established under
45 this Part.

46 (f) Performance Contracting. – All contracts between the State and a private party for
47 information technology projects shall include provisions for vendor performance review and
48 accountability, contract suspension or termination, and termination of funding. The State CIO
49 may require that these contract provisions include a performance bond, monetary penalties, or
50 require other performance assurance measures for projects that are not completed within the
51 specified time period or that involve costs in excess of those specified in the contract. The State

1 CIO may utilize cost-savings realized on government vendor partnerships as performance
2 incentives for an information technology vendor.

3 (g) Notwithstanding the provisions of G.S. 114-2.3, any State agency developing and
4 implementing an information technology project with a total cost of ownership in excess of five
5 million dollars (\$5,000,000) may be required by the State CIO to engage the services of private
6 counsel or subject matter experts with the appropriate information technology expertise. The
7 private counsel or subject matter expert may review requests for proposals; review and provide
8 advice and assistance during the evaluation of proposals and selection of any vendors; and
9 review and negotiate contracts associated with the development, implementation, operation,
10 and maintenance of the project. This requirement may also apply to information technology
11 programs that are separated into individual projects, if the total cost of ownership for the
12 overall program exceeds five million dollars (\$5,000,000).

13 **"§ 143B-1319. Project management standards.**

14 (a) The State CIO shall establish standardized documentation requirements for agency
15 projects to include requests for proposal and contracts. The State CIO shall establish standards
16 for project managers and project management assistants. The State CIO shall develop
17 performance measures for project reporting and shall make this reporting available through a
18 publicly accessible Web site.

19 (b) Participating Agency Responsibilities. – The State CIO shall designate a Project
20 Manager who shall select qualified personnel from the Department staff to participate in IT
21 project management, implementation, testing, and other activities for any information
22 technology project. The Project Manager shall provide periodic reports to the project
23 management assistant assigned to the project by the State CIO under subsection (b) of this
24 section. The reports shall include information regarding the agency's business requirements,
25 applicable laws and regulations, project costs, issues related to hardware, software, or training,
26 projected and actual completion dates, and any other information related to the implementation
27 of the information technology project.

28 (c) Separate Agency Responsibilities. – Each agency shall provide for one or more
29 project managers who meet the applicable quality assurance standards for each information
30 technology project that is subject to approval by the State CIO. Each project manager shall be
31 subject to the review and approval of the State CIO. Each agency project manager shall provide
32 periodic reports to the project management assistant assigned to the project by the State CIO
33 under this subsection. The reports shall include information regarding project costs, issues
34 related to hardware, software, or training, projected and actual completion dates, and any other
35 information related to the implementation of the information technology project.

36 (d) State CIO Responsibilities. – The State CIO of Information Technology shall
37 provide a project management assistant from the Department for any approved separate agency
38 project, whether the project is undertaken in single or multiple phases or components. The State
39 CIO may designate a project management assistant for any other information technology
40 project.

41 The project management assistant shall advise the agency with the initial planning of a
42 project, the content and design of any request for proposals, contract development,
43 procurement, and architectural and other technical reviews. The project management assistant
44 shall also monitor progress in the development and implementation of the project and shall
45 provide status reports to the agency and the State CIO of Information Technology, including
46 recommendations regarding continued approval of the project.

47 The State CIO shall establish a clearly defined, standardized process for project
48 management that includes timelines for completion of process requirements for both the
49 Department and agencies. The State CIO shall also establish reporting requirements for
50 information technology projects, both during the planning, development, and implementation
51 process, and following completion of the project. The State CIO shall continue to monitor

1 system performance and financial aspects of each project after implementation and shall report
2 to the Joint Legislative Oversight Committee on Information Technology and the Fiscal
3 Research Division when there is more than a five percent (5%) variance in a completed
4 project's operations and maintenance costs or if a project does not provide the forecasted return
5 on investment. The State CIO shall also monitor any certification process required for State
6 information technology projects and shall immediately report any issues associated with
7 certification processes to the Joint Legislative Oversight Committee on Information
8 Technology and the Fiscal Research Division.

9 **"§ 143B-1320. Dispute resolution.**

10 (a) Agency Request for Review. – In any instance where the State CIO has denied or
11 suspended the approval of an information technology project, has cancelled the project, or has
12 denied an agency's request for deviation, the affected State agency may request that the
13 Governor review the State CIO's decision. The agency shall submit a written request for review
14 to the Governor within 15 working days following the agency's receipt of the State CIO's
15 written grounds for denial, suspension, or cancellation. The agency's request for review shall
16 specify the grounds for its disagreement with the State CIO's determination. The agency shall
17 include with its request for review a copy of the State CIO's written grounds for denial or
18 suspension.

19 (b) Review Process. – The Governor shall review the information provided and may
20 request additional information from either the agency or the State CIO. The Governor may
21 affirm, reverse, or modify the decision of the State CIO, or may remand the matter back to the
22 State CIO for additional findings. Within 30 days after initial receipt of the agency's request for
23 review, the Governor shall notify the agency and the State CIO of the decision in the matter.
24 The notification shall be in writing and shall specify the grounds for the Governor's decision.

25 The Governor may reverse or modify a decision of the State CIO when the Governor finds
26 the decision of the State CIO is unsupported by substantial evidence that the agency project
27 fails to meet one or more standards of efficiency and quality of State government information
28 technology as required under this Article.

29 **"§ 143B-1321. Standardization.**

30 The State CIO shall establish consistent standards for the purchase of agency hardware and
31 software that reflect identified, documented agency needs.

32 **"§ 143B-1322. Legacy applications.**

33 Legacy applications shall be moved to the Department once a detailed plan, coordinated
34 with the impacted agencies, is in place for the successful transition of a specific application to
35 the Department. The State CIO must provide a written statement that the Department is
36 prepared to assume responsibility for the application and that there will be no issues with
37 service during the transition. A copy of this statement shall be forwarded to the Review
38 Committee, the Joint Legislative Oversight Committee on Information Technology, and the
39 Fiscal Research Division prior to the transition of an application.

40 The Department shall identify situations where multiple agencies are using legacy systems
41 with similar capabilities and shall prepare plans to consolidate these systems. Initial
42 identification of similar capabilities shall be reported to the Joint Legislative Oversight
43 Committee on Information Technology and the Fiscal Research Division by March 1, 2016.
44 The initial report shall include a schedule for the consolidation. The report shall also include
45 the costs for operating and maintaining the current systems, the estimated costs for an
46 enterprise replacement system, and the operations and maintenance costs associated with an
47 enterprise system.

48 **"Part 4. Information Technology Procurement.**

49 **"§ 143B-1323. Procurement of information technology.**

50 (a) The State CIO is responsible for establishing policies and procedures for
51 information technology procurement for State agencies.

1 Notwithstanding any other provision of law, the Department shall procure all information
2 technology goods and services for participating agencies and shall approve information
3 technology procurements for separate agencies. The State CIO may cancel or suspend any
4 agency information technology procurement that occurs without State CIO approval. If an
5 agency procures information technology goods or services without State CIO approval, the
6 agency shall be responsible for identifying a funding source that is not associated with
7 information technology fund codes.

8 (b) The Department shall integrate technological review, current availability of the
9 capability, cost analysis, and procurement for all information technology needs of State
10 agencies in order to make procurement and implementation of technology more responsive,
11 efficient, and cost-effective. G.S. 143-135.9 shall apply to information technology
12 procurements.

13 (c) The Department shall, subject to the provisions of this Part, do all of the following
14 with respect to State information procurement:

15 (1) Purchase or contract for all information technology for participating State
16 agencies.

17 (2) Approve all technology purchases for separate agencies.

18 (3) Establish standardized, consistent processes, specifications, and standards
19 that shall apply to all information technology to be purchased, licensed, or
20 leased by State agencies and relating to information technology personal
21 services contract requirements for State agencies, including, but not limited
22 to, requiring convenience contracts to be rebid prior to termination without
23 extensions.

24 (4) Establish procedures to permit State agencies and local government entities
25 to use the General Services Administration (GSA) Cooperative Purchasing
26 Program to purchase information technology (i) awarded under General
27 Services Administration Supply Schedule 70 Information Technology and
28 (ii) from contracts under the GSA's Consolidated Schedule containing
29 information technology special item numbers.

30 (5) Establish procedures to permit State agencies and local government entities
31 to use other cooperative purchasing agreements.

32 (6) Comply with the State government-wide technical architecture, as required
33 by the State CIO.

34 (7) Utilize the purchasing benchmarks established by the State CIO of
35 Administration pursuant to G.S. 143-53.1.

36 (8) Provide strategic sourcing resources and detailed, documented planning to
37 compile and consolidate all estimates of information technology goods and
38 services needed and required by State agencies.

39 (9) Develop a process to provide a question and answer period for vendors prior
40 to procurements.

41 (d) Each State agency, separate agency, and participating agency shall furnish to the
42 State CIO when requested, and on forms as prescribed, estimates of all information technology
43 goods and services needed and required by such department, institution, or agency for such
44 periods in advance as may be designated by the State CIO. In addition to the report required, all
45 departments, institutions, or agencies of the State government shall furnish to the State CIO
46 when requested, and on forms as prescribed, actual expenditures for all goods and services
47 needed and required by the department, institution, or agency for such periods after the
48 expenditures have been made as may be designated by the State CIO.

49 (e) Confidentiality. – Contract information compiled by the Department shall be made a
50 matter of public record after the award of contract. Trade secrets, test data, similar proprietary

1 information, and security information protected under G.S. 132-6.1(c) or other law shall remain
2 confidential.

3 (f) Electronic Procurement. – The State CIO may authorize the use of the electronic
4 procurement system established by G.S. 143-48.3, or other systems, to conduct reverse auctions
5 and electronic bidding. For purposes of this Part, "reverse auction" means a real-time
6 purchasing process in which vendors compete to provide goods or services at the lowest selling
7 price in an open and interactive electronic environment. The vendor's price may be revealed
8 during the reverse auction. The Department may contract with a third-party vendor to conduct
9 the reverse auction. "Electronic bidding" means the electronic solicitation and receipt of offers
10 to contract. Offers may be accepted and contracts may be entered by use of electronic bidding.
11 All requirements relating to formal and competitive bids, including advertisement, seal, and
12 signature, are satisfied when a procurement is conducted or a contract is entered in compliance
13 with the reverse auction or electronic bidding requirements established by the Department.

14 (g) Bulk Purchasing. – The State CIO shall establish efficient, responsive procedures
15 for the procurement of information technology. The procedures may include aggregation of
16 hardware purchases, the use of formal bid procedures, restrictions on supplemental staffing,
17 enterprise software licensing, hosting, and multi-year maintenance agreements. The State CIO
18 may require agencies to submit information technology procurement requests on a regularly
19 occurring schedule each fiscal year in order to allow for bulk purchasing.

20 (h) All offers to contract, whether through competitive bidding or other procurement
21 method, shall be subject to evaluation and selection by acceptance of the most advantageous
22 offer to the State. Evaluation shall include best value, as the term is defined in
23 G.S. 143-135.9(a)(1); compliance with information technology project management policies,
24 compliance with information technology security standards and policies, substantial conformity
25 with the specifications and other conditions set forth in the solicitation.

26 (i) Exceptions. – In addition to permitted waivers of competition, the requirements of
27 competitive bidding shall not apply to information technology contracts and procurements:

28 (1) In cases of pressing need or emergency arising from a security incident.

29 (2) In the use of master licensing or purchasing agreements governing the
30 Department's acquisition of proprietary intellectual property.

31 Any exceptions shall immediately be reported to the Joint Legislative Oversight Committee
32 on Information Technology and the Fiscal Research Division.

33 (j) Information Technology Innovation Center. – The Department may operate a State
34 Information Technology Innovation Center (iCenter) to develop and demonstrate technology
35 solutions with potential benefit to the State and its citizens. The iCenter may facilitate the
36 piloting of potential solutions to State technology requirements. In operating the iCenter, the
37 State CIO shall ensure that all State laws, rules, and policies are followed.

38 Vendor participation in the iCenter shall not be construed to (i) create any type of preferred
39 status for vendors or (ii) abrogate the requirement that agency and statewide requirements for
40 information technology support, including those of the Department, are awarded based on a
41 competitive process that follows information technology procurement guidelines.

42 **§ 143B-1324. Restriction on State agency contractual authority with regard to**
43 **information technology.**

44 (a) All State agencies covered by this Article shall use contracts for information
45 technology to include enterprise licensing agreements and convenience contracts established by
46 the Department. The State CIO shall consult the agency heads and Agency Information
47 Technology Leaders prior to the initiation of any enterprise project or contract.
48 Notwithstanding any other statute, the authority of State agencies to procure or obtain
49 information technology shall be subject to compliance with the provisions of this Part.

50 (b) Notwithstanding any other provision of law, local governmental entities may use the
51 information technology programs, services, or contracts offered by the Department, including

1 information technology procurement, in accordance with the statutes, policies, and rules of the
2 Department.

3 Local governmental entities are not required to comply with otherwise applicable
4 competitive bidding requirements when using contracts established by the Department.

5 Any other State entities exempt from Part 3 or Part 5 of this Article may also use the
6 information technology programs, services, or contracts offered by the Department, including
7 information technology procurement, in accordance with the statutes, policies, and rules of the
8 Department.

9 **"§ 143B-1325. Unauthorized use of public purchase or contract procedures for private**
10 **benefit prohibited.**

11 (a) It is unlawful for any person, by the use of the powers, policies, or procedures
12 described in this Part or established hereunder, to purchase, attempt to purchase, procure, or
13 attempt to procure any property or services for private use or benefit.

14 (b) This prohibition shall not apply if:

15 (1) The State agency through which the property or services are procured had
16 theretofore established policies and procedures permitting such purchases or
17 procurement by a class or classes of persons in order to provide for the
18 mutual benefit of such persons and the department, institution, or agency
19 involved, or the public benefit or convenience; and

20 (2) Such policies and procedures, including any reimbursement policies, are
21 complied with by the person permitted thereunder to use the purchasing or
22 procurement procedures described in this Part or established thereunder.

23 (c) Any violation of this section is a Class 1 misdemeanor.

24 (d) Any employee or official of the State who violates this Part shall be liable to the
25 State to repay any amount expended in violation of this Part, together with any court costs.

26 **"§ 143B-1326. Financial interest of officers in sources of supply; acceptance of bribes.**

27 Neither the State CIO, any deputy State CIO, or any other policy-making or managerially
28 exempt personnel shall be financially interested, or have any personal beneficial interest, either
29 directly or indirectly, in the purchase of, or contract for, any information technology, nor in any
30 firm, corporation, partnership, or association furnishing any information technology to the State
31 government, or any of its departments, institutions, or agencies, nor shall any of these persons
32 or any other Department employee accept or receive, directly or indirectly, from any person,
33 firm, or corporation to whom any contract may be awarded, by rebate, gifts, or otherwise, any
34 money or anything of value whatsoever, or any promise, obligation, or contract for future
35 reward or compensation. Violation of this section is a Class F felony, and any person found
36 guilty of a violation of this section shall, upon conviction, be removed from State office or
37 employment.

38 **"§ 143B-1327. Certification that information technology bid submitted without collusion.**

39 The State CIO shall require bidders to certify that each bid on information technology
40 contracts overseen by the Department is submitted competitively and without collusion. False
41 certification is a Class I felony.

42 **"§ 143B-1328. Award review.**

43 (a) When the dollar value of a contract for the procurement of information technology
44 equipment, materials, and supplies exceeds the benchmark established by G.S. 143B-1317, an
45 award recommendation shall be submitted to the State CIO of Information Technology for
46 approval or other action. The State CIO shall promptly notify the agency or institution making
47 the recommendation, or for which the purchase is to be made, of the action taken.

48 (b) Prior to submission for review pursuant to this section for any contract for
49 information technology being acquired for the benefit of an agency authorized to deviate from
50 this Article pursuant to G.S. 143B-1302(b), the State CIO shall review and approve the
51 procurement to ensure compliance with the established processes, specifications, and standards

1 applicable to all information technology purchased, licensed, or leased in State government,
2 including established procurement processes, and compliance with the State government-wide
3 technical architecture and standards established by the State CIO.

4 (c) The State CIO shall provide a report of all contract awards approved through the
5 Statewide Procurement Office as indicated below. The report shall include the amount of the
6 award, the contract term, the award recipient, the using agency, and a short description of the
7 nature of the award, as follows:

8 (1) For contract awards greater than twenty-five thousand dollars (\$25,000), to
9 the cochairs of the Joint Legislative Oversight Committee on Information
10 Technology and the Fiscal Research Division on a monthly basis.

11 (2) For all contract awards outside the established purchasing system, to the
12 Department of Administration, Joint Legislative Oversight Committee on
13 Information Technology, and Fiscal Research Division on a quarterly basis.

14 **"§ 143B-1329. Attorney General contract assistance.**

15 At the request of the State CIO, the Attorney General shall provide legal advice and
16 services necessary to implement this Part.

17 **"§ 143B-1330. Purchase of certain computer equipment and televisions by State agencies**
18 **and governmental entities prohibited.**

19 (a) No State agency, local political subdivision of the State, or other public body shall
20 purchase computer equipment or televisions, as defined in G.S. 130A-309.131, or enter into a
21 contract with any manufacturer that the State CIO determines is not in compliance with the
22 requirements of G.S. 130A-309.134 or G.S. 130A-309.135 as determined from the list provided
23 by the Department of Environment and Natural Resources pursuant to G.S. 130A-309.138. The
24 State CIO shall issue written findings upon a determination of noncompliance. A determination
25 of noncompliance by the State CIO is reviewable under Article 3 of Chapter 150B of the
26 General Statutes.

27 (b) The Department shall make the list available to local political subdivisions of the
28 State and other public bodies. A manufacturer that is not in compliance with the requirements
29 of G.S. 130A-309.134 or G.S. 130A-309.135 shall not sell or offer for sale computer equipment
30 or televisions to the State, a local political subdivision of the State, or other public body.

31 **"§ 143B-1331. Refurbished computer equipment purchasing program.**

32 (a) The Department of Information Technology and the Department of Administration,
33 with the administrative support of the Information Technology Strategic Sourcing Office, shall
34 offer State and local governmental entities the option of purchasing refurbished computer
35 equipment from registered computer equipment refurbishers whenever most appropriate to
36 meet the needs of State and local governmental entities.

37 (b) State and local governmental entities shall document savings resulting from the
38 purchase of the refurbished computer equipment, including, but not limited to, the initial
39 acquisition cost as well as operations and maintenance costs. These savings shall be reported
40 quarterly to the Department of Information Technology.

41 (c) The Information Technology Strategic Sourcing Office shall administer the
42 refurbished computer equipment program by establishing a competitive purchasing process to
43 support this initiative that meets all State information technology procurement laws and
44 procedures and ensures that agencies receive the best value.

45 (d) Participating computer equipment refurbishers must meet all procurement
46 requirements established by the Department of Information Technology and the Department of
47 Administration.

48 **"§ 143B-1332. Configuration and specification requirements same as for new computers.**

49 Refurbished computer equipment purchased under this act must conform to the same
50 standards as the State may establish as to the configuration and specification requirements for
51 the purchase of new computers.

1 **"§ 143B-1333. Data on reliability and other issues; report.**

2 The Department of Information Technology shall maintain data on equipment reliability,
3 potential cost-savings, and any issues associated with the refurbished computer equipment
4 initiative and shall report the results of the initiative to the Joint Legislative Oversight
5 Committee on Information Technology and the Fiscal Research Division by March 1, 2016,
6 and then quarterly thereafter.

7 **"§ 143B-1334. Information technology procurement policy; reporting requirements.**

8 (a) Policy. – In order to further the policy of the State to encourage and promote the use
9 of small, minority, physically handicapped, and women contractors in State purchasing of
10 goods and services, all State agencies shall cooperate with the Department in efforts to
11 encourage the use of small, minority, physically handicapped, and women contractors in
12 achieving the purposes of this Article, which is to provide for the effective and economical
13 acquisition, management, and disposition of information technology.

14 (b) Bids. – A vendor submitting a bid shall disclose in a statement, provided
15 contemporaneously with the bid, where services will be performed under the contract sought,
16 including any subcontracts and whether any services under that contract, including any
17 subcontracts, are anticipated to be performed outside the United States. Nothing in this section
18 is intended to contravene any existing treaty, law, agreement, or regulation of the United States.
19 The State CIO shall retain the statements required by this subsection regardless of the State
20 entity that awards the contract and shall report annually to the Secretary of Administration on
21 the number of contracts which are anticipated to be performed outside the United States.

22 (c) Reporting. – Every State agency that makes a direct purchase of information
23 technology using the services of the Department shall report directly to the Department of
24 Administration all information required by G.S. 143-48(b).

25 (d) Data from Department of Administration. – The Department of Administration shall
26 collect and compile the data described in this section and report it annually to the Department
27 of Information Technology, the Joint Legislative Oversight Committee on Information
28 Technology, and the Fiscal Research Division.

29 "Part 5. Data Centers.

30 **"§ 143B-1335. Data centers.**

31 (a) The State CIO shall create an inventory of data center operations in the executive
32 branch and shall develop and implement a detailed, written plan for consolidation of agency
33 data centers in the most efficient manner possible. By May 1, 2016, the State CIO shall present
34 a report on the data center consolidation plan to the Joint Legislative Oversight Committee on
35 Information Technology and the Fiscal Research Division.

36 (b) State agencies shall use the State infrastructure to host their projects, services, data,
37 and applications. The State Chief Information Officer may grant an exception if the State
38 agency can demonstrate any of the following:

- 39 (1) Using an outside contractor would be more cost-effective for the State.
40 (2) The Department does not have the technical capabilities required to host the
41 application.
42 (3) Valid security requirements preclude the use of State infrastructure, and a
43 vendor can provide a more secure environment.

44 "Part 6. Communications and Portal Services.

45 **"§ 143B-1336. Communications services.**

46 (a) The State CIO shall exercise authority for telecommunications and other
47 communications included in information technology relating to the internal management and
48 operations of State agencies. In discharging that responsibility, the State CIO shall do the
49 following:

- 50 (1) Develop standards for a State network.

- 1 (2) Develop a detailed plan for the standardization and operation of State
2 communications networks and services.
- 3 (3) Establish an inventory of communications systems in use within the State
4 and ensure that the State is using the most efficient and cost-effective means
5 possible.
- 6 (4) Identify shortfalls in current network operations and develop a strategy to
7 mitigate the identified shortfalls.
- 8 (5) Provide for the establishment, management, and operation, through either
9 State ownership, by contract, or through commercial leasing, of the
10 following systems and services as they affect the internal management and
11 operation of State agencies:
- 12 a. Central telephone systems and telephone networks, including Voice
13 over Internet Protocol and Commercial Mobile Radio Systems.
- 14 b. Satellite services.
- 15 c. Closed-circuit TV systems.
- 16 d. Two-way radio systems.
- 17 e. Microwave systems.
- 18 f. Related systems based on telecommunication technologies.
- 19 g. The "State Network," managed by the Department, which means any
20 connectivity designed for the purpose of providing Internet Protocol
21 transport of information to any building.
- 22 h. Broadband.
- 23 (6) Coordinate the development of cost-sharing systems for respective user
24 agencies for their proportionate parts of the cost of maintenance and
25 operation of the systems and services listed in subdivision (1) of this
26 subsection.
- 27 (7) Assist in the development of coordinated telecommunications services or
28 systems within and among all State agencies and recommend, where
29 appropriate, cooperative utilization of telecommunication facilities by
30 aggregating users.
- 31 (8) Perform traffic analysis and engineering for all telecommunications services
32 and systems listed in subdivision (1) of this subsection.
- 33 (9) Establish telecommunications specifications and designs so as to promote
34 and support compatibility of the systems within State agencies.
- 35 (10) Provide a periodic inventory of telecommunications costs, facilities,
36 systems, and personnel within State agencies.
- 37 (11) Promote, coordinate, and assist in the design and engineering of emergency
38 telecommunications systems, including, but not limited to, the 911
39 emergency telephone number program, Emergency Medical Services, and
40 other emergency telecommunications services.
- 41 (12) Perform frequency coordination and management for State agencies and
42 local governments, including all public safety radio service frequencies, in
43 accordance with the rules and regulations of the Federal Communications
44 Commission or any successor federal agency.
- 45 (13) Advise all State agencies on telecommunications management planning and
46 related matters and provide through the State Personnel Training Center or
47 the Department training to users within State agencies in
48 telecommunications technology and systems.
- 49 (14) Assist and coordinate the development of policies and long-range plans,
50 consistent with the protection of citizens' rights to privacy and access to
51 information, for the acquisition and use of telecommunications systems, and

1 base such policies and plans on current information about State
2 telecommunications activities in relation to the full range of emerging
3 technologies.

4 (b) The provisions of this section shall not apply to the Judicial Information System in
5 the Judicial Department.

6 **"§ 143B-1337. Communications services for local governmental entities and other**
7 **entities.**

8 (a) The State CIO shall provide cities, counties, and other local governmental entities
9 with access to communications systems or services established by the Department under this
10 Part for State agencies. Access shall be provided on the same cost basis that applies to State
11 agencies.

12 (b) The State CIO shall establish broadband communications services and permit, in
13 addition to State agencies, cities, counties, and other local government entities, the following
14 organizations and entities to share on a not-for-profit basis:

15 (1) Nonprofit educational institutions as defined in G.S. 116-280.

16 (2) MCNC and research affiliates of MCNC for use only in connection with
17 research activities sponsored or funded, in whole or in part, by MCNC, if
18 such research activities relate to health care or education in North Carolina.

19 (3) Agencies of the United States government operating in North Carolina for
20 use only in connection with activities that relate to health care, education, or
21 FirstNet in North Carolina.

22 (4) Hospitals, clinics, and other health care facilities for use only in connection
23 with activities that relate to health care, education, or FirstNet in North
24 Carolina.

25 (c) Provided, however, that communications or broadband telecommunications services
26 provided pursuant to this section shall not cause the State or the Department to be classified as
27 a public utility as that term is defined in G.S. 62-3(23)a.6., nor as a retailer as that term is
28 defined in G.S. 105-164.3. Nor shall the State or the Department engage in any activities that
29 may cause those entities to be classified as a common carrier as that term is defined in the
30 Communications Act of 1934, 47 U.S.C. § 153(10). Provided further, authority to share
31 communications services with the non-State agencies set forth in subdivisions (1) through (4)
32 of subsection (b) of this section shall terminate not later than one year from the effective date of
33 a tariff for such service or federal law that preempts this section.

34 **"§ 143B-1338. Statewide electronic portal; annual report.**

35 (a) The Department shall plan, develop, implement, and operate a statewide electronic
36 portal (i) to increase the convenience of members of the public in conducting online
37 transactions with, and obtaining information from, State government and (ii) to facilitate their
38 interactions and communications with government agencies. The State CIO shall have approval
39 authority over all agency Web site funding and content, to include any agency contract
40 decisions. Participating agency Web site and content development staff shall be transferred to
41 the Department in accordance with the schedule for their agency.

42 (b) Beginning June 30, 2015, and then annually thereafter, the State CIO shall report to
43 the General Assembly and to the Fiscal Research Division on the following information:

44 (1) Services currently provided and associated transaction volumes or other
45 relevant indicators of utilization by user type.

46 (2) New services added during the previous year.

47 (3) Services added that are currently available in other states.

48 (4) The total amount collected for each service.

49 (5) The total amount remitted to the State for each service.

50 (6) The total amount remitted to the vendor for each service.

- 1 (7) Any other use of State data by the vendor and the total amount of revenue
2 collected per each use and in total.
3 (8) Customer satisfaction with each service.
4 (9) Any other issues associated with the provision of each service.

5 "Part 7. Security of Information Technology.

6 **"§ 143B-1339. Security.**

7 Confidentiality. – No data of a confidential nature, as defined in the General Statutes or
8 federal law, may be entered into or processed through any information technology system or
9 network established under this Article until safeguards for the data's security satisfactory to the
10 State CIO have been designed and installed and are fully operational. This section does not
11 affect the provisions of G.S. 147-64.6 or G.S. 147-64.7.

12 **"§ 143B-1340. Statewide security standards.**

13 The State CIO shall be responsible for the security of all State information technology
14 systems and associated data. The State CIO shall manage all executive branch information
15 technology security and shall establish a statewide standard for information technology security
16 to maximize the functionality, security, and interoperability of the State's distributed
17 information technology assets, including, but not limited to, data classification and
18 management, communications, and encryption technologies. The State CIO shall review and
19 revise the security standards annually. As part of this function, the State CIO shall review
20 periodically existing security standards and practices in place among the various State agencies
21 to determine whether those standards and practices meet statewide security and encryption
22 requirements. The State CIO may assume the direct responsibility of providing for the
23 information technology security of any State agency that fails to adhere to security standards
24 adopted under this Article.

25 The State CIO shall establish standards for the management and safeguarding of all State
26 data held by State agencies and private entities and shall develop and implement a process to
27 monitor and ensure adherence to the established standards. The State CIO shall establish and
28 enforce standards for the protection of State data. The State CIO shall develop and maintain an
29 inventory of where State data is stored. For data maintained by non-State entities, the State CIO
30 shall document the reasons for the use of the non-State entity and certify, in writing, that the
31 use of the non-State entity is the best course of action. The State CIO shall ensure that State
32 data held by non-State entities is properly protected and is held in facilities that meet State
33 security standards. By October 1 each year, the State CIO shall certify in writing that data held
34 in non-State facilities is being maintained in accordance with State information technology
35 security standards and shall provide a copy of this certification to the Joint Legislative
36 Oversight Committee on Information Technology and the Fiscal Research Division.

37 Before a State agency can contract for the storage, maintenance, or use of State data by a
38 private vendor, the agency shall obtain the approval of the State CIO.

39 **"§ 143B-1341. State CIO approval of security standards and risk assessments.**

40 (a) Notwithstanding G.S. 143-48.3, 143B-1302(b), or (c), or any other provision of law,
41 and except as otherwise provided by this Article, all information technology security goods,
42 software or services purchased using State funds, or for use by a State agency or in a State
43 facility, shall be subject to approval by the State CIO in accordance with security standards
44 adopted under this Part.

45 (b) The State CIO shall conduct risk assessments to identify compliance, operational,
46 and strategic risks to the enterprise network. These assessments may include methods such as
47 penetration testing or similar assessment methodologies. The State CIO may contract with
48 another party or parties to perform the assessments. Detailed reports of the risk and security
49 issues identified shall be kept confidential as provided in G.S. 132-6.1(c).

50 (c) If the legislative branch or the judicial branch develop their own security standards,
51 taking into consideration the mission and functions of that entity, that are comparable to or

1 exceed those set by the State CIO under this section, then those entities may elect to be
2 governed by their own respective security standards. In these instances, approval of the State
3 CIO shall not be required before the purchase of information technology security devices and
4 services. If requested, the State CIO shall consult with the legislative branch and the judicial
5 branch in reviewing the security standards adopted by those entities.

6 (d) Before a State agency may enter into any contract with another party for an
7 assessment of network vulnerability, the State agency shall notify the State CIO and obtain
8 approval of the request. If the State agency enters into a contract with another party for
9 assessment and testing, after approval of the State CIO, the State agency shall issue public
10 reports on the general results of the reviews. The contractor shall provide the State agency with
11 detailed reports of the security issues identified that shall not be disclosed as provided in
12 G.S. 132-6.1(c). The State agency shall provide the State CIO with copies of the detailed
13 reports that shall not be disclosed as provided in G.S. 132-6.1(c).

14 (e) Nothing in this section shall be construed to preclude the Office of the State Auditor
15 from assessing the security practices of State information technology systems as part of its
16 statutory duties and responsibilities.

17 **"§ 143B-1342. Assessment of agency compliance with security standards.**

18 At a minimum, the State CIO shall annually assess the ability of each State agency, and
19 each agency's contracted vendors, to comply with the current security enterprise-wide set of
20 standards established pursuant to this section. The assessment shall include, at a minimum, the
21 rate of compliance with the enterprise-wide security standards and an assessment of security
22 organization, security practices, security information standards, network security architecture,
23 and current expenditures of State funds for information technology security. The assessment of
24 a State agency shall also estimate the cost to implement the security measures needed for
25 agencies to fully comply with the standards. Each State agency shall submit information
26 required by the State CIO for purposes of this assessment. The State CIO shall include the
27 information obtained from the assessment in the State Information Technology Plan.

28 **"§ 143B-1343. State agency cooperation; liaisons.**

29 (a) The head of each principal department and Council of State agency shall cooperate
30 with the State CIO in the discharge of the State CIO's duties by providing the following
31 information to the Department:

- 32 (1) The full details of the State agency's information technology and operational
33 requirements and of all the agency's information technology security
34 incidents within 24 hours of confirmation.
- 35 (2) Comprehensive information concerning the information technology security
36 employed to protect the agency's information technology.
- 37 (3) A forecast of the parameters of the agency's projected future information
38 technology security needs and capabilities.
- 39 (4) Designating an agency liaison in the information technology area to
40 coordinate with the State Chief Information Officer. The liaison shall be
41 subject to a criminal background report from the State Repository of
42 Criminal Histories, which shall be provided by the State Bureau of
43 Investigation upon its receiving fingerprints from the liaison. If the liaison
44 has been a resident of this State for less than five years, the background
45 report shall include a review of criminal information from both the State and
46 National Repositories of Criminal Histories. The criminal background report
47 shall be provided to the State Chief Information Officer and the head of the
48 agency. In addition, all personnel in the Office of the State Auditor who are
49 responsible for information technology security reviews pursuant to
50 G.S. 147-64.6(c)(18) shall be subject to a criminal background report from
51 the State Repository of Criminal Histories, which shall be provided by the

1 State Bureau of Investigation upon receiving fingerprints from the personnel
2 designated by the State Auditor. For designated personnel who have been
3 residents of this State for less than five years, the background report shall
4 include a review of criminal information from both the State and National
5 Repositories of Criminal Histories. The criminal background reports shall be
6 provided to the State Auditor. Criminal histories provided pursuant to this
7 subdivision are not public records under Chapter 132 of the General Statutes.

8 (b) The information provided by State agencies to the State CIO under this section is
9 protected from public disclosure pursuant to G.S. 132-6.1(c).

10 "Part 8. Government Data Analytics Center.

11 **"§ 143B-1344. Definitions.**

12 As used in this Part, the following definitions apply:

13 (1) Business intelligence. – The process of collecting, organizing, sharing, and
14 analyzing data through integrated data management, reporting, visualization,
15 and advanced analytics to discover patterns and other useful information that
16 will allow policymakers and State officials to make more informed
17 decisions. Business intelligence also includes both of the following:

18 a. Broad master data management capabilities such as data integration,
19 data quality and enrichment, data governance, and master data
20 management to collect, reference, and categorize information from
21 multiple sources.

22 b. Self-service query and reporting capabilities to provide timely,
23 relevant, and actionable information to business users delivered
24 through a variety of interfaces, devices, or applications based on their
25 specific roles and responsibilities.

26 (2) Data analytics. – Data analysis, including the ability to use the data for
27 assessment and extraction of policy relevant information.

28 (3) Enterprise-level data analytics. – Standard analytics capabilities and services
29 leveraging data throughout all State agencies, departments, and institutions.

30 **"§ 143B-1345. Government Data Analytics Center.**

31 (a) Purpose. – The purpose of the Department's GDAC is to utilize public-private
32 partnerships as part of a statewide data integration and data-sharing initiative and to identify
33 data integration and business intelligence opportunities that will generate greater efficiencies in,
34 and improved service delivery by, State agencies, departments, and institutions. The intent is
35 not to replace transactional systems but to leverage the data from those systems for enterprise
36 level State business intelligence. The GDAC shall continue the work, purpose, and resources of
37 previous data integration efforts and shall otherwise advise and assist the State CIO in the
38 management of the initiative. The State CIO shall make any organizational changes necessary
39 to maximize the effectiveness and efficiency of the GDAC.

40 (b) Public-private partnerships. – The State CIO shall continue to utilize public-private
41 partnerships and existing data integration and analytics contracts and licenses as appropriate to
42 continue the implementation of the initiative. Private entities that partner with the State shall
43 make appropriate contributions of funds or resources, including, but not limited to, knowledge
44 transfer and education activities, software licensing, hardware and technical infrastructure
45 resources, personnel resources, and such other appropriate resources as agreed upon by the
46 parties.

47 (c) Powers and Duties. – The Department shall, through the GDAC, do all of the
48 following:

49 (1) Continue and coordinate ongoing enterprise data integration efforts,
50 including:

- 1 a. The deployment, support, technology improvements, and expansion
2 of the Criminal Justice Law Enforcement Automated Data System
3 (CJLEADS) and related case management systems.
- 4 b. The pilot and subsequent phase initiative for the North Carolina
5 Financial Accountability and Compliance Technology System
6 (NCFACTS).
- 7 c. Individual-level student data and workforce data from all levels of
8 education and the State workforce.
- 9 d. Other capabilities as developed by the GDAC.
- 10 (2) Identify technologies currently used in North Carolina that have the
11 capability to support the initiative.
- 12 (3) Identify other technologies, especially those with unique capabilities that are
13 complementary to existing technology standards, and that could support the
14 State's business intelligence effort.
- 15 (4) Compare capabilities and costs across State agencies.
- 16 (5) Ensure implementation is properly supported across State agencies.
- 17 (6) Ensure that data integration and sharing is performed in a manner that
18 preserves data privacy and security in transferring, storing, and accessing
19 data, as appropriate.
- 20 (7) Immediately seek any waivers and enter into any written agreements that
21 may be required by State or federal law to effectuate data sharing and to
22 carry out the purposes of this section.
- 23 (8) Coordinate data requirements and usage for State business intelligence
24 applications in a manner that (i) limits impacts on participating State
25 agencies as those agencies provide data and business knowledge expertise
26 and (ii) assists in defining business rules so the data can be properly used.
- 27 (9) Recommend the most cost-effective and reliable long-term hosting solution
28 for enterprise-level State business intelligence as well as data integration,
29 notwithstanding any other provision of State law or regulation.
- 30 (10) Utilize a common approach that establishes standards for business
31 intelligence initiatives for all State agencies and prevents the development of
32 projects that do not meet the established standards.
- 33 (11) The creation of efficiencies in State government by ensuring that State
34 agencies use the GDAC for agency business intelligence requirements.
- 35 (d) Application to State Government. – The initiative shall include all State agencies,
36 departments, and institutions, including The University of North Carolina, as follows:
- 37 (1) All State agency business intelligence requirements, including any planning
38 or development efforts associated with creating business intelligence
39 capability, as well as any master data management efforts, shall be
40 implemented through the GDAC.
- 41 (2) The Chief Justice of the North Carolina Supreme Court and the Legislative
42 Services Commission each shall designate an officer or agency to advise and
43 assist the State CIO with respect to implementation of the initiative in their
44 respective branches of government. The judicial and legislative branches
45 shall fully cooperate in the initiative mandated by this section in the same
46 manner as is required of State agencies.
- 47 (e) Project Management. – The Department, with the assistance of the Office of State
48 Budget and Management, shall identify potential funding sources for expansion of existing
49 projects or development of new projects. No GDAC project shall be initiated, extended, or
50 expanded (i) without the specific approval of the General Assembly unless the project can be
51 implemented within funds appropriated for GDAC projects or (ii) without prior consultation to

1 the Joint Legislative Commission on Governmental Operations and a report to the Joint
2 Legislative Oversight Committee on Information Technology if the project can be implemented
3 within funds appropriated for GDAC projects.

4 **"§ 143B-1346. Data sharing.**

5 (a) General Duties of All State Agencies. – Unless otherwise provided by this article
6 and except as limited or prohibited by federal law, the head of each State agency, department,
7 and institution shall do all of the following:

- 8 (1) Grant the GDAC access to all information required to develop and support
9 State business intelligence applications pursuant to this section. The State
10 CIO and the GDAC shall take all necessary actions and precautions,
11 including training, certifications, background checks, and governance policy
12 and procedure, to ensure the security, integrity, and privacy of the data in
13 accordance with State and federal law and as may be required by contract.
- 14 (2) Provide complete information on the State agency's information technology,
15 operational, and security requirements.
- 16 (3) Provide information on all of the State agency's information technology
17 activities relevant to the State business intelligence effort.
- 18 (4) Forecast the State agency's projected future business intelligence information
19 technology needs and capabilities.
- 20 (5) Ensure that the State agency's future information technology initiatives
21 coordinate efforts with the GDAC to include planning and development of
22 data interfaces to incorporate data into the initiative and to ensure the ability
23 to leverage analytics capabilities.
- 24 (6) Provide technical and business resources to participate in the initiative by
25 providing, upon request and in a timely and responsive manner, complete
26 and accurate data, business rules and policies, and support.
- 27 (7) Identify potential resources for deploying business intelligence in their
28 respective State agencies and as part of the enterprise-level effort.
- 29 (8) Immediately seek any waivers and enter into any written agreements that
30 may be required by State or federal law to effectuate data sharing and to
31 carry out the purposes of this section, as appropriate.

32 (b) Specific Requirements. – The GDAC shall enhance the State's business intelligence
33 through the collection and analysis of data relating to workers' compensation claims for the
34 purpose of preventing and detecting fraud, as follows:

- 35 (1) The North Carolina Industrial Commission shall release to the GDAC, or
36 otherwise provide electronic access to, all data requested by the GDAC
37 relating to workers' compensation insurance coverage, claims, appeals,
38 compliance, and enforcement under Chapter 97 of the General Statutes.
- 39 (2) The North Carolina Rate Bureau (Bureau) shall release to GDAC, or
40 otherwise provide electronic access to, all data requested by GDAC relating
41 to workers' compensation insurance coverage, claims, business ratings, and
42 premiums under Chapter 58 of the General Statutes. The Bureau shall be
43 immune from civil liability for releasing information pursuant to this
44 subsection, even if the information is erroneous, provided the Bureau acted
45 in good faith and without malicious or willful intent to harm in releasing the
46 information.
- 47 (3) The Department of Commerce, Division of Employment Security (DES),
48 shall release to GDAC, or otherwise provide access to, all data requested by
49 GDAC relating to unemployment insurance coverage, claims, and business
50 reporting under Chapter 96 of the General Statutes.

1 (4) The Department of Labor shall release to GDAC, or otherwise provide
2 access to, all data requested by GDAC relating to safety inspections, wage
3 and hour complaints, and enforcement activities under Chapter 95 of the
4 General Statutes.

5 (5) The Department of Revenue shall release to GDAC, or otherwise provide
6 access to, all data requested by GDAC relating to the registration and
7 address information of active businesses, business tax reporting, and
8 aggregate federal tax Form 1099 data for comparison with information from
9 DES, the Rate Bureau, and the Department of the State CIO for the
10 evaluation of business reporting. Additionally, the Department of Revenue
11 shall furnish to the GDAC, upon request, other tax information, provided
12 that the information furnished does not impair or violate any information
13 sharing agreements between the Department and the United States Internal
14 Revenue Service. Notwithstanding any other provision of law, a
15 determination of whether furnishing the information requested by GDAC
16 would impair or violate any information sharing agreements between the
17 Department of Revenue and the United States Internal Revenue Service shall
18 be within the sole discretion of the State Chief Information Officer. The
19 Department of Revenue and the Office of the State CIO shall work jointly to
20 assure that the evaluation of tax information pursuant to this subdivision is
21 performed in accordance with applicable federal law.

22 (c) All information shared with GDAC and the State CIO under this subsection is
23 protected from release and disclosure in the same manner as any other information is protected
24 under this section.

25 (d) Privacy and Confidentiality of Information. – The State CIO and the GDAC shall be
26 deemed to be all of the following for the purposes of this Part:

27 (1) With respect to criminal information, and to the extent allowed by federal
28 law, a criminal justice agency (CJA), as defined under Criminal Justice
29 Information Services (CJIS) Security Policy. The State CJIS Systems
30 Agency (CSA) shall ensure that CJLEADS receives access to federal
31 criminal information deemed to be essential in managing CJLEADS to
32 support criminal justice professionals.

33 (2) With respect to health information covered under the Health Insurance
34 Portability and Accountability Act of 1996 (HIPAA), as amended, and to the
35 extent allowed by federal law:

36 a. A business associate with access to protected health information
37 acting on behalf of the State's covered entities in support of data
38 integration, analysis, and business intelligence.

39 b. Authorized to access and view individually identifiable health
40 information, provided that the access is essential to the enterprise
41 fraud, waste, and improper payment detection program or required
42 for future initiatives having specific definable need for the
43 information.

44 c. Authorized to access all State and federal data, including revenue and
45 labor information, deemed to be essential to the enterprise fraud,
46 waste, and improper payment detection program or future initiatives
47 having specific definable need for the data.

48 d. Authorized to develop agreements with the federal government to
49 access data deemed to be essential to the enterprise fraud, waste, and
50 improper payment detection program or future initiatives having
51 specific definable need for such data.

1 (c) Release of Information. – The following limitations apply to (i) the release of
2 information compiled as part of the initiative, (ii) data from State agencies that is incorporated
3 into the initiative, and (iii) data released as part of the implementation of the initiative:

4 (1) Information compiled as part of the initiative. – Notwithstanding the
5 provisions of Chapter 132 of the General Statutes, information compiled by
6 the State CIO and the GDAC related to the initiative may be released as a
7 public record only if the State CIO, in that officer's sole discretion, finds that
8 the release of information is in the best interest of the general public and is
9 not in violation of law or contract.

10 (2) Data from State agencies. – Any data that is not classified as a public record
11 under G.S. 132-1 shall not be deemed a public record when incorporated into
12 the data resources comprising the initiative. To maintain confidentiality
13 requirements attached to the information provided to the State CIO and
14 GDAC, each source agency providing data shall be the sole custodian of the
15 data for the purpose of any request for inspection or copies of the data under
16 Chapter 132 of the General Statutes.

17 (3) Data released as part of implementation. – Information released to persons
18 engaged in implementing the State's business intelligence strategy under this
19 section that is used for purposes other than official State business is not a
20 public record pursuant to Chapter 132 of the General Statutes.

21 (4) Data from North Carolina Rate Bureau. – Notwithstanding any other
22 provision of this section, any data released by or obtained from the North
23 Carolina Rate Bureau under this initiative relating to workers' compensation
24 insurance claims, business ratings, or premiums are not public records and
25 public disclosure of such data, in whole or in part, by the GDAC or State
26 CIO, or by any State agency, is prohibited.

27 **"§ 143B-1347. GDAC funding.**

28 The Department shall identify and make all efforts to secure any matching funds or other
29 resources to assist in funding the GDAC. Savings resulting from the cancellation of projects,
30 software, and licensing, as well as any other savings from the utilization of the GDAC, shall be
31 returned to the General Fund and shall remain unexpended and unencumbered until
32 appropriated by the General Assembly in a subsequent fiscal year. It is the intent of the General
33 Assembly that expansion of the GDAC in subsequent fiscal years be funded with these savings
34 and that the General Assembly appropriate funds for projects in accordance with the priorities
35 identified by the State CIO.

36 **"§ 143B-1348. GDAC reporting.**

37 (f) The State CIO shall do the following regarding the work of the GDAC:

38 (1) Submit and present quarterly reports on the activities described in this
39 section to the chairs of the House of Representatives Appropriations and
40 Senate Base Budget/Appropriations Committees, to the Joint Legislative
41 Oversight Committee on Information Technology, and to the Fiscal
42 Research Division of the General Assembly.

43 (2) Report the following information upon its occurrence or as requested:

44 a. Any failure of a State agency to provide information requested
45 pursuant to this section. The failure shall be reported to the Joint
46 Legislative Oversight Committee on Information Technology and to
47 the chairs of the House of Representatives Appropriations and Senate
48 Base Budget/Appropriations Committees.

49 b. Any additional information to the Joint Legislative Commission on
50 Governmental Operations and the Joint Legislative Oversight

1 Committee on Information Technology that is requested by those
2 entities.

- 3 c. The State CIO shall report to the Joint Legislative Oversight
4 Committee on Information Technology on projects that are not
5 achieving projected savings. The report shall include a proposed
6 corrective action plan for the project.

7 "Part 9. Criminal Justice Information.

8 **"§ 143B-1349. Definitions.**

9 As used in this Part:

- 10 (1) "Board" means the Criminal Justice Information Network Governing Board.
11 (2) "Local government user" means a unit of local government of this State
12 having authorized access to the Network.
13 (3) "Network" means the Criminal Justice Information Network established by
14 the Board pursuant to this Article.
15 (4) "Network user" or "user" means any person having authorized access to the
16 Network.
17 (5) "State agency" means any State department, agency, institution, board,
18 commission, or other unit of State government.

19 **"§ 143B-1350. Criminal Justice Information Network.**

20 (a) The Criminal Justice Information Network Governing Board is established within
21 the Office of the State Chief Information Officer to operate the State's Criminal Justice
22 Information Network, the purpose of which shall be to provide the governmental and technical
23 information systems infrastructure necessary for accomplishing State and local governmental
24 public safety and justice functions in the most effective manner by appropriately and efficiently
25 sharing criminal justice and juvenile justice information among law enforcement, judicial, and
26 corrections agencies. The Board is established within the Department, for organizational and
27 budgetary purposes only, and the Board shall exercise all of its statutory powers in this Article
28 independent of control by State CIO.

29 (b) The Board shall consist of 21 members, appointed as follows:

- 30 (1) Five members appointed by the Governor, including one member who is a
31 director or employee of a State correction agency for a term to begin
32 September 1, 1996, and to expire on June 30, 1997, one member who is an
33 employee of the North Carolina Department of Public Safety for a term
34 beginning September 1, 1996, and to expire on June 30, 1997, one member
35 selected from the North Carolina Association of Chiefs of Police for a term
36 to begin September 1, 1996, and to expire on June 30, 1999, one member
37 who is an employee of the Division of Juvenile Justice of the Department of
38 Public Safety, and one member who represents the Division of Motor
39 Vehicles.
40 (2) Six members appointed by the General Assembly in accordance with
41 G.S. 120-121, as follows:
42 a. Three members recommended by the President Pro Tempore of the
43 Senate, including two members of the general public for terms to
44 begin on September 1, 1996, and to expire on June 30, 1997, and one
45 member selected from the North Carolina League of Municipalities
46 who is a member of, or an employee working directly for, the
47 governing board of a North Carolina municipality for a term to begin
48 on September 1, 1996, and to expire on June 30, 1999; and
49 b. Three members recommended by the Speaker of the House of
50 Representatives, including two members of the general public for
51 terms to begin on September 1, 1996, and to expire on June 30, 1999,

- 1 and one member selected from the North Carolina Association of
2 County Commissioners who is a member of, or an employee working
3 directly for, the governing board of a North Carolina county for a
4 term to begin on September 1, 1996, and to expire on June 30, 1997.
- 5 (3) Two members appointed by the Attorney General, including one member
6 who is an employee of the Attorney General for a term to begin on
7 September 1, 1996, and to expire on June 30, 1997, and one member from
8 the North Carolina Sheriffs' Association for a term to begin on September 1,
9 1996, and to expire on June 30, 1999.
- 10 (4) Six members appointed by the Chief Justice of the North Carolina Supreme
11 Court, as follows:
- 12 a. The Director of the Administrative Office of the Courts, or an
13 employee of the Administrative Office of the Courts, for a term
14 beginning July 1, 1997, and expiring June 30, 2001.
- 15 b. One member who is a district attorney or an assistant district attorney
16 upon the recommendation of the Conference of District Attorneys of
17 North Carolina, for a term beginning July 1, 1998, and expiring June
18 30, 1999.
- 19 c. Two members who are superior court or district court judges for
20 terms beginning July 1, 1998, and expiring June 30, 2001.
- 21 d. One member who is a magistrate upon the recommendation of the
22 North Carolina Magistrates' Association, for a term beginning July 1,
23 1998, and expiring June 30, 1999.
- 24 e. One member who is a clerk of superior court upon the
25 recommendation of the North Carolina Association of Clerks of
26 Superior Court, for a term beginning July 1, 1998, and expiring June
27 30, 1999.
- 28 (5) One member appointed by the State CIO.
- 29 (6) One member appointed by the President of the North Carolina Chapter of the
30 Association of Public Communications Officials International, who is an
31 active member of the Association, for a term to begin on September 1, 1996,
32 and to expire on June 30, 1999.

33 The respective appointing authorities are encouraged to appoint persons having a
34 background in and familiarity with criminal information systems and networks generally and
35 with the criminal information needs and capacities of the constituency from which the member
36 is appointed.

37 As the initial terms expire, subsequent members of the Board shall be appointed to serve
38 four-year terms. At the end of a term, a member shall continue to serve on the Board until a
39 successor is appointed. A member who is appointed after a term is begun serves only for the
40 remainder of the term and until a successor is appointed. Any vacancy in the membership of the
41 Board shall be filled by the same appointing authority that made the appointment, except that
42 vacancies among members appointed by the General Assembly shall be filled in accordance
43 with G.S. 120-122.

44 (c) Members of the Board shall not be employed by or serve on the board of directors
45 or other corporate governing body of any information systems, computer hardware, computer
46 software, or telecommunications vendor of goods and services to the State or to any unit of
47 local government in the State. No member of the Board shall vote on an action affecting solely
48 the member's own State agency or local governmental unit or specific judicial office.

49 **"§ 143B-1351. Compensation and expenses of Board members.**

50 Members of the Board shall serve without compensation but may receive travel and
51 subsistence as follows:

1 (1) Board members who are officials or employees of a State agency or unit of
2 local government, in accordance with G.S. 138-6.

3 (2) All other Board members, at the rate established in G.S. 138-5.

4 **"§ 143B-1352. Powers and duties.**

5 (a) The Board shall have the following powers and duties:

6 (1) To establish and operate the Network as an integrated system of State and
7 local government components for effectively and efficiently storing,
8 communicating, and using criminal justice information at the State and local
9 levels throughout North Carolina's law enforcement, judicial, juvenile
10 justice, and corrections agencies, with the components of the Network to
11 include electronic devices, programs, data, and governance and to set the
12 Network's policies and procedures.

13 (2) To develop and adopt uniform standards and cost-effective information
14 technology, after thorough evaluation of the capacity of information
15 technology to meet the present and future needs of the State and, in
16 consultation with the Department of Information Technology, to develop and
17 adopt standards for entering, storing, and transmitting information in
18 criminal justice databases and for achieving maximum compatibility among
19 user technologies.

20 (3) To identify the funds needed to establish and maintain the Network, identify
21 public and private sources of funding, and secure funding to:

22 a. Create the Network and facilitate the sharing of information among
23 users of the Network; and

24 b. Make grants to local government users to enable them to acquire or
25 improve elements of the Network that lie within the responsibility of
26 their agencies or State agencies; provided that the elements
27 developed with the funds must be available for use by the State or by
28 local governments without cost and the applicable State agencies join
29 in the request for funding.

30 (4) To provide assistance to local governments for the financial and systems
31 planning for Network-related automation and to coordinate and assist the
32 Network users of this State in soliciting bids for information technology
33 hardware, software, and services in order to assure compliance with the
34 Board's technical standards, to gain the most advantageous contracts for the
35 Network users of this State, and to assure financial accountability where
36 State funds are used.

37 (5) To provide a liaison among local government users and to advocate on
38 behalf of the Network and its users in connection with legislation affecting
39 the Network.

40 (6) To facilitate the sharing of knowledge about information technologies
41 among users of the Network.

42 (7) To take any other appropriate actions to foster the development of the
43 Network.

44 (b) All grants or other uses of funds appropriated or granted to the Board shall be
45 conditioned on compliance with the Board's technical and other standards.

46 **"§ 143B-1353. Election of officers; meetings; staff, etc.**

47 (a) The Governor shall call the first meeting of the Board. At the first meeting, the
48 Board shall elect a chair and a vice-chair, each to serve a one-year term, with subsequent
49 officers to be elected for one-year terms. The Board shall hold at least two regular meetings
50 each year, as provided by policies and procedures adopted by the Board. The Board may hold

1 additional meetings upon the call of the chair or any three Board members. A majority of the
2 Board membership constitutes a quorum.

3 (b) The staff of the Criminal Justice Information Network shall provide the Board with
4 professional and clerical support and any additional support the Board needs to fulfill its
5 mandate. The Board's staff shall use space provided by the Department.

6 "Part 10. Emergency Telephone Service.

7 "§ 143B-1354 through § 143B-1364.

8 "Part 11. North Carolina Geographic Information Coordinating Council.

9 "§ 143B-1365 through § 143B-1368."

10 INSTRUCTIONS TO THE REVISOR OF STATUTES

11 **SECTION 7A.3.** The Revisor of Statutes shall make following recodifications in
12 connection with creating the Department of Information Technology:

- 13 (1) Article 3 of Chapter 62A of the General Statutes (Emergency Telephone
14 Service) is recodified as Part 10 of Article 14 of Chapter 143B of the
15 General Statutes with the sections to be numbered as G.S. 143B-1354
16 through G.S. 143B-1364, respectively.
17
18 (2) Article 76 of Chapter 143 of the General Statutes (North Carolina
19 Geographic Information Coordinating Council) is recodified as Part 11 of
20 Article 14 of Chapter 143B of the General Statutes with the sections to be
21 recodified as G.S. 143B-1365 through 143B-1368, respectively.

22 The Revisor of Statutes may conform names and titles changed by this section, and
23 may correct statutory references as required by this section, throughout the General Statutes. In
24 making the changes authorized by this section, the Revisor may also adjust subject and verb
25 agreement and the placement of conjunctions.

26 CONFORMING AND TECHNICAL CHANGES RELATING TO DEPARTMENT OF 27 INFORMATION TECHNOLOGY

28 **SECTION 7A.4.(a)** G.S. 66-58.20(b) reads as rewritten:

29 (b) ~~Each State department, agency, and institution under the review of the State Chief~~
30 ~~Information Officer agency as defined in G.S. 143B-1300(a)(9) shall functionally link its~~
31 ~~Internet or electronic services to a centralized Web portal system established pursuant to~~
32 ~~subsection (a) of this section."~~

33 **SECTION 7A.4.(b)** G.S. 136-89.194(g)(2) reads as rewritten:

34 (g) Contract Exemptions. – The following provisions concerning the purchase of goods
35 and services by a State agency do not apply to the Turnpike Authority:

36 ...

- 37 (2) Article 3D of Chapter 147 of the General Statutes. The Authority may use
38 the services of the ~~Office of Information Technology Services Department of~~
39 ~~Information Technology~~ in procuring goods and services that are not specific
40 to establishing and operating a toll revenue system. ~~All~~ However, all
41 contract information for contracts for information technology are subject to
42 disclosure in accordance with ~~G.S. 147-33.95.~~ Article 14 of Chapter 143B of
43 the General Statutes."

44 **SECTION 7A.4.(c)** G.S. 138A-3 reads as rewritten:

45 "**§ 138A-3. Definitions.**

46 The following definitions apply in this Chapter:

47 ...

- 48 (30) Public servants. – All of the following:

49 ...

1 p. ~~The chief information officer, State Chief Information Officer,~~
 2 deputy chief information officers, chief financial officers, and
 3 general counsel of the ~~Office of Department of Information~~
 4 Technology.

5"

6 **SECTION 7A.4.(d)** G.S. 143-129(e)(7) reads as rewritten:

7 "(e) Exceptions. – The requirements of this Article do not apply to:

8 ...

9 (7) Purchases of information technology through contracts established by the
 10 ~~State Office of Department of Information Technology~~ as provided in
 11 ~~G.S. 147-33.82(b) and G.S. 147-33.92(b).~~ Article 14 of Chapter 143B of the
 12 General Statutes."

13 **SECTION 7A.4.(e)** G.S. 143C-3-3(e) reads as rewritten:

14 "(e) Information Technology Request. – In addition to any other information requested
 15 by the ~~Director, State Chief Information Officer (State CIO),~~ any State agency requesting
 16 significant State resources, as defined by the ~~Director, State CIO,~~ for the purpose of ~~acquiring~~
 17 acquiring, operating, or maintaining information technology shall accompany that request with
 18 all of the following:

19 (1) A statement of its needs for information technology and related resources,
 20 including expected improvements to programmatic or business operations,
 21 together with a review and evaluation of that statement prepared by the State
 22 Chief Information Officer.

23 (2) A statement setting forth the requirements for State resources, together with
 24 an evaluation of those requirements by the State Chief Information Officer
 25 that takes into consideration the State's current technology, the opportunities
 26 for technology sharing, the requirements of ~~Article 3D of Chapter 147~~
 27 Article 14 of Chapter 143B of the General Statutes, and any other factors
 28 relevant to the analysis. And, in cases of an acquisition, an explanation of the
 29 method by which the acquisition is to be financed.

30 (3) A statement by the State Chief Information Officer that sets forth viable
 31 alternatives, if any, for meeting the agency needs in an economical and
 32 efficient manner. A statement setting forth the requirements for State
 33 resources, together with an evaluation of those requirements, including
 34 expected improvements to programmatic or business operations by the
 35 Secretary that takes into consideration the State's current technology, the
 36 opportunities for technology sharing, the requirements of the General
 37 Statutes, and any other factors relevant to the analysis.

38 (4) In the case of an acquisition, an explanation of the method by which the
 39 acquisition is to be financed.

40 This subsection shall not apply to requests submitted by the General Assembly or the
 41 Administrative Office of the Courts."

42 **SECTION 7A.4.(f)** G.S. 150B-21.1(a)(10) reads as rewritten:

43 "(a) Adoption. – An agency may adopt a temporary rule when it finds that adherence to
 44 the notice and hearing requirements of G.S. 150B-21.2 would be contrary to the public interest
 45 and that the immediate adoption of the rule is required by one or more of the following:

46 ...

47 (10) The need for the State Chief Information Officer to implement the
 48 information technology procurement provisions of Article 3D of Chapter
 49 147 of Article 14 of Chapter 143B of the General Statutes."

50 **SECTION 7A.4.(g)** G.S. 150B-38 is amended by adding a new subsection to read:

1 "(i) Standards adopted by the State Chief Information Officer and applied to information
2 technology as defined by G.S. 143B-1300."

3 **SECTION 7A.4.(h)** G.S. 143-59.1(a) reads as rewritten:

4 "(a) Ineligible Vendors. – The Secretary of ~~Administration~~Administration, State Chief
5 Information Officer, and other entities to which this Article applies shall not contract for goods
6 or services with either of the following:

7 "

8 9 **ADMINISTRATIVE MATTERS/DIT**

10 **SECTION 7A.5.** No action or proceeding pending on July 1, 2015, brought by or
11 against the Office of Information Technology Services or the Office of the State Chief
12 Information Officer shall be affected by any provision of this act, but the same may be
13 prosecuted or defended in the name of the Department of Information Technology. In these
14 actions and proceedings, the Department shall be substituted as a party upon proper application
15 to the courts or other public bodies. Any business or other matter undertaken or commanded by
16 the Office of Information Technology Services or the Office of the State Chief Information
17 Officer regarding any State program, office, or contract or pertaining to or connected with its
18 respective functions, powers, obligations, and duties that are pending on the date this act
19 becomes effective may be conducted and completed by the Department of Information
20 Technology in the same manner and under the same terms and conditions and with the same
21 effect as if conducted and completed by the former commission, director, or office. Unless
22 otherwise specifically provided by this act, any previous assignment of duties within the
23 purview of this act by the Governor or General Assembly shall have continued validity.

24 25 **PART VIII. PUBLIC SCHOOLS**

26 27 **FUNDS FOR CHILDREN WITH DISABILITIES**

28 **SECTION 8.1.** The State Board of Education shall allocate additional funds for
29 children with disabilities on the basis of three thousand nine hundred twenty-six dollars and
30 ninety-seven cents (\$3,926.97) per child. Each local school administrative unit shall receive
31 funds for the lesser of (i) all children who are identified as children with disabilities or (ii)
32 twelve and one-half percent (12.5%) of its 2015-2016 allocated average daily membership in
33 the local school administrative unit. The dollar amounts allocated under this section for
34 children with disabilities shall also be adjusted in accordance with legislative salary increments,
35 retirement rate adjustments, and health benefit adjustments for personnel who serve children
36 with disabilities.

37 38 **FUNDS FOR ACADEMICALLY GIFTED CHILDREN**

39 **SECTION 8.2.** The State Board of Education shall allocate additional funds for
40 academically or intellectually gifted children on the basis of one thousand two hundred eighty
41 dollars and seventy cents (\$1,280.70) per child for fiscal years 2015-2016 and 2016-2017. A
42 local school administrative unit shall receive funds for a maximum of four percent (4%) of its
43 2015-2016 allocated average daily membership, regardless of the number of children identified
44 as academically or intellectually gifted in the unit. The dollar amounts allocated under this
45 section for academically or intellectually gifted children shall also be adjusted in accordance
46 with legislative salary increments, retirement rate adjustments, and health benefit adjustments
47 for personnel who serve academically or intellectually gifted children.

48 49 **USE OF SUPPLEMENTAL FUNDING IN LOW-WEALTH COUNTIES**

50 **SECTION 8.3.(a)** Use of Funds for Supplemental Funding. – All funds received
51 pursuant to this section shall be used only (i) to provide instructional positions, instructional

1 support positions, teacher assistant positions, clerical positions, school computer technicians,
2 instructional supplies and equipment, staff development, and textbooks and digital resources
3 and (ii) for salary supplements for instructional personnel and instructional support personnel.
4 Local boards of education are encouraged to use at least twenty-five percent (25%) of the funds
5 received pursuant to this section to improve the academic performance of children who are
6 performing at Level I or II on either reading or mathematics end-of-grade tests in grades three
7 through eight.

8 **SECTION 8.3.(b)** Definitions. – As used in this section, the following definitions
9 apply:

- 10 (1) "Anticipated county property tax revenue availability" means the
11 county-adjusted property tax base multiplied by the effective State average
12 tax rate.
- 13 (2) "Anticipated total county revenue availability" means the sum of the
14 following:
15 a. Anticipated county property tax revenue availability.
16 b. Local sales and use taxes received by the county that are levied under
17 Chapter 1096 of the 1967 Session Laws or under Subchapter VIII of
18 Chapter 105 of the General Statutes.
19 c. Fines and forfeitures deposited in the county school fund for the most
20 recent year for which data are available.
- 21 (3) "Anticipated total county revenue availability per student" means the
22 anticipated total county revenue availability for the county divided by the
23 average daily membership of the county.
- 24 (4) "Anticipated State average revenue availability per student" means the sum
25 of all anticipated total county revenue availability divided by the average
26 daily membership for the State.
- 27 (5) "Average daily membership" means average daily membership as defined in
28 the North Carolina Public Schools Allotment Policy Manual adopted by the
29 State Board of Education. If a county contains only part of a local school
30 administrative unit, the average daily membership of that county includes all
31 students who reside within the county and attend that local school
32 administrative unit.
- 33 (6) "County-adjusted property tax base" shall be computed as follows:
34 a. Subtract the present-use value of agricultural land, horticultural land,
35 and forestland in the county, as defined in G.S. 105-277.2, from the
36 total assessed real property valuation of the county.
37 b. Adjust the resulting amount by multiplying by a weighted average of
38 the three most recent annual sales assessment ratio studies.
39 c. Add to the resulting amount the following:
40 1. Present-use value of agricultural land, horticultural land, and
41 forestland, as defined in G.S. 105-277.2.
42 2. Value of property of public service companies, determined in
43 accordance with Article 23 of Chapter 105 of the General
44 Statutes.
45 3. Personal property value for the county.
- 46 (7) "County-adjusted property tax base per square mile" means the
47 county-adjusted property tax base divided by the number of square miles of
48 land area in the county.
- 49 (8) "County wealth as a percentage of State average wealth" shall be computed
50 as follows:

- 1 a. Compute the percentage that the county per capita income is of the
2 State per capita income and weight the resulting percentage by a
3 factor of five-tenths.
- 4 b. Compute the percentage that the anticipated total county revenue
5 availability per student is of the anticipated State average revenue
6 availability per student and weight the resulting percentage by a
7 factor of four-tenths.
- 8 c. Compute the percentage that the county-adjusted property tax base
9 per square mile is of the State-adjusted property tax base per square
10 mile and weight the resulting percentage by a factor of one-tenth.
- 11 d. Add the three weighted percentages to derive the county wealth as a
12 percentage of the State average wealth.
- 13 (9) "Effective county tax rate" means the actual county tax rate multiplied by a
14 weighted average of the three most recent annual sales assessment ratio
15 studies.
- 16 (10) "Effective State average tax rate" means the average of effective county tax
17 rates for all counties.
- 18 (11) "Local current expense funds" means the most recent county current expense
19 appropriations to public schools, as reported by local boards of education in
20 the audit report filed with the Secretary of the Local Government
21 Commission pursuant to G.S. 115C-447.
- 22 (12) "Per capita income" means the average for the most recent three years for
23 which data are available of the per capita income according to the most
24 recent report of the United States Department of Commerce, Bureau of
25 Economic Analysis, including any reported modifications for prior years as
26 outlined in the most recent report.
- 27 (13) "Sales assessment ratio studies" means sales assessment ratio studies
28 performed by the Department of Revenue under G.S. 105-289(h).
- 29 (14) "State average current expense appropriations per student" means the most
30 recent State total of county current expense appropriations to public schools,
31 as reported by local boards of education in the audit report filed with the
32 Secretary of the Local Government Commission pursuant to G.S. 115C-447.
- 33 (15) "State average adjusted property tax base per square mile" means the sum of
34 the county-adjusted property tax bases for all counties divided by the
35 number of square miles of land area in the State.
- 36 (16) "Supplant" means to decrease local per student current expense
37 appropriations from one fiscal year to the next fiscal year.
- 38 (17) "Weighted average of the three most recent annual sales assessment ratio
39 studies" means the weighted average of the three most recent annual sales
40 assessment ratio studies in the most recent years for which county current
41 expense appropriations and adjusted property tax valuations are available. If
42 real property in a county has been revalued one year prior to the most recent
43 sales assessment ratio study, a weighted average of the two most recent sales
44 assessment ratios shall be used. If property has been revalued the year of the
45 most recent sales assessment ratio study, the sales assessment ratio for the
46 year of revaluation shall be used.

47 **SECTION 8.3.(c) Eligibility for Funds.** – Except as provided in subsection (g) of
48 this section, the State Board of Education shall allocate these funds to local school
49 administrative units located in whole or in part in counties in which the county wealth as a
50 percentage of the State average wealth is less than one hundred percent (100%).

1 **SECTION 8.3.(d)** Allocation of Funds. – Except as provided in subsection (f) of
2 this section, the amount received per average daily membership for a county shall be the
3 difference between the State average current expense appropriations per student and the current
4 expense appropriations per student that the county could provide given the county's wealth and
5 an average effort to fund public schools. (To derive the current expense appropriations per
6 student that the county could be able to provide given the county's wealth and an average effort
7 to fund public schools, multiply the county's wealth as a percentage of State average wealth by
8 the State average current expense appropriations per student.) The funds for the local school
9 administrative units located in whole or in part in the county shall be allocated to each local
10 school administrative unit located in whole or in part in the county based on the average daily
11 membership of the county's students in the school units. If the funds appropriated for
12 supplemental funding are not adequate to fund the formula fully, each local school
13 administrative unit shall receive a pro rata share of the funds appropriated for supplemental
14 funding.

15 **SECTION 8.3.(e)** Formula for Distribution of Supplemental Funding Pursuant to
16 This Section Only. – The formula in this section is solely a basis for distribution of
17 supplemental funding for low-wealth counties and is not intended to reflect any measure of the
18 adequacy of the educational program or funding for public schools. The formula is also not
19 intended to reflect any commitment by the General Assembly to appropriate any additional
20 supplemental funds for low-wealth counties.

21 **SECTION 8.3.(f)** Minimum Effort Required. – A county that (i) maintains an
22 effective county tax rate that is at least one hundred percent (100%) of the effective State
23 average tax rate in the most recent year for which data are available or (ii) maintains a county
24 appropriation per student to the school local current expense fund of at least one hundred
25 percent (100%) of the current expense appropriations per student to the school local current
26 expense fund that the county could provide given the county's wealth and an average effort to
27 fund public schools shall receive full funding under this section. A county that maintains a
28 county appropriation per student to the school local current expense fund of less than one
29 hundred percent (100%) of the current expense appropriations per student to the school local
30 current expense fund that the county could provide given the county's wealth and an average
31 effort to fund public schools shall receive funding under this section at the same percentage that
32 the county's appropriation per student to the school local current expense fund is of the current
33 expense appropriations per student to the school local current expense fund that the county
34 could provide given the county's wealth and an average effort to fund public schools.

35 **SECTION 8.3.(g)** Nonsupplant Requirement. – A county in which a local school
36 administrative unit receives funds under this section shall use the funds to supplement local
37 current expense funds and shall not supplant local current expense funds. For the 2015-2017
38 fiscal biennium, the State Board of Education shall not allocate funds under this section to a
39 county found to have used these funds to supplant local per student current expense funds. The
40 State Board of Education shall make a finding that a county has used these funds to supplant
41 local current expense funds in the prior year, or the year for which the most recent data are
42 available, if all of the following criteria apply:

- 43 (1) The current expense appropriations per student of the county for the current
44 year is less than ninety-five percent (95%) of the average of local current
45 expense appropriations per student for the three prior fiscal years.
- 46 (2) The county cannot show (i) that it has remedied the deficiency in funding or
47 (ii) that extraordinary circumstances caused the county to supplant local
48 current expense funds with funds allocated under this section.

49 The State Board of Education shall adopt rules to implement the requirements of
50 this subsection.

1 **SECTION 8.3.(h)** Counties Containing a Base of the Armed Forces. –
 2 Notwithstanding any other provision of this section, for the 2015-2017 fiscal biennium,
 3 counties containing a base of the Armed Forces of the United States that have an average daily
 4 membership of more than 23,000 students shall receive the same amount of supplemental
 5 funding for low-wealth counties as received in the 2012-2013 fiscal year.

6 **SECTION 8.3.(i)** Funds for EVAAS Data. – Notwithstanding the requirements of
 7 subsection (a) of this section, local school administrative units may utilize funds allocated
 8 under this section to purchase services that allow for extraction of data from the Education
 9 Value-Added Assessment System (EVAAS).

10 **SECTION 8.3.(j)** Reports. – For the 2015-2017 fiscal biennium, the State Board of
 11 Education shall report to the Fiscal Research Division prior to May 15 of each year if it
 12 determines that counties have supplanted funds.

13 **SECTION 8.3.(k)** Department of Revenue Reports. – The Department of Revenue
 14 shall provide to the Department of Public Instruction a preliminary report for the current fiscal
 15 year of the assessed value of the property tax base for each county prior to March 1 of each
 16 year and a final report prior to May 1 of each year. The reports shall include for each county the
 17 annual sales assessment ratio and the taxable values of (i) total real property, (ii) the portion of
 18 total real property represented by the present-use value of agricultural land, horticultural land,
 19 and forestland, as defined in G.S. 105-277.2, (iii) property of public service companies
 20 determined in accordance with Article 23 of Chapter 105 of the General Statutes, and (iv)
 21 personal property.

22 23 **SMALL SCHOOL SYSTEM SUPPLEMENTAL FUNDING**

24 **SECTION 8.4.(a)** Allotment Schedule for the 2015-2017 Fiscal Biennium. –
 25 Except as otherwise provided in subsection (d) of this section, each eligible county school
 26 administrative unit shall receive a dollar allotment according to the following schedule:

27 Allotted ADM	Small County Allotment
28 0-600	\$1,710,000
29 601-1,300	\$1,820,000
30 1,301-1,700	\$1,548,700
31 1,701-2,000	\$1,600,000
32 2,001-2,300	\$1,560,000
33 2,301-2,600	\$1,470,000
34 2,601-2,800	\$1,498,000
35 2,801-3,200	\$1,548,000

36 **SECTION 8.4.(b)** Phase-Out Provision for the 2015-2016 Fiscal Year. – If a local
 37 school administrative unit becomes ineligible for funding under the schedule in subsection (a)
 38 of this section in the 2015-2016 fiscal year, funding for that unit shall be phased out over a
 39 five-year period. Funding for such local administrative units shall be reduced in equal
 40 increments in each of the five years after the local administrative unit becomes ineligible.
 41 Funding shall be eliminated in the fifth fiscal year after the local administrative unit becomes
 42 ineligible.

43 Allotments for eligible local school administrative units under this subsection shall
 44 not be reduced by more than twenty percent (20%) of the amount received in fiscal year
 45 2014-2015 in any fiscal year.

46 **SECTION 8.4.(c)** Phase-Out Provision for the 2016-2017 Fiscal Year. – If a local
 47 school administrative unit becomes ineligible for funding under the schedule in subsection (a)
 48 of this section in the 2016-2017 fiscal year, funding for that unit shall be phased out over a
 49 five-year period. Funding for such local administrative units shall be reduced in equal
 50 increments in each of the five years after the local administrative unit becomes ineligible.

1 Funding shall be eliminated in the fifth fiscal year after the local administrative unit becomes
2 ineligible.

3 Allotments for eligible local school administrative units under this subsection shall
4 not be reduced by more than twenty percent (20%) of the amount received in fiscal year
5 2015-2016 in any fiscal year.

6 **SECTION 8.4.(d) Nonsupplant Requirement for the 2015-2017 Fiscal Biennium.** –
7 A county in which a local school administrative unit receives funds under this section shall use
8 the funds to supplement local current expense funds and shall not supplant local current
9 expense funds. For the 2015-2017 fiscal biennium, the State Board of Education shall not
10 allocate funds under this section to a county found to have used these funds to supplant local
11 per student current expense funds. The State Board of Education shall make a finding that a
12 county has used these funds to supplant local current expense funds in the prior year, or the
13 year for which the most recent data are available, if all of the following criteria apply:

- 14 (1) The current expense appropriation per student of the county for the current
15 year is less than ninety-five percent (95%) of the average of local current
16 expense appropriation per student for the three prior fiscal years.
- 17 (2) The county cannot show (i) that it has remedied the deficiency in funding or
18 (ii) that extraordinary circumstances caused the county to supplant local
19 current expense funds with funds allocated under this section.

20 The State Board of Education shall adopt rules to implement the requirements of
21 this subsection.

22 **SECTION 8.4.(e) Reports.** – For the 2015-2017 fiscal biennium, the State Board of
23 Education shall report to the Fiscal Research Division prior to May 15 of each fiscal year if it
24 determines that counties have supplanted funds.

25 **SECTION 8.4.(f) Use of Funds.** – Local boards of education are encouraged to use
26 at least twenty percent (20%) of the funds they receive pursuant to this section to improve the
27 academic performance of children who are performing at Level I or II on either reading or
28 mathematics end-of-grade tests in grades three through eight.

29 Local school administrative units may also utilize funds allocated under this section
30 to purchase services that allow for extraction of data from the Education Value-Added
31 Assessment System (EVAAS).

32 **DISADVANTAGED STUDENT SUPPLEMENTAL FUNDING (DSSF)**

33 **SECTION 8.5.(a)** Funds appropriated for disadvantaged student supplemental
34 funding shall be used, consistent with the policies and procedures adopted by the State Board of
35 Education, only to do the following:

- 36 (1) Provide instructional positions or instructional support positions and/or
37 professional development.
- 38 (2) Provide intensive in-school and/or after-school remediation.
- 39 (3) Purchase diagnostic software and progress-monitoring tools.
- 40 (4) Provide funds for teacher bonuses and supplements. The State Board of
41 Education shall set a maximum percentage of the funds that may be used for
42 this purpose.

43 The State Board of Education may require local school administrative units
44 receiving funding under the Disadvantaged Student Supplemental Fund to purchase the
45 Education Value-Added Assessment System (EVAAS) in order to provide in-depth analysis of
46 student performance and help identify strategies for improving student achievement. This data
47 shall be used exclusively for instructional and curriculum decisions made in the best interest of
48 children and for professional development for their teachers and administrators.

49 **SECTION 8.5.(b)** Disadvantaged student supplemental funding (DSSF) shall be
50 allotted to a local school administrative unit based on (i) the unit's eligible DSSF population
51

1 and (ii) the difference between a teacher-to-student ratio of 1:21 and the following
2 teacher-to-student ratios:

- 3 (1) For counties with wealth greater than ninety percent (90%) of the statewide
4 average, a ratio of 1:19.9.
- 5 (2) For counties with wealth not less than eighty percent (80%) and not greater
6 than ninety percent (90%) of the statewide average, a ratio of 1:19.4.
- 7 (3) For counties with wealth less than eighty percent (80%) of the statewide
8 average, a ratio of 1:19.1.
- 9 (4) For local school administrative units receiving DSSF funds in fiscal year
10 2005-2006, a ratio of 1:16. These local school administrative units shall
11 receive no less than the DSSF amount allotted in fiscal year 2006-2007.

12 For the purpose of this subsection, wealth shall be calculated under the low-wealth
13 supplemental formula as provided for in this act.

14 **SECTION 8.5.(c)** If a local school administrative unit's wealth increases to a level
15 that adversely affects the unit's disadvantaged student supplemental funding (DSSF) allotment
16 ratio, the DSSF allotment for that unit shall be maintained at the prior year level for one
17 additional fiscal year.

18

19 UNIFORM EDUCATION REPORTING SYSTEM (UERS) FUNDS

20 **SECTION 8.7.** Funds appropriated for the Uniform Education Reporting System
21 (UERS) for the 2015-2017 fiscal biennium shall not revert at the end of each fiscal year but
22 shall remain available until expended.

23

24 COOPERATIVE INNOVATIVE HIGH SCHOOLS

25 **SECTION 8.8.** G.S. 115C-238.54 is amended by adding a new subsection to read:

26 "(j) Any State funds appropriated for cooperative innovative high schools shall not be
27 adjusted to reflect legislative salary increments, retirement rate adjustments, and health benefit
28 adjustments for school personnel, unless specifically provided for by the General Assembly."

29

30 STUDY NCVPS ALTERNATIVE FUNDING FORMULA

31 **SECTION 8.11.(a)** The State Board of Education shall study implementation of an
32 alternative funding formula for the North Carolina Virtual Public School (NCVPS) in lieu of
33 the funding formula adopted by the State Board pursuant to Section 7.22(d) of S.L. 2011-145,
34 as amended by Section 8.9 of S.L. 2013-360. The study shall include consideration of the
35 potential costs and benefits of (i) offering an alternative funding formula option for local boards
36 of education to select and (ii) replacing the current NCVPS formula with a new formula
37 applicable to all local boards of education participating in NCVPS.

38 **SECTION 8.11.(b)** The State Board of Education shall report the results of the
39 study under subsection (a) of this section and any legislative recommendations to the Joint
40 Legislative Education Oversight Committee by January 15, 2016.

41

42 REVISE THE DESIGNATION OF THE TEXTBOOK FUNDING ALLOTMENT

43 **SECTION 8.18.(a)** Effective July 1, 2015, the existing Textbooks funding
44 allotment in the State Public School Fund shall be designated as the Textbooks and Digital
45 Resources funding allotment in the State Public School Fund.

46 **SECTION 8.18.(b)** The State Board of Education shall establish the purposes for
47 which the funds within the new Textbooks and Digital Resources funding allotment may be
48 used for as follows: (i) to acquire textbooks as defined in G.S. 115C-85, which includes
49 technology-based programs, and (ii) only for allowable expenditures as were permitted under
50 the Textbooks funding allotment as of June 30, 2015.

51

REPEAL UNNECESSARY STATE BOARD OF EDUCATION REPORTS

SECTION 8.25.(a) Report on Paperwork Reduction. – G.S. 115C-12(19) reads as rewritten:

"(19) Duty to Identify Required Reports and to Eliminate Unnecessary Reports and Paperwork. – Prior to the beginning of each school year, the State Board of Education shall identify all reports that are required at the State level for the school year.

The State Board of Education shall adopt policies to ensure that local school administrative units are not required by the State Board of Education, the State Superintendent, or the Department of Public Instruction staff to (i) provide information that is already available on the student information management system or housed within the Department of Public Instruction; (ii) provide the same written information more than once during a school year unless the information has changed during the ensuing period; (iii) complete forms, for children with disabilities, that are not necessary to ensure compliance with the federal Individuals with Disabilities Education Act (IDEA); or (iv) provide information that is unnecessary to comply with State or federal law and not relevant to student outcomes and the efficient operation of the public schools. Notwithstanding the foregoing, the State Board may require information available on its student information management system or require the same information twice if the State Board can demonstrate a compelling need and can demonstrate there is not a more expeditious manner of getting the information.

The State Board shall permit schools and local school administrative units to submit all reports to the Department of Public Instruction electronically.

The State Board of Education, in collaboration with the education roundtables within the Department of Public Instruction, shall consolidate all plans that affect the school community, including school improvement plans. The consolidated plan shall be posted on each school's Web site for easy access by the public and by school personnel.

~~The State Board shall report to the Joint Legislative Education Oversight Committee by November 15 of each year on the reports identified that are required at the State level, the evaluation and determination for continuing individual reports, including the consideration of whether those reports exceed what is required by State and federal law, and any reports that it has consolidated or eliminated for the upcoming school year."~~

SECTION 8.25.(b) Report on the ABCs. – G.S. 115C-12(25) reads as rewritten:

"(25) Duty to Report to Joint Legislative Education Oversight Committee. – Upon the request of the Joint Legislative Education Oversight Committee, the State Board shall examine and evaluate issues, programs, policies, and fiscal information, and shall make reports to that Committee. Furthermore, beginning ~~October 15, 1997,~~ October 15, 2015, and annually thereafter, the State Board shall submit reports to that Committee regarding ~~the continued implementation of Chapter 716 of the 1995 Session Laws, 1996 Regular Session. Each report shall include information regarding the composition and activity of assistance teams, schools that received incentive awards, schools identified as low-performing, school improvement plans found to significantly improve student performance, personnel actions taken in low-performing schools, and recommendations for additional legislation to improve student performance and increase local flexibility."~~

1 **SECTION 8.25.(c)** Report on State School Technology Plan. –
2 G.S. 115C-102.6B(b) reads as rewritten:

3 "(b) The Board shall submit the plan to the State Chief Information Officer for approval
4 of the technical components of the plan set out in G.S. 115C-102.6A(1) through (4). At least
5 one-fourth of the members of any technical committee that reviews the plan for the State Chief
6 Information Officer shall be people actively involved in primary or secondary education.

7 ~~The Board shall report annually by February 15 of each year to the Joint Legislative
8 Education Oversight Committee on the status of the State School Technology Plan."~~

9 **SECTION 8.25.(d)** Reports by Local School Administrative Units and Charter
10 Schools on Students With Diabetes. – G.S. 115C-375.3 reads as rewritten:

11 **"§ 115C-375.3. Guidelines to support and assist students with diabetes.**

12 Local boards of education and boards of directors of charter schools shall ensure that the
13 guidelines adopted by the State Board of Education under G.S. 115C-12(31) are implemented
14 in schools in which students with diabetes are enrolled. In particular, the boards shall require
15 the implementation of the procedures set forth in those guidelines for the development and
16 implementation of individual diabetes care plans. The boards also shall make available
17 necessary information and staff development to teachers and school personnel in order to
18 appropriately support and assist students with diabetes in accordance with their individual
19 diabetes care plans. ~~Local boards of education and boards of directors of charter schools shall
20 report to the State Board of Education annually, on or before August 15, whether they have
21 students with diabetes enrolled and provide information showing compliance with the
22 guidelines adopted by the State Board of Education under G.S. 115C-12(31). These reports
23 shall be in compliance with the federal Family Educational Rights and Privacy Act, 20 U.S.C. §
24 1232g."~~

25 26 **INVESTING IN INNOVATION GRANT**

27 **SECTION 8.27.(a)** Section 8.25 of S.L. 2013-360, as amended by Section 8.27 of
28 S.L. 2014-100, is repealed.

29 **SECTION 8.27.(b)** The federal Investing in Innovation Fund Grant: Validating
30 Early College Strategies for Traditional Comprehensive High Schools awarded to the North
31 Carolina New Schools Project for 2012-2020 requires students to enroll in a community college
32 course in the tenth grade. Notwithstanding any other provision of law, specified local school
33 administrative units may offer one community college course to participating sophomore (tenth
34 grade) students. Participating local school administrative units are Alleghany, Beaufort, Bladen,
35 Duplin, Hertford, Harnett, Jones, Madison, Martin, Richmond, Rutherford, Scotland, Surry,
36 Warren, and Yancey County Schools.

37 **SECTION 8.27.(c)** Grant funds shall be used to pay for all costs incurred by the
38 local school administrative units and the community college partners to implement the grant,
39 including community college FTE. Community colleges shall not earn budget FTE for student
40 course enrollments supported with this grant.

41 **SECTION 8.27.(d)** Research conducted as part of the federal grant program under
42 subsection (a) of this section shall address the effects of early college strategies in preparing
43 students for college completion. The North Carolina New Schools Project shall report on the
44 implementation of the grant to the State Board of Education, State Board of Community
45 Colleges, Office of the Governor, and the Joint Legislative Education Oversight Committee no
46 later than March 15, 2016, and annually thereafter until the end of the grant period.

47 48 **STUDY ON CHARTER SCHOOL CLOSURE FUNDS**

49 **SECTION 8.28.(a)** The State Board of Education shall study and develop a
50 proposed policy regarding circumstances in which a charter school, approved by the State
51 Board pursuant to G.S. 115C-218.5, shall not be subject to the minimum value requirement of

1 fifty thousand dollars (\$50,000) as required by G.S. 115C-218.100 for the purposes of ensuring
2 payment of expenses related to closure proceedings. The State Board shall consider providing
3 certain charter schools with a total or partial waiver of the requirement. In doing so, the State
4 Board shall examine criteria for potentially eligible charter schools, such as the years of
5 operation of the charter school, proven compliance with finance, governance, academic
6 requirements of its charter, State law, and State Board policy requirements, as well as
7 appropriate documentation to show the charter school's financial health and sustainability.

8 **SECTION 8.28.(b)** By February 15, 2016, the State Board of Education shall
9 report to the Joint Legislative Education Oversight Committee on the results of the study and a
10 proposed policy as required by subsection (a) of this section, including any legislative
11 recommendations.

12 13 **TEXTBOOKS AND DIGITAL RESOURCES ALLOTMENT/USE OF FUNDS**

14 **SECTION 8.33.** G.S. 115C-105.25(c) reads as rewritten:

15 "(c) To ensure that parents, educators, and the general public are informed on how State
16 funds have been used to address local educational priorities, each local school administrative
17 unit shall publish the following information on its Web site by October 15 of each year:

- 18 (1) A description of each program report code, written in plain English, and a
19 summary of the prior fiscal year's expenditure of State funds within each
20 program report code.
- 21 (2) A description of each object code within a program report code, written in
22 plain English, and a summary of the prior fiscal year's expenditure of State
23 funds for each object code.
- 24 (3) A description of each allotment transfer that increased or decreased the
25 initial allotment amount by more than five percent (5%) and the educational
26 priorities that necessitated the transfer.
- 27 (4) A description of any transfer of funds from the textbooks and digital
28 resources allotment into another allotment category with an explanation of
29 why the transfer from the textbooks and digital resources allotment was
30 made to a different allotment category.
- 31 (5) A chart that clearly reflects how the local school administrative unit spent
32 State funds."

33 34 **STUDY ON JUVENILE LITERACY PROGRAM**

35 **SECTION 8.34.(a)** The Joint Legislative Education Oversight Committee shall
36 study the results of the Juvenile Literacy Center program established in Wake County. In
37 conducting the study, the Committee shall do at least the following:

- 38 (1) Examine the impact of the program on (i) improving basic literacy skills, (ii)
39 reintegrating juveniles into schools, (iii) preventing criminal behavior and
40 recidivism, (iv) developing overall academic skills, and (v) addressing
41 problem behaviors in school.
- 42 (2) Evaluate the existing program for potential expansion into other counties,
43 including projected costs, feasibility of implementation, and
44 recommendations for locations for additional programs.

45 **SECTION 8.34.(b)** The Committee shall report the results of its study and any
46 recommendations on the expansion of the program, including proposed legislation, to the 2015
47 General Assembly upon the convening of the 2016 Regular Session.

48 49 **BUDGET REDUCTIONS/DEPARTMENT OF PUBLIC INSTRUCTION**

50 **SECTION 8.37.(a)** Notwithstanding G.S. 143C-6-4, the State Board of Education
51 may, after consultation with the Office of State Budget and Management and the Fiscal

1 Research Division, reorganize the Department of Public Instruction, if necessary, to implement
 2 the budget reductions for the 2015-2017 fiscal biennium. Consultation shall occur prior to
 3 requesting budgetary and personnel changes through the budget revision process. The State
 4 Board shall provide a current organization chart for the Department of Public Instruction in the
 5 consultation process and shall report to the Joint Legislative Commission on Governmental
 6 Operations on any reorganization.

7 **SECTION 8.37.(b)** In implementing budget reductions for the 2015-2017 fiscal
 8 biennium, the State Board of Education shall make no reduction to funding or positions for (i)
 9 the North Carolina Center for Advancement of Teaching and (ii) the Eastern North Carolina
 10 School for the Deaf, the North Carolina School for the Deaf, and the Governor Morehead
 11 School, except that the State Board may, in its discretion, reduce positions at these institutions
 12 that have been vacant for more than 16 months. The State Board shall also make no reduction
 13 in funding to any of the following entities:

- 14 (1) Communities in Schools of North Carolina, Inc.
- 15 (2) Teach For America, Inc.
- 16 (3) Beginnings for Parents of Children who are Deaf or Hard of Hearing, Inc.

17 LOCAL BOARDS OF EDUCATION/PERFORMANCE-BASED RIFIS

18 **SECTION 8.38.(a)** G.S. 115C-325.4 is amended by adding a new subsection to
 19 read:

20 "(c) Local boards of education shall adopt a policy for implementing a reduction in force
 21 pursuant to subdivision (a)(15) of this section that includes the following criteria:

- 22 (1) In determining which positions shall be subject to a reduction, a local school
 23 administrative unit shall consider the following:
 - 24 a. Structural considerations, such as identifying positions, departments,
 25 courses, programs, operations, and other areas where there are (i) less
 26 essential, duplicative, or excess personnel; (ii) job responsibility and
 27 position inefficiencies; (iii) opportunities for combined work
 28 functions; and (iv) decreased student or other demands for
 29 curriculum, programs, operations, or other services.
 - 30 b. Organizational considerations, such as anticipated organizational
 31 needs of the school system and program or school enrollment.
- 32 (2) In identifying which teachers in similar positions shall be subject to a
 33 dismissal, demotion, or reduction to employment on a part-time basis under
 34 the policy, a local school administrative unit shall consider work
 35 performance and teacher evaluations."

36 **SECTION 8.38.(b)** G.S. 115C-325(e)(2) reads as rewritten:

37 "(2) Reduction in Force. –

- 38 a. A local board of education shall adopt a policy for implementing a
 39 reduction in force pursuant to sub-subdivision (e)(1)l. of this section
 40 that includes the following criteria:
 - 41 1. In determining which positions shall be subject to a reduction,
 42 a local school administrative unit shall consider the
 43 following:
 - 44 l. Structural considerations, such as identifying
 45 positions, departments, courses, programs, operations,
 46 and other areas where there are (i) less essential,
 47 duplicative, or excess personnel; (ii) job responsibility
 48 and position inefficiencies; (iii) opportunities for
 49 combined work functions; and (iv) decreased student
 50 performance and teacher evaluations."

1 or other demands for curriculum, programs,
2 operations, or other services.

3 II. Organizational considerations, such as anticipated
4 organizational needs of the school system and
5 program or school enrollment.

6 2. In identifying which teachers in similar positions shall be
7 subject to a dismissal, demotion, or reduction to employment
8 on a part-time basis under the policy, a local school
9 administrative unit shall consider work performance and
10 teacher evaluations.

11 b. Before recommending to a board the dismissal or demotion of the
12 career employee pursuant to G.S. 115C-325(e)(1)l., the
13 superintendent shall give written notice to the career employee by
14 certified mail or personal delivery of his intention to make such
15 recommendation and shall set forth as part of his or her
16 recommendation the grounds upon which he or she believes such
17 dismissal or demotion is justified. The notice shall include a
18 statement to the effect that if the career employee within 15 days
19 after receipt of the notice requests a review, he or she shall be
20 entitled to have the proposed recommendations of the superintendent
21 reviewed by the board. Within the 15-day period after receipt of the
22 notice, the career employee may file with the superintendent a
23 written request for a hearing before the board within 10 days. If the
24 career employee requests a hearing before the board, the hearing
25 procedures provided in G.S. 115C-325(j3) shall be followed. If no
26 request is made within the 15-day period, the superintendent may file
27 his or her recommendation with the board. If, after considering the
28 recommendation of the superintendent and the evidence adduced at
29 the hearing if there is one, the board concludes that the grounds for
30 the recommendation are true and substantiated by a preponderance of
31 the evidence, the board, if it sees fit, may by resolution order such
32 dismissal. Provisions of this section which permit a hearing by a
33 hearing officer shall not apply to a dismissal or demotion
34 recommended pursuant to G.S. 115C-325(e)(1)l.

35 When a career employee is dismissed pursuant to G.S. 115C-325(e)(1)l.,
36 above, his or her name shall be placed on a list of available career employees
37 to be maintained by the board."

38 **SECTION 8.38.(c)** Effective June 30, 2018, G.S. 115C-325(e)(2), as amended by
39 this section, is repealed.

40 41 **DRIVER EDUCATION TRAINING**

42 **SECTION 8.39.(a)** G.S. 115C-216 reads as rewritten:

43 "**§ 115C-216. Boards of education required to provide courses in operation of motor**
44 **vehicles.**

45 (a) Course of Training and Instruction Required in Public High Schools. – Local boards
46 of education shall offer noncredit driver education courses in high schools using the
47 standardized curriculum provided by the Department of Public Instruction.

48 (b) Inclusion of Expense in Budget. – The local boards of education shall include as an
49 item of instructional service and as a part of the current expense fund of the budget of the high
50 schools under their supervision, the expense necessary to offer the driver education course.

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

1 (g) Fee for Instruction. – The local boards of education shall fund driver education
2 courses from funds available to them and may charge each student participating in a driver
3 education course a fee of up to sixty five dollars (\$65.00) to offset in an amount not to exceed
4 the actual costs of providing the training and instruction course."

5 **SECTION 8.39.(b)** Article 14 of Chapter 115C of the General Statutes is repealed.

6 **SECTION 8.39.(c)** G.S. 20-7(m)(1) reads as rewritten:

7 "(1) An applicant who is less than 18 years old and is enrolled in a drivers
8 education program that ~~is approved by the State Superintendent of Public~~
9 ~~Instruction~~ meets the requirements set forth in G.S. 115D-76.5 and is offered
10 ~~at a public high school, by a community college or at a nonpublic secondary~~
11 ~~school, school~~ or a licensed drivers commercial driver training school."

12 **SECTION 8.39.(d)** G.S. 20-11(b) reads as rewritten:

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

15 (1) Passes a course of driver education prescribed in ~~G.S. 115C-215~~G.S.
16 115D-76.5 or a course of driver instruction at a nonpublic secondary school
17 or licensed commercial driver training school.

18 (2) Passes a written test administered by the Division.

19 (3) Has a driving eligibility certificate or a high school diploma or its
20 equivalent."

21 **SECTION 8.39.(e)** G.S. 20-81.12(b86) reads as rewritten:

22 "(b86) Concerned Bikers Association/ABATE of North Carolina. – The Division must
23 receive 300 or more applications for the "Concerned Bikers Association/ABATE of North
24 Carolina" plate before the plate may be developed. The Division shall transfer quarterly the
25 money in the Collegiate and Cultural Attraction Plate Account derived from the sale of the
26 "Concerned Bikers Association/ABATE of North Carolina" plates to the ~~Department of Public~~
27 ~~Instruction~~ Community Colleges System Office to support the driver training and safety
28 education program established pursuant to ~~G.S. 115C-215~~G.S. 115D-76.5 and to support
29 motorcycle safety and awareness training as part of the driver training program."

30 **SECTION 8.39.(f)** G.S. 20-88.1(d) reads as rewritten:

31 "(d) The Division shall prepare a driver license handbook that explains the traffic laws of
32 the State and shall periodically revise the handbook to reflect changes in these laws. At the
33 request of the ~~Department of Public Instruction, Community Colleges System Office,~~ the
34 Division shall provide free copies of the handbook to ~~that Department~~ the System Office for
35 use in the program of driver education offered ~~at public high schools by community colleges."~~

36 **SECTION 8.39.(g)** G.S. 20-129(a)(4) reads as rewritten:

37 "(4) At any other time when windshield wipers are in use as a result of smoke,
38 fog, rain, sleet, or snow, or when inclement weather or environmental factors
39 severely reduce the ability to clearly discern persons and vehicles on the
40 street and highway at a distance of 500 feet ahead, provided, however, the
41 provisions of this subdivision shall not apply to instances when windshield
42 wipers are used intermittently in misting rain, sleet, or snow. Any person
43 violating this subdivision during the period from October 1, 1990, through
44 December 31, 1991, shall be given a warning of the violation only.
45 Thereafter, any person violating this subdivision shall have committed an
46 infraction and shall pay a fine of five dollars (\$5.00) and shall not be
47 assessed court costs. No drivers license points, insurance points or premium
48 surcharge shall be assessed on account of violation of this subdivision and
49 no negligence or liability shall be assessed on or imputed to any party on
50 account of a violation of this subdivision. The Commissioner of Motor
51 Vehicles and the ~~Superintendent of Public Instruction~~ State Board of

1 Community Colleges shall incorporate into driver education programs and
2 driver licensing programs instruction designed to encourage compliance with
3 this subdivision as an important means of reducing accidents by making
4 vehicles more discernible during periods of limited visibility."

5 **SECTION 8.39.(h)** G.S. 20-135.2A(g) reads as rewritten:

6 "(g) The Commissioner of Motor Vehicles and the ~~Department of Public Instruction~~
7 State Board of Community Colleges shall incorporate in driver education programs and driver
8 licensing programs instructions designed to encourage compliance with this section as an
9 important means of reducing the severity of injury to the users of restraint devices and on the
10 requirements and penalties specified in this law."

11 **SECTION 8.39.(i)** G.S. 20-322(b) reads as rewritten:

12 "(b) Regulations adopted by the Commissioner shall state the requirements for a school
13 license, including requirements concerning location, equipment, courses of instruction,
14 instructors, financial statements, schedule of fees and charges, character and reputation of the
15 operators, insurance, bond or other security in such sum and with such provisions as the
16 Commissioner deems necessary to protect adequately the interests of the public, and such other
17 matters as the Commissioner may prescribe. A driver education course offered to prepare an
18 individual for a limited learner's permit or another provisional license must meet the
19 requirements set in ~~G.S. 115C-215~~G.S. 115D-76.5 for the program of driver education offered
20 ~~in the public schools by community colleges.~~"

21 **SECTION 8.39.(j)** G.S. 105-187.6(a)(8) reads as rewritten:

22 "(8) To a ~~local board of education~~board of trustees of a community college for
23 use in the driver education program ~~of a public school of the community~~
24 college when the motor vehicle is transferred:

- 25 a. By a retailer and is to be transferred back to the retailer within 300
26 days after the transfer to the ~~local board~~board of trustees of the
27 community college.
28 b. By a ~~local board of education~~board of trustees of the community
29 college."

30 **SECTION 8.39.(k)** G.S. 115C-12(28) reads as rewritten:

31 "(28) Duty to Develop Rules for Issuance of Driving Eligibility Certificates. – The
32 State Board of Education shall adopt the following rules to assist schools in
33 their administration of procedures necessary to implement G.S. 20-11 and
34 G.S. 20-13.2:

- 35 a. To define what is equivalent to a high school diploma for the
36 purposes of G.S. 20-11 and G.S. 20-13.2. These rules shall apply to
37 all educational programs offered in the State by public schools,
38 charter schools, nonpublic schools, or community colleges.
39 b. To establish the procedures a person who is or was enrolled in a
40 public school or in a charter school must follow and the requirements
41 that person shall meet to obtain a driving eligibility certificate.
42 c. To require the person who is required under G.S. 20-11(n) to sign the
43 driving eligibility certificate to provide the certificate if he or she
44 determines that one of the following requirements is met:
45 1. The person seeking the certificate is eligible for the certificate
46 under G.S. 20-11(n)(1) and is not subject to G.S. 20-11(n1).
47 2. The person seeking the certificate is eligible for the certificate
48 under G.S. 20-11(n)(1) and G.S. 20-11(n1).

49 These rules shall apply to public schools and charter schools.

- 1 d. To provide for an appeal to an appropriate education authority by a
 2 person who is denied a driving eligibility certificate. These rules
 3 shall apply to public schools and charter schools.
 4 e. To define exemplary student behavior and to define what constitutes
 5 the successful completion of a drug or alcohol treatment counseling
 6 program. These rules shall apply to public schools and charter
 7 schools.

8 The State Board also shall develop policies as to when it is appropriate to
 9 notify the Division of Motor Vehicles that a person who is or was enrolled in
 10 a public school or in a charter school no longer meets the requirements for a
 11 driving eligibility certificate.

12 The State Board shall develop a form for parents, guardians, or
 13 emancipated juveniles, as appropriate, to provide their written, irrevocable
 14 consent for a school to disclose to the Division of Motor Vehicles that the
 15 student no longer meets the conditions for a driving eligibility certificate
 16 under G.S. 20-11(n)(1) or G.S. 20-11(n1), if applicable, in the event that this
 17 disclosure is necessary to comply with G.S. 20-11 or G.S. 20-13.2. Other
 18 than identifying under which statutory subsection the student is no longer
 19 eligible, no other details or information concerning the student's school
 20 record shall be released pursuant to this consent. This form shall be used for
 21 students enrolled in public schools or charter schools.

22 ~~The State Board of Education may use funds appropriated for drivers~~
 23 ~~education to cover the costs of driving eligibility certificates."~~

24 **SECTION 8.39.(l)** Subsection (a) of this section applies for the 2015-2016 school
 25 year only. Subsections (b) through (k) of this section become effective July 1, 2016.

27 OFFICE OF EDUCATOR LICENSURE/TRANSFER FROM LICENSURE SECTION

28 **SECTION 8.40.(a)** Article 20 of Chapter 115C of the General Statutes is amended
 29 by adding a new section to read:

30 "**§ 115C-295.5. Office of Educator Licensure.**

31 (a) There is created the Office of Educator Licensure (OEL), which shall be under the
 32 control of the State Board of Education. The OEL shall consist of an executive director
 33 appointed by the State Board of Education and such other professional, administrative,
 34 technical, and clerical personnel as may be necessary to assist the OEL in carrying out its
 35 powers and duties within the funds available for this purpose. The State Board may direct the
 36 Department of Public Instruction to provide technical and administrative support to the OEL.

37 (b) The OEL shall execute the rules and regulations established by the State Board of
 38 Education for renewal and extension of all licenses.

39 (c) The OEL shall ensure that initial licenses and license renewals are processed and
 40 issued in a timely and accurate manner as follows:

41 (1) The OEL shall work cooperatively with local school administrative units,
 42 charter schools, regional schools, schools of education, individuals seeking
 43 licensure, the Department of Public Instruction, and educator licensing
 44 entities in other states.

45 (2) The OEL shall use electronic means of processing applications, to the extent
 46 practicable, to process all applications and concerns and shall ensure that
 47 applicants can ascertain progress and communicate with the OEL on
 48 processing of applications electronically.

49 (d) The OEL shall maintain information on a publicly accessible Web site about the
 50 following:

- 1 (1) The process for licensure for educators in the State, including initial
2 licensure, renewal of licensure, licensure reciprocity with other states, and
3 lateral entry licensure.
4 (2) Licensure fee schedules.
5 (3) Licensure policies related to experience and degree credit for salary
6 purposes.
7 (4) Licensure suspension and revocation.
8 (5) The current status of licensed educators in the State in a searchable format.
9 (e) The OEL shall maintain and make available statistical information about licensure
10 in the State on a publicly accessible Web site, including the following:
11 (1) Updated at least weekly:
12 a. Number of applications received and transactions completed.
13 b. Number of newly licensed educators.
14 c. Number of licensure renewals.
15 (2) Updated at least annually:
16 a. Demographic information regarding currently licensed educators.
17 b. Number of licenses issued by area of licensure and type of license.
18 c. Number of initial licenses for the following:
19 1. Graduates of educator preparation programs.
20 2. Lateral entry.
21 3. International educators.
22 4. Out-of-State educators seeking reciprocity.
23 (f) The OEL shall be supported by fees as provided in G.S. 115C-296(a2)."

24 **SECTION 8.40.(b)** Within 60 days of the date this act becomes law, the State
25 Board of Education shall appoint an executive director of the Office of Educator Licensure
26 (OEL) in accordance with G.S. 115C-295.5, as enacted by subsection (a) of this section.
27 Notwithstanding G.S. 115C-295.5, the OEL shall not be subject to carrying out the duties and
28 responsibilities required by G.S. 115C-295.5 until January 1, 2016. The position of the
29 executive director of the OEL shall be supported by fees as provided in G.S. 115C-296(a2).

30 **SECTION 8.40.(c)** Effective January 1, 2016, the Licensure Section within the
31 Department of Public Instruction is dissolved and the duties and functions of that section are
32 transferred to the OEL, established under G.S. 115C-295.5, as enacted by subsection (a) of this
33 section. This transfer shall have all of the elements of a Type I transfer, as defined in
34 G.S. 143A-6. Prior to the transfer on January 1, 2016, the executive director of the OEL shall,
35 in consultation with the Licensure Section within the Department of Public Instruction, develop
36 and implement a transition plan that addresses the transfer of duties and functions of the
37 Licensure Section to the OEL to minimize disruption in the provision of services for educator
38 licensure and renewals.

39 40 **MODIFY EDUCATOR PREPARATION PROGRAM APPROVAL PROCESS**

41 **SECTION 8.41.(a)** Article 20 of Chapter 115C of the General Statutes is amended
42 by adding new sections to read:

43 **"§ 115C-296.8. Educator preparation program approval process.**

44 (a) The State Board of Education, as lead agency, in coordination and cooperation with
45 the Board of Governors of The University of North Carolina, the State Board of Community
46 Colleges, the North Carolina Independent Colleges and Universities, Inc., and such other public
47 and private agencies as are necessary, shall establish standards for approval of educator
48 preparation programs. Graduates of educator preparation programs operating in this State that
49 have either (i) not been approved by the State Board or (ii) are not nationally accredited shall
50 be ineligible for an initial license as a new, in-State approved program graduate.

1 (b) The standards for approval of educator preparation programs shall require that
2 educator preparation program providers be either State-approved or nationally accredited.
3 North Carolina program approval site visitors shall coordinate with educator preparation
4 programs seeking national accreditation. State educator preparation program approval shall
5 include the following components:

- 6 (1) Adoption of rules for granting State approval to educator preparation
7 programs and units. These rules shall mirror national accreditation in efforts
8 to maintain the same level of quality preparation across programs. The rules
9 shall include all content, pedagogy, and clinical requirements required by
10 State law.
11 (2) A State peer review process that includes highly qualified and trained
12 members to adequately review programs within the State.
13 (3) Technical assistance to educator preparation programs in efforts to do the
14 following:
15 a. Improve education quality and educator preparation program
16 performance.
17 b. Inform programs about the program approval process as part of
18 educator preparation program performance based on outcome data.
19 c. Assist with State and federal reporting process.
20 d. Help build and maintain partnerships between elementary and
21 secondary schools and educator preparation programs.

22 (c) The State Board of Education may place an approved educator preparation program
23 provider on probationary status and require a plan for improvement on any of the unmet
24 standards for the program, or revoke educator preparation program approval, for any of the
25 following reasons:

- 26 (1) Failing to report required information to the State Board of Education as part
27 of the reporting requirement.
28 (2) Offering misleading or false information about approved programs.
29 (3) Accepting students into any part of an educator preparation program that is
30 not approved by the State Board of Education.
31 (4) Failing to comply with the educator preparation program review process.
32 (5) Failing to meet standards for approval set forth by the State Board of
33 Education.

34 **"§ 115C-296.9. Minimum admissions requirements for educator preparation programs.**

35 (a) Testing. – An undergraduate student seeking a degree in education shall attain
36 passing scores on a preprofessional skills test prior to admission to an approved program in the
37 State. The State Board of Education shall permit students to fulfill this requirement by
38 achieving the prescribed minimum scores set by the State Board of Education for the Praxis
39 Core tests or by achieving the appropriate required scores, as determined by the State Board of
40 Education, on the verbal and mathematics portions of the SAT or ACT. The minimum
41 combined verbal and mathematics score set by the State Board for the SAT shall be 1,100 or
42 greater. The minimum composite score set by the State Board for the ACT shall be 24 or
43 greater.

44 (b) Grade Point Average. – An approved educator preparation program in the State
45 shall not admit an undergraduate student into an educator preparation program unless that
46 student has earned a minimum cumulative grade point average of at least a 2.7. An approved
47 educator preparation program shall ensure that the minimum cohort grade point average for
48 each entering cohort to an educator preparation program is at least a 3.0.

49 **"§ 115C-296.10. Content and pedagogy requirements.**

50 (a) Content and Pedagogy Requirements for Educator Preparation Programs. – To
51 ensure that educator preparation programs remain current and reflect a rigorous course of study

1 that is aligned to State and national standards, the State Board of Education, in consultation
2 with the Board of Governors of The University of North Carolina and the North Carolina
3 Independent Colleges and Universities, Inc., shall require that the rules for approval of educator
4 preparation programs include the following requirements with demonstrated competencies:

5 (1) All educator preparation programs shall include the following:

- 6 a. The identification and education of children with disabilities.
7 b. Positive management of student behavior and effective
8 communication techniques for defusing and deescalating disruptive
9 or dangerous behavior.
10 c. Demonstration of competencies in using digital and other
11 instructional technologies to provide high-quality, integrated digital
12 teaching and learning to all students.

13 (2) Elementary education teacher education preparation programs shall include
14 the following:

- 15 a. Adequate coursework in the teaching of reading, writing, and
16 mathematics.
17 b. Assessment prior to licensure to determine if a student possesses the
18 requisite knowledge in scientifically based reading, writing, and
19 mathematics instruction that is aligned with the State Board's
20 expectations.
21 c. Instruction in application of formative and summative assessments
22 within the school and classroom setting through technology-based
23 assessment systems available in North Carolina schools that measure
24 and predict expected student improvement.
25 d. Instruction in integration of arts education across the curriculum.

26 (3) Elementary and special education general curriculum teacher education
27 preparation programs shall ensure that students receive instruction in early
28 literacy intervention strategies and practices that are aligned with State and
29 national reading standards and shall include the following:

- 30 a. Instruction in the teaching of reading, including a substantive
31 understanding of reading as a process involving oral language,
32 phonological and phonemic awareness, phonics, fluency, vocabulary,
33 and comprehension. Instruction shall include appropriate application
34 of instructional supports and services and reading interventions to
35 ensure reading proficiency for all students.
36 b. Instruction in evidence-based assessment and diagnosis of specific
37 areas of difficulty with reading development and of reading
38 deficiencies.
39 c. Instruction in appropriate application of instructional supports and
40 services and reading interventions to ensure reading proficiency for
41 all students.

42 (4) Middle and high school science teacher education preparation programs
43 shall include adequate preparation in issues related to science laboratory
44 safety.

45 (b) School Administrator Preparation Programs. – Rules for approval of school
46 administrator preparation programs shall incorporate the criteria developed in accordance with
47 G.S. 116-74.21 for assessing proposals under the School Administrator Training Program.

48 **"§ 115C-296.11. Clinical partnerships and practice in educator preparation programs.**

49 (a) As used in this section, the following definitions shall apply:

50 (1) Clinical educator. – An individual employed by an elementary or secondary
51 school, including a classroom teacher, who assesses, supports, and develops

1 a student's knowledge, skills, and professional disposition during the clinical
2 experience.

3 (2) Internship. – Part of a formal program to provide practical experience and
4 training for beginners in the education profession.

5 (3) Residency. – A specified period of time in which a person is employed by a
6 local school administrative unit to gain practical experience and training in
7 educator preparation.

8 (b) The State Board of Education, in consultation with the Board of Governors of The
9 University of North Carolina and the North Carolina Independent Colleges and Universities,
10 Inc., shall adopt and establish rules for educator preparation that require at least the following:

11 (1) Educator preparation programs shall establish and maintain collaborative,
12 formalized partnerships with elementary and secondary schools that are
13 focused on student achievement, continuous school improvement, and the
14 professional development of elementary and secondary educators, as well as
15 those preparing educators.

16 (2) Educator preparation programs shall work collaboratively with elementary
17 and secondary schools and enter into a memorandum of understanding with
18 local school administrative units where students are placed. In the
19 memorandum, the educator preparation program and the local school
20 administrative unit shall:

21 a. Define the collaborative relationship between the educator
22 preparation program and the local school administrative unit and how
23 this partnership will be focused on continuous school improvement
24 and student achievement.

25 b. Adopt a plan for collaborative teacher selection, orientation, and
26 student placement.

27 c. Determine how information will be shared and verified between the
28 educator preparation program and local school administrative unit.

29 (3) Educator preparation programs shall ensure clinical educators who supervise
30 students in residencies or internships meet the following requirements:

31 a. Be professionally licensed in the field of licensure sought by the
32 student.

33 b. Have a minimum of three years of experience in a teaching role.

34 c. Have been rated, through formal evaluations, at least at the
35 "accomplished" level as part of the North Carolina Teacher
36 Evaluation System and have met expectations as part of student
37 growth in the field of licensure sought by the student.

38 (4) Educator preparation programs shall require, in all programs leading to
39 initial licensure, field experiences that include organized and sequenced
40 engagement of students in settings that provide them with opportunities to
41 observe, practice, and demonstrate knowledge and skills. The experiences
42 shall be systematically designed and sequenced to increase the complexity
43 and levels of engagement with which students apply, reflect upon, and
44 expand their knowledge and skills.

45 (5) Educator preparation programs shall require clinical practice in the form of
46 residencies or internships in those fields for which they are approved by the
47 State Board of Education. Residencies or internships shall be a minimum of
48 16 weeks. Residencies and internships may be over the course of two
49 semesters and shall, to the extent practicable, provide student experiences at
50 both the beginning and ending of the school year.

1 (6) Educator preparation programs with a clinical practice component shall
2 require, in addition to a content assessment, a nationally normed and valid
3 pedagogy assessment to determine clinical practice performance. Passing
4 scores and mastery criteria will be determined by the State Board of
5 Education.

6 **"§ 115C-296.12. Lateral entry teacher education preparation programs.**

7 (a) It is the policy of the State of North Carolina to encourage lateral entry into the
8 profession of teaching by skilled individuals from the private sector. Skilled individuals who
9 choose to enter the profession of teaching laterally may be granted an initial teaching license
10 for no more than three years and shall be required to obtain licensure required for those who
11 have taught more than three years before contracting for a fourth year of service with any local
12 school administrative unit in this State. The criteria and procedures for lateral entry shall
13 include preservice training in all of the following areas:

14 (1) The identification and education of children with disabilities.

15 (2) Positive management of student behavior.

16 (3) Effective communication for defusing and deescalating disruptive or
17 dangerous behavior.

18 (4) Safe and appropriate use of seclusion and restraint.

19 (b) The State Board of Education, in consultation with the State Board of Community
20 Colleges and North Carolina Independent Colleges and Universities, Inc., may provide a
21 competency-based program of study for lateral entry teachers to complete the coursework
22 necessary to earn a teaching license. To this end, the State Board of Education, in consultation
23 with the State Board of Community Colleges and North Carolina Independent Colleges and
24 Universities, Inc., shall establish a competency-based program of study for lateral entry
25 teachers to be implemented within the Community College System and at approved educator
26 preparation programs at private, nonprofit two-year colleges. These programs shall meet
27 standards set by the State Board of Education. To ensure that programs of study for lateral
28 entry remain current and reflect a rigorous course of study that is aligned to State and national
29 standards, the State Board of Education shall do all of the following to ensure that lateral entry
30 personnel are prepared to teach:

31 (1) Provide adequate coursework in the teaching of reading and mathematics for
32 lateral entry teachers seeking certification in elementary education.

33 (2) Assess lateral entry teachers prior to licensure to determine that they possess
34 the requisite knowledge in scientifically based reading and mathematics
35 instruction that is aligned with the State Board's expectations.

36 (3) Prepare all lateral entry teachers to apply formative and summative
37 assessments within the school and classroom setting through
38 technology-based assessment systems available in North Carolina schools
39 that measure and predict expected student improvement.

40 (4) Require that lateral entry teachers demonstrate competencies in using digital
41 and other instructional technologies to provide high-quality, integrated
42 digital teaching and learning to all students.

43 (c) The State Board of Community Colleges and the State Board of Education shall
44 jointly identify the community college courses and the educator preparation program courses
45 that are necessary and appropriate for inclusion in the community college program of study for
46 lateral entry teachers. To the extent possible, any courses that must be completed through an
47 approved educator preparation program shall be taught on a community college campus or shall
48 be available through distance learning. The State Board of Education shall identify the
49 appropriate courses for a private, nonprofit two-year college to include in the program of study
50 for lateral entry teachers.

1 (d) In order to participate in the community college or private, nonprofit two-year
2 college program of study for lateral entry teachers, an individual must hold at least a bachelor's
3 degree from a regionally accredited institution of higher education.

4 (e) An individual who successfully completes the lateral entry program of study and
5 meets all other requirements of licensure set by the State Board of Education shall be
6 recommended for a North Carolina teaching license.

7 (f) It is further the policy of the State of North Carolina to ensure that local boards of
8 education can provide the strongest possible leadership for schools based upon the identified
9 and changing needs of individual schools. The State Board of Education shall carefully
10 consider a lateral entry program for school administrators to ensure that local boards of
11 education will have sufficient flexibility to attract able candidates.

12 **"§ 115C-296.13. Educator preparation program reporting.**

13 (a) Annual Performance Reports. – The State Board of Education shall require all
14 approved educator preparation programs, including master's degree programs in teacher
15 preparation and master's degree programs in school administration, to submit annual
16 performance reports. The performance reports shall provide the State Board of Education with
17 a focused review of the programs and the current process of accrediting these programs in order
18 to ensure that the programs produce graduates that are well prepared to teach.

19 (b) Required Elements. – The performance report for each educator preparation
20 program in North Carolina shall follow a common format and include at least the following
21 elements:

22 (1) Quality of students entering the educator preparation program, including the
23 average grade point average and average score on preprofessional skills tests
24 that assess reading, writing, mathematics, and other competencies.

25 (2) Graduation rates.

26 (3) Time-to-graduation rates.

27 (4) Average scores of graduates on professional and content area examination
28 for the purpose of licensure.

29 (5) Percentage of graduates receiving initial licenses.

30 (6) Percentage of graduates hired as teachers.

31 (7) Percentage of graduates remaining in teaching for four years.

32 (8) Graduate satisfaction based on a common survey.

33 (9) Employer satisfaction based on a common survey.

34 (10) Effectiveness of teacher preparation program graduates.

35 (c) Submission of Annual Performance Reports. – Performance reports shall be
36 provided annually to the Board of Governors of The University of North Carolina, the State
37 Board of Education, and the boards of trustees of nonpublic postsecondary colleges. The State
38 Board of Education shall review the educator preparation program performance reports each
39 year the performance reports are submitted.

40 (d) Educator Preparation Program Report Card. – The State Board shall create a higher
41 education educator preparation program report card reflecting the information collected in the
42 annual performance reports for each North Carolina institution offering educator preparation
43 programs. The report cards shall, at a minimum, summarize information reported on all of the
44 performance indicators for the performance reports required by subsection (b) of this section.

45 (e) Annual State Board of Education Report. – The educator preparation program report
46 cards shall be submitted to the Joint Legislative Education Oversight Committee on an annual
47 basis by November 15.

48 (f) State Board of Education Action Based on Performance. – Based upon the
49 performance reports and other criteria established by the State Board, the State Board may
50 reward an educator preparation program, impose probationary status and plans of improvement
51 on an educator preparation program, or revoke approval of an educator preparation program."

1 **SECTION 8.41.(b)** G.S. 115C-296(b) reads as rewritten:

2 "(b) ~~It is the policy of the State of North Carolina to maintain the highest quality teacher~~
3 ~~education programs and school administrator programs in order to enhance the competence of~~
4 ~~professional personnel licensed in North Carolina. To the end that teacher preparation programs~~
5 ~~are upgraded to reflect a more rigorous course of study, the~~The State Board of Education, as
6 lead agency in coordination and cooperation with the University Board of Governors, the State
7 Board of Community Colleges and such other public and private agencies as are necessary,
8 shall continue to refine the several licensure requirements, ~~standards for approval of institutions~~
9 ~~of teacher education, standards for institution based innovative and experimental programs,~~
10 ~~standards for implementing consortium based teacher education, and standards for improved~~
11 ~~efficiencies in the administration of the approved programs~~ [, as follows]:as follows:

12 "

13 **SECTION 8.41.(c)** G.S. 115C-296(b)(2) is repealed.

14 **SECTION 8.41.(d)** G.S. 115C-296(b1) is repealed.

15 **SECTION 8.41.(e)** G.S. 115C-296(b2) is repealed.

16 **SECTION 8.41.(f)** G.S. 115C-296(c) is repealed.

17 **SECTION 8.41.(g)** G.S. 115C-296(c1) is repealed.

18 **SECTION 8.41.(h)** G.S. 115C-296(c2) is repealed.

19 **SECTION 8.41.(i)** G.S. 115C-296.7(g) reads as rewritten:

20 "(g) NC Teaching Corps members shall be granted lateral entry teaching licenses
21 pursuant to ~~G.S. 115C-296(e)~~.G.S. 115C-296.12(a)."

22 **SECTION 8.41.(j)** G.S. 115D-5(p) reads as rewritten:

23 "(p) The North Carolina Community College System may offer courses, in accordance
24 with the lateral entry program of study established under ~~G.S. 115C-296(e1)~~,
25 G.S. 115C-296.12, to individuals who choose to enter the teaching profession by lateral entry."

26 **SECTION 8.41.(k)** Educator preparation programs approved by the State Board of
27 Education as of July 1, 2015, shall meet the requirements of subsection (a) of this section no
28 later than July 1, 2017. Educator preparation programs seeking approval by the State Board of
29 Education on or after July 1, 2015, shall meet the requirements of subsection (a) of this section
30 at the time approval is sought from the State Board of Education. The State Board of Education
31 shall not require students enrolled in educator preparation programs that require a nationally
32 normed and valid pedagogy assessment to determine clinical practice performance to provide
33 scores for a pedagogy assessment based on multiple choice or constructed responses.

34 **ACCESS FOR TEACHERS TO EVAAS DATA**

35 **SECTION 8.42.(a)** Article 22 of Chapter 115C of the General Statutes is amended
36 by adding a new section to read:

37 "§ 115C-333.2. Teacher evaluation reports.

38 Each local school administrative unit shall ensure that individual teachers are provided
39 access to school-level value-added data, the teacher's own value-added data, when applicable,
40 and the teacher's evaluation dashboard through the Education Value-Added Assessment System
41 (EVAAS). The principal of each school shall notify teachers at least annually when EVAAS
42 data has been updated to reflect teacher performance from the previous school year."

43 **SECTION 8.42.(b)** This section applies beginning with the 2015-2016 school year.

44 **CERTAIN CIHS OPERATING WITHOUT ADDITIONAL FUNDS**

45 **SECTION 8.43.** Notwithstanding G.S. 115C-238.51A(c) and G.S. 115C-238.54,
46 the Academy at High Point Central, the Academy at Ben L. Smith High School, STEM Early
47 College at NC A&T State University, Middle College at the University of North Carolina at
48 Greensboro, Vernon Malone College and Career Academy, and the Northeast Regional School
49 of Biotechnology and Agriscience shall be permitted to operate in accordance with
50
51

1 G.S. 115C-238.53 and G.S. 115C-238.54 as cooperative innovative high schools approved
2 under G.S. 115C-238.51A(c) and shall be subject to the evaluation requirements of
3 G.S. 115C-238.55.
4

5 **PART VIII-A. LEGISLATIVE FINDINGS, DIRECTION, AUTHORITY, AND**
6 **RESOURCES TO ENSURE THAT ALL STUDENTS HAVE THE**
7 **OPPORTUNITY TO RECEIVE A SOUND BASIC EDUCATION**
8

9 **LEGISLATIVE FINDINGS**

10 **SECTION 8A.1.(a)** The General Assembly finds that some local boards of
11 education are not in compliance with the requirements of the judiciary's decisions in *Leandro* to
12 provide all public school students the opportunity to receive a sound basic education.
13 Notwithstanding a history of adequate State and local funding and legislatively-granted
14 flexibility in administration, management, and employment at the local level to provide tools to
15 facilitate compliance with *Leandro*, some local boards of education have failed to take actions
16 sufficient to:

- 17 (1) Prevent education bureaucracies from interfering with and overriding
18 accountability measures and education reforms required by State law.
- 19 (2) Properly administer the public schools.
- 20 (3) Provide high-quality principals in every school and high-quality teachers in
21 every classroom.

22 **SECTION 8A.1.(b)** It is the intent of the General Assembly in this act to provide
23 the following additional direction, authority, and resources to local boards of education and to
24 the State Board of Education to enable them to correct these deficiencies:

- 25 (1) Clarify the role of local boards of education to ensure that their main focus is
26 to provide each public school student with the opportunity to receive a sound
27 basic education, and that all policy decisions should be made with that
28 objective in mind, including employment decisions, budget development,
29 and other administrative actions.
- 30 (2) Direct the State Board of Education not to allow waivers of State laws and
31 rules that permit local boards to avoid accountability measures and education
32 reforms required by the State.
- 33 (3) Provide additional teacher positions to transition to lower class size in
34 kindergarten through third grade and require local boards of education to use
35 those positions to maintain class sizes that, according to research, are
36 optimal for learning at this critical time.
- 37 (4) Facilitate the identification of low-performing schools and low-performing
38 local school administrative units.
- 39 (5) Provide the State Board of Education with authority to consolidate local
40 school administrative units in contiguous counties as necessary to ensure that
41 all school systems have the size, expertise, and other resources necessary to
42 provide their students with the opportunity to receive a sound basic
43 education.
- 44 (6) Provide one hundred fifty-seven million ninety-six thousand four hundred
45 thirty-seven dollars (\$157,096,437) in additional funds to increase the base
46 teacher salary paid by the State and provide additional funds for the salaries
47 of principals and assistant principals.
48

49 **DUTY OF LOCAL BOARDS OF EDUCATION TO PROVIDE STUDENTS WITH THE**
50 **OPPORTUNITY TO RECEIVE A SOUND BASIC EDUCATION**

51 **SECTION 8A.2.** G.S. 115C-47(1) reads as rewritten:

1 "(1) ~~To Provide an Adequate School System the Opportunity to Receive a Sound~~
2 Basic Education. It shall be the duty of local boards of education to provide
3 ~~adequate school systems~~ students with the opportunity to receive a sound
4 basic education and to make all policy decisions with that objective in mind,
5 including employment decisions, budget development, and other
6 administrative actions, within their respective local school administrative
7 units, as directed by law."
8

9 CLASS SIZE IN KINDERGARTEN THROUGH THIRD GRADE

10 SECTION 8A.3.(a) G.S. 115C-301 reads as rewritten:

11 "§ 115C-301. Allocation of teachers; class size.

12 (a) Request for Funds. – The State Board of Education, based upon the reports of local
13 boards of education and such other information as the State Board may require from local
14 boards, shall determine for each local school administrative unit the number of teachers and
15 other instructional personnel to be included in the State budget request.

16 (b) Allocation of Positions. – The State Board of Education is authorized to adopt rules
17 to allot instructional personnel and teachers, within funds appropriated.

18 (c) Maximum Class Size for Kindergarten Through Third Grade. – The average class
19 size for kindergarten through third grade in a local school administrative unit shall at no time
20 exceed the funded allotment ratio of teachers to students in kindergarten through third grade. At
21 the end of the second school month and for the remainder of the school year, the size of an
22 individual class in kindergarten through third grade shall not exceed the allotment ratio by more
23 than three students. In grades four through 12, local school administrative units shall have the
24 maximum flexibility to use allotted teacher positions to maximize student achievement.

25 (d), (e) Repealed by Session Laws 2013-363, s. 3.3(a), effective July 1, 2013.

26 (f) Second Month Reports. – At the end of the second month of each school year, each
27 local board of education, through the superintendent, shall file a report for each school within
28 the school unit with the State Board of Education. The report shall be filed in a format
29 prescribed by the State Board of Education and shall include the organization for each school,
30 the duties of each teacher, the size of each class, and such other information as the State Board
31 may require. As of February 1 each year, local boards of education, through the superintendent,
32 shall report all exceptions to individual class size maximums in kindergarten through third
33 grade that occur at that time.

34 (g) Waivers and Allotment Adjustments. – Local boards of education shall report
35 exceptions to the class size requirements set out for kindergarten through third grade and
36 significant increases in class size at other grade levels to the State Board and shall request
37 allotment adjustments at any grade level, waivers from the requirements for kindergarten
38 through third grade, or both. Within 45 days of receipt of reports, the State Board of Education,
39 within funds available, may allot additional positions at any grade level. The State Board shall
40 not grant waivers for the excess class size in kindergarten through third grade, except
41 under the following circumstances: (i) emergencies or acts of God that impact the availability
42 of classroom space or facilities; (ii) an unanticipated increase in student population of an
43 individual school in excess of two percent (2%) of the average daily membership of that
44 school; (iii) organizational problems in geographically isolated local school administrative units
45 in which the average daily membership is less than one and one-half per square mile; (iv)
46 classes organized for a solitary curricular area; or (v) a charter school closure.

47 (h) State Board Rules. – The State Board of Education shall adopt rules necessary for
48 the implementation of this section.

49 (i) Repealed by Session Laws 2013-363, s. 3.3(a), effective July 1, 2013.

50 (j) Penalty for Noncompliance. – If the State Board of Education determines that a
51 local superintendent has willfully failed to comply with the requirements of this section, no

1 State funds shall be allocated to pay the superintendent's salary for the period of time the
 2 superintendent is in noncompliance. The local board of education shall continue to be
 3 responsible for complying with the terms of the superintendent's employment contract."

4 **SECTION 8A.3.(b)** Notwithstanding G.S. 115C-301, as amended by this section,
 5 for the 2015-2016 school year only, the funded class size allotment ratio, the maximum average
 6 class size for all classes within a local school administrative unit, and the maximum individual
 7 class size for kindergarten through third grade are as follows:

8 Grade Level	9 Funded	10 Maximum Average	11 Maximum Individual
	12 Class Size	13 Class Size	14 Class Size

15 Kindergarten	16 18	17 21	18 24
19 1-3	20 16	21 19	22 22.

23 **SECTION 8A.3.(c)** For the 2016-2017 school year, the funded class size allotment
 24 ratio, the maximum average class size for all classes within a local school administrative unit,
 25 and the maximum individual class size for kindergarten through third grade are as follows:

26 Grade Level	27 Funded	28 Maximum Average	29 Maximum Individual
	30 Class Size	31 Class Size	32 Class Size

33 Kindergarten	34 17	35 17	36 20
37 1-3	38 15	39 15	40 18.

41 **IDENTIFICATION OF LOW-PERFORMING SCHOOLS AND UNITS**

42 **SECTION 8A.4.(a)** G.S. 115C-105.35(c) is repealed.

43 **SECTION 8A.4.(b)** G.S. 115C-105.36 is repealed.

44 **SECTION 8A.4.(c)** G.S. 115C-105.37 reads as rewritten:

45 **"§ 115C-105.37. Identification of low-performing schools.**

46 (a) Identification of Low-Performing Schools. – The State Board of Education shall
 47 ~~design and implement a procedure to identify low-performing schools on an annual basis.~~
 48 Low-performing schools are those that receive a school performance grade of D or F and a
 49 school growth score of "met expected growth" or "not met expected growth" as defined by
 50 G.S. 115C-83.15. ~~Low-performing schools are those in which there is a failure to meet the~~
 51 ~~minimum growth standards, as defined by the State Board, and a majority of students are~~
~~performing below grade level.~~

(a1) Plan for Improvement of Low-Performing Schools. – ~~By July 10 of each year, each~~
 local school administrative unit shall do a preliminary analysis of test results to determine
 which of its schools the State Board may identify as low performing under this section. ~~If a~~
 school has been identified as low-performing as provided in this section and the school is not
 located in a local school administrative unit identified as low-performing under
 G.S. 115C-105.39A, the following actions shall be taken:

(1) The superintendent ~~then~~ shall proceed under G.S. 115C-105.39.

(2) ~~In addition, within~~ Within 30 days of the initial identification of a school as
 low-performing by the State Board, the local school administrative unit or
~~the State Board, whichever occurs first,~~ the superintendent shall submit to
 the local board of education a preliminary plan for ~~addressing the needs of~~
 that school, improving both the school performance grade and school growth
score, including how the superintendent and other central office
administrators will work with the school and monitor the school's progress.

(3) Within 30 days of its receipt of ~~this the~~ preliminary plan, the local board
 shall vote to approve, modify, or reject this plan. Before the local board
~~makes this vote,~~ votes on the preliminary plan, it shall make the plan
 available to the public, including the personnel assigned to that school and

1 the parents and guardians of the students who are assigned to the school, and
2 shall allow for written comments.

3 (4) ~~The local board shall submit the a final plan to the State Board within five~~
4 ~~days of the local board's vote approval of the plan.~~ The State Board shall
5 review the plan expeditiously and, if appropriate, may offer
6 recommendations to modify the plan. The local board shall consider any
7 recommendations made by the State Board and, if necessary, amend
8 the plan and vote on approval of any changes to the final plan.

9 (5) The local board of education shall provide access to the final plan on the
10 local school administrative unit's Web site. The State Board of Education
11 shall also provide access to each low-performing school plan on the
12 Department of Public Instruction's Web site.

13 (b) Parental Notice of Low-Performing School Status. – Each school that the State
14 Board identifies as low-performing shall provide written notification to the parents and
15 guardians of students attending that school within 30 days of the identification that
16 includes the following information:

17 (1) ~~The written notification shall include a~~ statement that the State Board of
18 Education has found that the school has ~~"failed to meet the minimum growth~~
19 ~~standards, as defined by the State Board, and a majority of students in the~~
20 ~~school are performing below grade level."~~ received a school performance
21 grade of D or F and a school growth score of "met expected growth" or "not
22 met expected growth" and has been identified as a low-performing school as
23 defined by G.S. 115C-105.37." The statement shall include an explanation of
24 the school performance grades and growth scores.

25 (2) ~~This notification also shall include~~ The school performance grade and growth
26 score received.

27 (3) ~~information~~ Information about the preliminary plan developed under
28 subsection (a1) of this section ~~section~~ and the availability of the final plan on
29 the local school administrative unit's Web site.

30 (4) The meeting date for when the preliminary plan will be considered by the
31 local board of education.

32 (5) ~~and a~~ A description of any additional steps the school is taking to improve
33 student performance."

34 **SECTION 8A.4.(d)** Article 8B of Chapter 115C of the General Statutes is
35 amended by adding a new section to read:

36 **"§ 115C-105.39A. Identification of low-performing local school administrative units.**

37 (a) Identification of Low-Performing Local School Administrative Units. – The State
38 Board of Education shall identify low-performing local school administrative units on an
39 annual basis. A low-performing local school administrative unit is a unit in which the majority
40 of the schools in that unit that received a school performance grade and growth score as
41 provided in G.S. 115C-83.15 have been identified as a low-performing school, as provided in
42 G.S. 115C-105.37.

43 (b) Plan for Improvement of Low-Performing Local School Administrative Units. –
44 Once a local school administrative unit has been identified as low-performing under this
45 section, the following actions shall be taken:

46 (1) The superintendent shall proceed under G.S. 115C-105.39.

47 (2) Within 30 days of the identification of a local school administrative unit as
48 low-performing by the State Board, the superintendent shall submit to the
49 local board of education a preliminary plan for improving both the school
50 performance grade and school growth score of each low-performing school
51 in the unit, including how the superintendent and other central office

1 administrators will work with each low-performing school and monitor the
2 low-performing school's progress, and how current local school
3 administrative unit policy should be changed to improve student
4 achievement throughout the local school administrative unit.

5 (3) Within 30 days of its receipt of the preliminary plan, the local board shall
6 vote to approve, modify, or reject this plan. Before the local board votes on
7 the plan, it shall make the plan available to the public, including the
8 personnel assigned to each low-performing school and the parents and
9 guardians of the students who are assigned to each low-performing school,
10 and shall allow for written comments.

11 (4) The local board shall submit a final plan to the State Board within five days
12 of the local board's approval of the plan. The State Board shall review the
13 plan expeditiously and, if appropriate, may offer recommendations to
14 modify the plan. The local board shall consider any recommendations made
15 by the State Board and, if necessary, amend the plan and vote on approval of
16 any changes to the final plan.

17 (5) The local board of education shall provide access to the final plan on the
18 local school administrative unit's Web site. The State Board of Education
19 shall also provide access to each low-performing local school administrative
20 unit plan on the Department of Public Instruction's Web site.

21 (c) Parental Notice of Low-Performing Local School Administrative Unit Status. –
22 Each local school administrative unit that the State Board identifies as low-performing shall
23 provide written notification to the parents and guardians of all students attending any school in
24 the local school administrative unit within 30 days of the identification that includes the
25 following information:

26 (1) A statement that the State Board of Education has found that a majority of
27 the schools in the local school administrative unit have "received a school
28 performance grade of D or F and a school growth score of "met expected
29 growth" or "not met expected growth" and have been identified as
30 low-performing schools as defined by G.S. 115C-105.37." The statement
31 shall also include an explanation of the school performance grades and
32 growth scores.

33 (2) The percentage of schools identified as low-performing.

34 (3) Information about the preliminary plan developed under subsection (b) of
35 this section and the availability of the final plan on the local school
36 administrative unit's Web site.

37 (4) The meeting date for when the preliminary plan will be considered by the
38 local board of education.

39 (5) A description of any additional steps the local school administrative unit and
40 schools are taking to improve student performance.

41 (6) For notifications sent to parents and guardians of students attending a school
42 that is identified as low-performing under G.S. 115C-105.37, a statement
43 that the State Board of Education has found that the school has "received a
44 school performance grade of D or F and a school growth score of "met
45 expected growth" or "not met expected growth" and has been identified as a
46 low-performing school as defined by G.S. 115C-105.37." This notification
47 also shall include the school performance grade and school growth score the
48 school received and an explanation of the school performance grades and
49 growth scores."

50

1 STATE BOARD AUTHORITY TO CONSOLIDATE CONTIGUOUS COUNTY
2 SCHOOL ADMINISTRATIVE UNITS

3 SECTION 8A.5. Article 7 of Chapter 115C of the General Statutes is amended by
4 adding a new section to read:

5 "§ 115C-66.5. Merger of county school administrative units by the State Board of
6 Education.

7 The State Board of Education shall have the authority to consolidate and merge contiguous
8 county school administrative units or a group of county school administrative units in which
9 each county unit is contiguous with at least one other county unit in the group. The State Board
10 shall adopt a written plan setting forth the conditions of the merger. A merger of county units
11 and reorganization of those units under this section shall not have the effect of abolishing any
12 special taxes that may have been voted in any such units."

13
14 LIMIT LOCAL BOARD OF EDUCATION WAIVERS

15 SECTION 8A.6.(a) G.S. 115C-105.26 reads as rewritten:

16 "§ 115C-105.26. Waivers of State laws, rules, or policies.laws or rules.

17 (a) ~~When included as part of a school improvement plan accepted under~~
18 ~~G.S. 115C-105.27, local boards of education shall submit requests for waivers of State laws,~~
19 ~~rules, or policies to the State Board of Education. A~~Except as otherwise provided for in this
20 section, the State Board of Education shall not grant waivers of State laws or rules to local
21 boards of education. If permitted under this section, a request for a waiver by a local board of
22 education shall (i) identify the school or schools making the request, (ii) identify the State laws,
23 ~~rules, or policies that inhibit the school's ability to improve student performance,~~law or rule
24 requesting to be waived, (iii) set out with specificity the circumstances under which the waiver
25 may be used, and (iv) explain how the requested waiver will permit the school to improve
26 student performance.

27 ~~Except as provided in subsection (c) of this section, the State Board shall grant waivers only~~
28 ~~for the specific schools for which they are requested and shall be used only under the specific~~
29 ~~circumstances for which they are requested.~~

30 (b) ~~When requested as part of a school improvement plan, the~~The State Board of
31 Education may grant waivers of: to local boards of education of State laws and rules pertaining
32 to the following:

33 (1) ~~State laws pertaining to class~~Class size and teacher certification; and
34 requirements only as provided in G.S. 115C-301(g).

35 (2) ~~State rules and policies, except those pertaining to public school State salary~~
36 ~~schedules and employee benefits for school employees, the instructional~~
37 ~~program that must be offered under the Basic Education Program, the system~~
38 ~~of employment for public school teachers and administrators set out in~~
39 ~~G.S. 115C-287.1 and in Part 3 of Article 22 of this Chapter, health and~~
40 ~~safety codes, compulsory attendance, the minimum lengths of the school day~~
41 ~~and year, and the Uniform Education Reporting System.~~

42 (3) School calendar requirements in order to provide sufficient days to
43 accommodate anticipated makeup days due to school closings only as
44 provided in G.S. 115C-84.2(d).

45 (c) ~~The State Board also may grant requests received from local boards for waivers of~~
46 ~~State laws, rules, or policies that affect the organization, duties, and assignment of central~~
47 ~~office staff only. However, none of the duties to be performed under G.S. 115C-436 may be~~
48 ~~waived.~~

49 (c1) ~~The State Board also may grant requests received from local boards for waivers of~~
50 ~~State laws, rules, or policies that require that each local school administrative unit provide at~~
51 ~~least one alternative school or at least one alternative learning program.~~

(d) ~~Notwithstanding subsections (b) and (c) of this section, the State Board shall not grant waivers of G.S. 115C-12(16)b. regarding the placement of State allotted office support personnel, teacher assistants, and custodial personnel on the salary schedule adopted by the State Board.~~

(e) ~~Notwithstanding subsection (b) of this section, the State Board may grant requests received from local boards for waivers of State laws, rules, or policies pertaining to the placement of principals on the State salary schedule for public school administrators in order to provide financial incentives to encourage principals to accept employment in a school that has been identified as low performing under G.S. 115C-105.37. The State Board shall act on requests under this subsection at the first Board meeting following receipt of each request.~~

(f) ~~Except as provided in subsection (e) of this section, the~~ The State Board shall act within 60 days of receipt of all requests for waivers under this section.

(g) The State Board shall, on a regular basis, review all waivers it has granted to determine whether any rules should be repealed or modified or whether the Board should recommend to the General Assembly the repeal or modification of any laws.

(h) By September 15 of each year, the State Board shall report to the Joint Legislative Education Oversight Committee with a list of the specific waivers granted to each local board of education under this section. The State Board may include any legislative recommendations identified under subsection (g) of this section in its report."

SECTION 8A.6.(b) This section applies beginning with the 2015-2016 school year.

PART IX. COMPENSATION OF PUBLIC SCHOOL EMPLOYEES

TEACHER SALARY SCHEDULE

SECTION 9.1.(a) The following monthly teacher salary schedule shall apply for the 2015-2017 fiscal biennium to licensed personnel of the public schools who are classified as teachers. The salary schedule is based on years of teaching experience.

2015-2017 Teacher Monthly Salary Schedule

Years of Experience	"A" Teachers
0-4	\$3,500
5-9	3,825
10-14	4,125
15-19	4,425
20-24	4,700
25+	5,000.

SECTION 9.1.(b) Salary Supplements for Teachers Paid on This Salary Schedule.

- (1) Licensed teachers who have NBPTS certification shall receive a salary supplement each month of twelve percent (12%) of their monthly salary on the "A" salary schedule.
- (2) Licensed teachers who are classified as "M" teachers shall receive a salary supplement each month of ten percent (10%) of their monthly salary on the "A" salary schedule.
- (3) Licensed teachers with licensure based on academic preparation at the six-year degree level shall receive a salary supplement of one hundred twenty-six dollars (\$126.00) per month in addition to the supplement provided to them as "M" teachers.
- (4) Licensed teachers with licensure based on academic preparation at the doctoral degree level shall receive a salary supplement of two hundred

fifty-three dollars (\$253.00) per month in addition to the supplement provided to them as "M" teachers.

(5) Certified school nurses shall receive a salary supplement each month of ten percent (10%) of their monthly salary on the "A" salary schedule.

SECTION 9.1.(c) The first step of the salary schedule for (i) school psychologists, (ii) school speech pathologists who are licensed as speech pathologists at the master's degree level or higher, and (iii) school audiologists who are licensed as audiologists at the master's degree level or higher shall be equivalent to Step 5 of the "A" salary schedule. These employees shall receive a salary supplement each month of ten percent (10%) of their monthly salary and are eligible to receive salary supplements equivalent to those of teachers for academic preparation at the six-year degree level or the doctoral degree level.

SECTION 9.1.(d) In lieu of providing annual longevity payments to teachers paid on this salary schedule for the 2014-2015 fiscal year and subsequent fiscal years, the amounts of those longevity payments are included in the monthly amounts under this salary schedule.

SECTION 9.1.(e) A teacher compensated in accordance with this salary schedule for the 2015-2016 and 2016-2017 school years shall receive an amount equal to the greater of (i) the applicable amount on the salary schedule for the applicable school year, (ii) for teachers who were eligible for longevity for the 2013-2014 school year, the sum of the teacher's salary and bonus for the 2013-2014 school year plus longevity based on the percentage of that salary equivalent to the teacher's years of service under the longevity system in effect for the 2013-2014 school year, or (iii) for teachers who were not eligible for longevity for the 2013-2014 school year, the sum of the teacher's salary and bonus for the 2013-2014 school year.

SECTION 9.1.(f) As used in this section, the term "teacher" shall also include instructional support personnel.

SCHOOL-BASED ADMINISTRATOR SALARY SCHEDULE

SECTION 9.2.(a) The following monthly base salary schedule for school-based administrators shall apply only to principals and assistant principals. This base salary schedule shall apply for the 2015-2016 fiscal year commencing July 1, 2015.

2015-2016 Principal and Assistant Principal Salary Schedules

Years of Exp	Classification					
	Assistant Principal	Prin I (0-10)	Prin II (11-21)	Prin III (22-32)	Prin IV (33-43)	
0-9	\$3,895	-	-	-	-	-
10	\$3,977	-	-	-	-	-
11	\$4,123	-	-	-	-	-
12	\$4,240	-	-	-	-	-
13	\$4,323	\$4,323	-	-	-	-
14	\$4,377	\$4,377	-	-	-	-
15	\$4,434	\$4,434	\$4,489	-	-	-
16	\$4,489	\$4,489	\$4,547	-	-	-
17	\$4,547	\$4,547	\$4,606	\$4,665	-	-
18	\$4,606	\$4,606	\$4,665	\$4,726	\$4,788	-
19	\$4,665	\$4,665	\$4,726	\$4,788	\$4,851	-
20	\$4,726	\$4,726	\$4,788	\$4,851	\$4,918	-
21	\$4,788	\$4,788	\$4,851	\$4,918	\$4,983	-
22	\$4,851	\$4,851	\$4,918	\$4,983	\$5,050	-
23	\$4,918	\$4,918	\$4,983	\$5,050	\$5,119	-
24	\$4,983	\$4,983	\$5,050	\$5,119	\$5,188	-
25	\$5,050	\$5,050	\$5,119	\$5,188	\$5,263	-

1	26	\$5,119	\$5,119	\$5,188	\$5,263	\$5,335
2	27	\$5,188	\$5,188	\$5,263	\$5,335	\$5,409
3	28	\$5,263	\$5,263	\$5,335	\$5,409	\$5,483
4	29	\$5,335	\$5,335	\$5,409	\$5,483	\$5,561
5	30	\$5,409	\$5,409	\$5,483	\$5,561	\$5,641
6	31	\$5,483	\$5,483	\$5,561	\$5,641	\$5,722
7	32	\$5,561	\$5,561	\$5,641	\$5,722	\$5,794
8	33	\$5,641	\$5,641	\$5,722	\$5,794	\$5,909
9	34	\$5,722	\$5,722	\$5,794	\$5,909	\$6,027
10	35	\$5,794	\$5,794	\$5,909	\$6,027	\$6,148
11	36	\$5,909	\$5,909	\$6,027	\$6,148	\$6,271
12	37	-	\$6,027	\$6,148	\$6,271	\$6,396
13	38	-	-	\$6,271	\$6,396	\$6,524
14	39	-	-	\$6,396	\$6,524	\$6,654
15	40	-	-	-	\$6,654	\$6,787
16	41	-	-	-	\$6,787	\$6,923
17	42	-	-	-	-	\$7,061

2015-2016 Principal and Assistant Principal Salary Schedules

		Classification			
Years of Exp		Prin V (44-54)	Prin VI (55-65)	Prin VII (66-100)	Prin VIII (101+)
23	0-19	\$4,918	-	-	-
24	20	\$4,983	-	-	-
25	21	\$5,050	\$5,119	-	-
26	22	\$5,119	\$5,188	\$5,335	-
27	23	\$5,188	\$5,263	\$5,409	\$5,483
28	24	\$5,263	\$5,335	\$5,483	\$5,561
29	25	\$5,335	\$5,409	\$5,561	\$5,641
30	26	\$5,409	\$5,483	\$5,641	\$5,722
31	27	\$5,483	\$5,561	\$5,722	\$5,794
32	28	\$5,561	\$5,641	\$5,794	\$5,909
33	29	\$5,641	\$5,722	\$5,909	\$6,027
34	30	\$5,722	\$5,794	\$6,027	\$6,148
35	31	\$5,794	\$5,909	\$6,148	\$6,271
36	32	\$5,909	\$6,027	\$6,271	\$6,396
37	33	\$6,027	\$6,148	\$6,396	\$6,524
38	34	\$6,148	\$6,271	\$6,524	\$6,654
39	35	\$6,271	\$6,396	\$6,654	\$6,787
40	36	\$6,396	\$6,524	\$6,787	\$6,923
41	37	\$6,524	\$6,654	\$6,923	\$7,061
42	38	\$6,654	\$6,787	\$7,061	\$7,202
43	39	\$6,787	\$6,923	\$7,202	\$7,346
44	40	\$6,923	\$7,061	\$7,346	\$7,493
45	41	\$7,061	\$7,202	\$7,493	\$7,643
46	42	\$7,202	\$7,346	\$7,643	\$7,796
47	43	\$7,346	\$7,493	\$7,796	\$7,952
48	44	-	\$7,643	\$7,952	\$8,111
49	45	-	\$7,796	\$8,111	\$8,273
50	46+	-	-	\$8,273	\$8,438

1 **SECTION 9.2.(b)** The appropriate classification for placement of principals and
 2 assistant principals on the salary schedule, except for principals in alternative schools and in
 3 cooperative innovative high schools, shall be determined in accordance with the following
 4 schedule:

Classification	Number of Teachers Supervised
5 Assistant Principal	
6 Principal I	Fewer than 11 Teachers
7 Principal II	11-21 Teachers
8 Principal III	22-32 Teachers
9 Principal IV	33-43 Teachers
10 Principal V	44-54 Teachers
11 Principal VI	55-65 Teachers
12 Principal VII	66-100 Teachers
13 Principal VIII	More than 100 Teachers

14 The number of teachers supervised includes teachers and assistant principals paid
 15 from State funds only; it does not include teachers or assistant principals paid from non-State
 16 funds or the principal or teacher assistants.

17 The beginning classification for principals in alternative schools and in cooperative
 18 innovative high school programs shall be the Principal III level. Principals in alternative
 19 schools who supervise 33 or more teachers shall be classified according to the number of
 20 teachers supervised.

21 **SECTION 9.2.(c)** A principal shall be placed on the step on the salary schedule
 22 that reflects the total number of years of experience as a certified employee of the public
 23 schools and an additional step for every three years of experience serving as a principal on or
 24 before June 30, 2009. A principal or assistant principal shall also continue to receive any
 25 additional State-funded percentage increases earned for the 1997-1998, 1998-1999, and
 26 1999-2000 school years for improvement in student performance or maintaining a safe and
 27 orderly school.

28 **SECTION 9.2.(d)** Principals and assistant principals with certification based on
 29 academic preparation at the six-year degree level shall be paid a salary supplement of one
 30 hundred twenty-six dollars (\$126.00) per month and at the doctoral degree level shall be paid a
 31 salary supplement of two hundred fifty-three dollars (\$253.00) per month.

32 **SECTION 9.2.(e)** Longevity pay for principals and assistant principals shall be as
 33 provided for State employees under the North Carolina Human Resources Act.

34 **SECTION 9.2.(f)** If a principal is reassigned to a higher job classification because
 35 the principal is transferred to a school within a local school administrative unit with a larger
 36 number of State-allotted teachers, the principal shall be placed on the salary schedule as if the
 37 principal had served the principal's entire career as a principal at the higher job classification.

38 If a principal is reassigned to a lower job classification because the principal is
 39 transferred to a school within a local school administrative unit with a smaller number of
 40 State-allotted teachers, the principal shall be placed on the salary schedule as if the principal
 41 had served the principal's entire career as a principal at the lower job classification.

42 This subsection applies to all transfers on or after the effective date of this section,
 43 except transfers in school systems that have been created, or will be created, by merging two or
 44 more school systems. Transfers in these merged systems are exempt from the provisions of this
 45 subsection for one calendar year following the date of the merger.

46 **SECTION 9.2.(g)** Participants in an approved full-time master's in-school
 47 administration program shall receive up to a 10-month stipend at the beginning salary of an
 48 assistant principal during the internship period of the master's program. The stipend shall not
 49 exceed the difference between the beginning salary of an assistant principal plus the cost of
 50 tuition, fees, and books and any fellowship funds received by the intern as a full-time student,
 51

1 including awards of the Principal Fellows Program. The Principal Fellows Program or the
2 school of education where the intern participates in a full-time master's in-school administration
3 program shall supply the Department of Public Instruction with certification of eligible
4 full-time interns.

5 **SECTION 9.2.(h)** During the 2015-2016 fiscal year, the placement on the salary
6 schedule of an administrator with a one-year provisional assistant principal's certificate shall be
7 at the entry-level salary for an assistant principal or the appropriate step on the teacher salary
8 schedule, whichever is higher.

9 **SECTION 9.2.(i)** It is the intent of the General Assembly to modify the
10 compensation system for principals and assistant principals, effective July 1, 2016.

11 12 **CENTRAL OFFICE SALARIES**

13 **SECTION 9.3.(a)** The monthly salary ranges that follow apply to assistant
14 superintendents, associate superintendents, directors/coordinators, supervisors, and finance
15 officers for the 2015-2017 fiscal biennium, beginning July 1, 2015.

16	School Administrator I	\$ 3,391	\$ 6,323
17	School Administrator II	\$ 3,592	\$ 6,704
18	School Administrator III	\$ 3,811	\$ 7,110
19	School Administrator IV	\$ 3,962	\$ 7,391
20	School Administrator V	\$ 4,120	\$ 7,689
21	School Administrator VI	\$ 4,368	\$ 8,151
22	School Administrator VII	\$ 4,542	\$ 8,478

23 The local board of education shall determine the appropriate category and
24 placement for each assistant superintendent, associate superintendent, director/coordinator,
25 supervisor, or finance officer within the salary ranges and within funds appropriated by the
26 General Assembly for central office administrators and superintendents. The category in which
27 an employee is placed shall be included in the contract of any employee.

28 **SECTION 9.3.(b)** The monthly salary ranges that follow apply to public school
29 superintendents for the 2015-2017 fiscal biennium, beginning July 1, 2015.

30	Superintendent I	\$ 4,819	\$ 8,991
31	Superintendent II	\$ 5,113	\$ 9,532
32	Superintendent III	\$ 5,422	\$ 10,109
33	Superintendent IV	\$ 5,752	\$ 10,721
34	Superintendent V	\$ 6,102	\$ 11,372

35 The local board of education shall determine the appropriate category and
36 placement for the superintendent based on the average daily membership of the local school
37 administrative unit and within funds appropriated by the General Assembly for central office
38 administrators and superintendents.

39 **SECTION 9.3.(c)** Longevity pay for superintendents, assistant superintendents,
40 associate superintendents, directors/coordinators, supervisors, and finance officers shall be as
41 provided for State employees under the State Personnel Act.

42 **SECTION 9.3.(d)** Superintendents, assistant superintendents, associate
43 superintendents, directors/coordinators, supervisors, and finance officers with certification
44 based on academic preparation at the six-year degree level shall receive a salary supplement of
45 one hundred twenty-six dollars (\$126.00) per month in addition to the compensation provided
46 pursuant to this section. Superintendents, assistant superintendents, associate superintendents,
47 directors/coordinators, supervisors, and finance officers with certification based on academic
48 preparation at the doctoral degree level shall receive a salary supplement of two hundred
49 fifty-three dollars (\$253.00) per month in addition to the compensation provided for under this
50 section.

1 **SECTION 9.3.(e)** The State Board of Education shall not permit local school
2 administrative units to transfer State funds from other funding categories for salaries for public
3 school central office administrators.
4

5 **NONCERTIFIED PERSONNEL SALARIES**

6 **SECTION 9.4.** The annual salary for permanent full-time and part-time
7 noncertified public school employees whose salaries are supported from the State's General
8 Fund shall remain unchanged for the 2015-2017 fiscal biennium.
9

10 **NO PAY LOSS FOR TEACHERS WHO BECOME ADMINISTRATORS OR** 11 **ASSISTANT PRINCIPALS WHO BECOME PRINCIPALS**

12 **SECTION 9.5.(a)** Section 7.22(b) of S.L. 2009-451 reads as rewritten:

13 "**SECTION 7.22.(b)** This section becomes effective ~~July 1, 2009, and applies to all~~
14 ~~persons initially employed as assistant principals on or after that date.~~ July 1, 2009."

15 **SECTION 9.5.(b)** G.S. 115C-285(a) is amended by adding a new subdivision to
16 read:

17 "(9) An assistant principal who becomes a principal without a break in service
18 shall be paid, on a monthly basis, at least as much as he or she would earn as
19 an assistant principal employed by that local school administrative unit."
20

21 **PART X. COMMUNITY COLLEGES**

22 **REORGANIZATION OF THE COMMUNITY COLLEGES SYSTEM OFFICE**

23 **SECTION 10.1.(a)** Notwithstanding any other provision of law, and consistent
24 with the authority established in G.S. 115D-3, the President of the North Carolina Community
25 College System may reorganize the System Office in accordance with recommendations and
26 plans submitted to and approved by the State Board of Community Colleges.
27

28 **SECTION 10.1.(b)** This section expires June 30, 2017.
29

30 **BASIC SKILLS PLUS**

31 **SECTION 10.2.(a)** G.S. 115D-5(b) is amended by adding a new subdivision to
32 read:

33 "(b) In order to make instruction as accessible as possible to all citizens, the teaching of
34 curricular courses and of noncurricular extension courses at convenient locations away from
35 institution campuses as well as on campuses is authorized and shall be encouraged. A pro rata
36 portion of the established regular tuition rate charged a full-time student shall be charged a
37 part-time student taking any curriculum course. In lieu of any tuition charge, the State Board of
38 Community Colleges shall establish a uniform registration fee, or a schedule of uniform
39 registration fees, to be charged students enrolling in extension courses for which instruction is
40 financed primarily from State funds. The State Board of Community Colleges may provide by
41 general and uniform regulations for waiver of tuition and registration fees for the following:
42

43 ...

44 (15) Courses providing employability skills, job-specific occupational or
45 technical skills, or developmental education instruction to certain students
46 who are concurrently enrolled in an eligible community college literacy
47 course, in accordance with rules adopted by the State Board of Community
48 Colleges.

49 ...

50 The State Board of Community Colleges shall not waive tuition and registration fees for
51 other individuals."

52 **SECTION 10.2.(b)** G.S. 115D-31(b1) reads as rewritten:

1 "(b1) A local community college may use all State funds allocated to it, except for
2 Literacy funds and Customized Training funds, for any authorized purpose that is consistent
3 with the college's Institutional Effectiveness Plan. The State Board of Community Colleges
4 may authorize a local community college to use up to twenty percent (20%) of the State
5 Literacy funds allocated to it to provide employability skills, job-specific occupational and
6 technical skills, and developmental education instruction to students concurrently enrolled in an
7 eligible community college literacy course.

8 Each local community college shall include in its Institutional Effectiveness Plan a section
9 on how funding flexibility allows the college to meet the demands of the local community and
10 to maintain a presence in all previously funded categorical programs."
11

12 EQUIPMENT FUNDING

13 **SECTION 10.3.** For the 2015-2017 fiscal biennium, community colleges may
14 expend regular equipment allocations on equipment and on repairs, renovations, and new
15 construction, necessary to accommodate equipment. Colleges must match funds expended on
16 new construction on an equal matching-fund basis in accordance with G.S. 115D-31.
17 Notwithstanding any other provision of law, community colleges are not required to match
18 funds expended on repairs and renovations of existing facilities.

19 Colleges must have capital improvement projects approved by the State Board of
20 Community Colleges and any required matching funds identified by June 30, 2017.
21

22 COLLEGES EARN BUDGET FTE FOR CERTAIN COURSES TAUGHT DURING 23 THE SUMMER TERM

24 **SECTION 10.5.(a)** G.S. 115D-5(v) reads as rewritten:

25 "(v) Community colleges may teach technical education, health care, developmental
26 education, ~~and STEM-related courses~~ courses, and the Universal General Education Transfer
27 Courses contained in the Comprehensive Articulation Agreement entered into between The
28 University of North Carolina and the North Carolina Community College System at any time
29 during the year, including the summer term. Student membership hours from these courses
30 shall be counted when computing full-time equivalent students (FTE) for use in budget funding
31 formulas at the State level."

32 **SECTION 10.5.(b)** The State Board of Community Colleges shall report to the
33 Joint Legislative Education Oversight Committee by October 1, 2015, on FTE for the summer
34 2015 term.

35 **SECTION 10.5.(c)** This section applies beginning with the summer 2015 term.
36

37 COMMUNITY COLLEGES PROGRAM COMPLIANCE REVIEW FUNCTION

38 **SECTION 10.6.(a)** Section 10.15(a) of S.L. 2013-360 is repealed.

39 **SECTION 10.6.(b)** G.S. 115D-5(m) reads as rewritten:

40 "(m) The State Board of Community Colleges shall maintain an ~~education program~~
41 ~~auditing-accountability~~ function that conducts an annual audit periodic reviews of each
42 community college operating under the provisions of this Chapter. The purpose of the ~~annual~~
43 ~~audit-compliance review~~ shall be to ensure that ~~college programs and related fiscal operations~~
44 ~~comply with State law, State regulations, State Board policies, and System Office guidance.~~ (i)
45 data used to allocate State funds among community colleges is reported accurately to the
46 System Office and (ii) community colleges are charging and waiving tuition and registration
47 fees consistent with law. The State Board of Community Colleges shall require ~~auditors of~~
48 ~~community college programs to the use of~~ a statistically valid sample size in performing
49 ~~program audits-compliance reviews~~ of community colleges. All ~~education program audit~~
50 ~~compliance review findings that are determined to be material~~ shall be forwarded to the college
51 president, local college board of trustees, the State Board of Community Colleges, and the State

1 Auditor. The State Board of Community Colleges shall adopt rules governing the frequency,
2 scope, and standard of materiality for compliance reviews."

3 **SECTION 10.6.(c)** Subsection (b) of this section applies to compliance reviews
4 beginning with the 2015-2016 academic year.
5

6 CAREER AND COLLEGE READY GRADUATES

7 **SECTION 10.13.(a)** The State Board of Community Colleges, in consultation with
8 the State Board of Education, shall develop a program for implementation in the 2016-2017
9 school year that introduces the college developmental mathematics and developmental reading
10 and English curriculums in the high school senior year and provide opportunities for college
11 remediation for students prior to high school graduation through cooperation with community
12 college partners. Students who are enrolled in the Occupational Course of Study to receive their
13 high school diplomas shall not be required to participate in the program or be required to take
14 mandatory remedial courses as provided for in this section, unless a parent specifically requests
15 through the individualized education program (IEP) process that the student participates. The
16 program shall require the following:

- 17 (1) Establishment by the State Board of Community Colleges of measures for
18 determining student readiness and preparation for college coursework by
19 using ACT scores, student grade point averages, or other measures currently
20 used by the State Board of Community Colleges to determine college
21 readiness for entering students.
- 22 (2) Changes in curriculum, policy, and rules as needed by the State Board of
23 Community Colleges and State Board of Education to make remedial
24 courses mandatory for students who do not meet readiness indicators by
25 their junior year to ensure college readiness prior to high school graduation.
26 These changes shall include the flexibility for students to fulfill senior
27 mathematics and English graduation requirements through enrollment in
28 mandatory remedial courses or to enroll in those courses as electives.
- 29 (3) Revisions to current direct instruction remediation modules used by the
30 North Carolina community colleges by the State Board of Community
31 Colleges, in cooperation with the State Board of Education, to provide
32 remedial education to high school students.
- 33 (4) Determinations by the State Board of Community Colleges on the following:
 - 34 a. Appropriate measures of successful completion of the remedial
35 courses to ensure students are prepared for coursework at a North
36 Carolina community college without need for further remediation in
37 mathematics or reading and English.
 - 38 b. The length of time following high school graduation in which a
39 student who successfully completed high school remedial courses
40 will not be required to enroll in developmental courses at a North
41 Carolina community college.
- 42 (5) Policies established by the State Board of Community Colleges and State
43 Board of Education for delivery of college remediation instruction in high
44 schools. The policies shall include the following requirements:
 - 45 a. Faculty from the partner community college will provide training and
46 oversight for high school faculty who will serve as facilitators for
47 high school students enrolled in the remedial courses.
 - 48 b. Faculty from the partner community college will make regular site
49 visits to provide assistance to students and high school faculty with
50 the remedial courses.

- 1 c. Partner high schools shall identify and assign appropriate faculty to
2 the remedial course. Assigned faculty shall be trained by partner
3 community college faculty prior to the start of the school year or
4 semester in which the faculty will facilitate the remedial course.
5 d. Partner high schools shall provide appropriate technology resources
6 for delivery of the remedial course modules.

7 **SECTION 10.13.(b)** The State Board of Community Colleges and the State Board
8 of Education shall report on progress of implementation of the program statewide, including the
9 requirements in subsection (a) of this section, to the Joint Legislative Education Oversight
10 Committee no later than January 15, 2016.

11
12 **NC WORKS CAREER COACHES**

13 **SECTION 10.14.(a)** Article 2 of Chapter 115D of the General Statutes is amended
14 by adding a new section to read:

15 **"§ 115D-21.5. NC Works Career Coach Program.**

16 (a) Purpose. – There is established the NC Works Career Coach Program to place
17 community college career coaches in high schools to assist students with determining career
18 goals and identifying community college programs that would enable students to achieve these
19 goals.

20 (b) Memorandum of Understanding. – The board of trustees of a community college
21 and a local board of education of a local school administrative unit within the service area of
22 the community college shall enter into a memorandum of understanding for the placement of
23 career coaches employed by the board of trustees of the community college in schools within
24 the local school administrative unit. At a minimum, the memorandum of understanding shall
25 include the following:

26 (1) Requirement that the community college provides the following:

- 27 a. Hiring, training, and supervision of career coaches. The board of
28 trustees may include a local board of education liaison on the hiring
29 committee and to participate in the decision making regarding hiring
30 for the coach positions.
31 b. Salary, benefits, and all other expenses related to the employment of
32 the career coach. The coach will be an employee of the board of
33 trustees and will not be an agent or employee of the local board of
34 education.
35 c. Development of pedagogical materials and technologies needed to
36 enhance the advising process.
37 d. Criminal background checks required by the local school
38 administrative unit for employees working directly with students.
39 e. Agreement that, while on any school campus, the career coach will
40 obey all local board of education rules and will be subject to the
41 authority of the school building administration.

42 (2) Requirement that the local school administrative unit provides the following
43 to career coaches:

- 44 a. Access to student records, as needed to carry out the coach's job
45 responsibilities.
46 b. Office space on site appropriate for student advising.
47 c. Information technology resources, including, but not limited to,
48 Internet access, telephone, and copying.
49 d. Initial school orientation and ongoing integration into the faculty and
50 staff community.
51 e. Promotion of school-wide awareness of coach duties.

- 1 f. Facilitation of coach's access to individual classes and larger
2 assemblies for the purposes of awareness-building.
- 3 (c) Application for NC Works Career Coach Program Funding. – The board of trustees
4 of a community college and a local board of education of a local school administrative unit
5 within the service area of the community college jointly may apply for available funds for NC
6 Works Career Coach Program funding from the State Board of Community Colleges. The State
7 Board of Community Colleges shall establish a process for award of funds as follows:
- 8 (1) Advisory committee. – Establishment of an advisory committee, which shall
9 include representatives from the NC Community College System, the
10 Department of Public Instruction, the NC Works initiative located in the
11 Department of Commerce, and at least three representatives of the business
12 community, to review applications and make recommendations for funding
13 awards to the State Board.
- 14 (2) Application submission requirements. – The State Board shall require at
15 least the following:
- 16 a. Evidence of a signed memorandum of understanding that meets, at a
17 minimum, the requirements of this section.
- 18 b. Evidence that the funding request will be matched dollar-for-dollar
19 with local funds. Matching funds may come from public or private
20 sources.
- 21 (3) Awards criteria. – The State Board shall develop criteria for consideration in
22 determining the award of funds that shall include the following:
- 23 a. Consideration of the workforce needs of business and industry in the
24 region.
- 25 b. Targeting of resources to enhance ongoing economic activity within
26 the community college service area and surrounding counties.
- 27 c. Geographic diversity of awards.
- 28 (d) Annual Report. –
- 29 (1) The board of trustees of a community college that employs one or more
30 career coaches shall report annually to the State Board of Community
31 Colleges on implementation and outcomes of the program, including the
32 following information:
- 33 a. Number of career coaches employed.
- 34 b. Number of local school administrative units served and names of
35 schools in which career coaches are placed.
- 36 c. Number of students annually counselled by career coaches.
- 37 d. Impact of career coaches on student choices, as determined by a valid
38 measure selected by the State Board of Community Colleges.
- 39 (2) The State Board of Community Colleges shall report annually no later than
40 October 1 to the Joint Legislative Education Oversight Committee on the
41 following:
- 42 a. A compilation of the information reported by the board of trustees of
43 community colleges, as provided in subdivision (1) of this
44 subsection.
- 45 b. Number and names of partnership applicants for NC Works Career
46 Coach Program funding.
- 47 c. Number, names, and amounts of those awarded NC Works Career
48 Coach Program funding."

49 **SECTION 10.14.(b)** The State Board of Community Colleges shall begin
50 accepting applications for available funds for NC Works Career Coach Program funding no

1 later than December 1, 2015, and shall select the initial recipients for the award of funds no
2 later than February 1, 2016.

3 **SECTION 10.14.(c)** The funds appropriated under this act to the Community
4 Colleges System Office for the 2015-2017 fiscal biennium to match non-State funds to
5 implement the NC Works Career Coach Program shall only be used for salary and benefits for
6 NC Works Career Coaches.

7 **DRIVER EDUCATION AND SAFETY INSTRUCTION PROGRAM**

8 **SECTION 10.15.(a)** The North Carolina Community Colleges System Office shall
9 conduct a feasibility study on the establishment of a statewide, tuition-based drivers education
10 program delivered through the Community Colleges System Office for all students older than
11 14 years and six months who (i) are enrolled in a public high school, a private high school, or a
12 home school within the State and (ii) have not previously enrolled in a program delivered
13 through the public schools or the Community Colleges System Office. In the course of the
14 study, the System Office shall consider the cost of the program and options for funding it,
15 including fees, State funds, or a combination of fees and State funds.

16
17 The System Office shall report to the Joint Legislative Education Oversight
18 Committee prior to March 15, 2016, on the results of the study.

19 **SECTION 10.15.(b)** G.S. 115D-20(4)c. reads as rewritten:

20 "c. ~~High school students may be permitted to take noncredit courses in~~
21 ~~safe driving on a self-supporting basis during the academic year or~~
22 ~~the summer. Students older than 14 years and six months who (i) are~~
23 ~~enrolled in a public high school, a private high school, or a home~~
24 ~~school within the State and (ii) have not previously enrolled in a~~
25 ~~program delivered through the public schools or the Community~~
26 ~~Colleges System Office may take driver education and safety~~
27 ~~instruction in accordance with the Driver Education Safety~~
28 ~~Instruction Program, as established under G.S. 115D-76.5. The~~
29 ~~program may be funded with State funds, on a self-supporting basis,~~
30 ~~or a combination of both and may be offered during the academic~~
31 ~~year or the summer."~~

32 **SECTION 10.15.(c)** Chapter 115D of the General Statutes is amended by adding a
33 new article to read:

34 "Article 6B.

35 "Driver Education and Safety Instruction.

36 **§ 115D-76.5. Driver Education and Safety Instruction Program.**

37 (a) There is created a Driver Education and Safety Instruction Program for the purpose
38 of establishing statewide driver education and safety instruction to be delivered through the
39 Community Colleges System Office for all students older than 14 years and six months who (i)
40 are enrolled in a public high school, a private high school, or a home school within the State
41 and (ii) have not previously enrolled in a program delivered through the public schools or the
42 Community Colleges System Office. The Program may be administered by a driver education
43 and safety coordinator who shall be responsible for the planning, curriculum, and completion
44 requirements of the Program. The State Board of Community Colleges may elect a driver
45 education and safety coordinator upon nomination by the President of the Community College
46 System, and the compensation of the driver education and safety coordinator shall be fixed by
47 the State Board upon recommendation of the President of the Community College System
48 pursuant to G.S. 115D-3. The State Board of Community Colleges may contract with an
49 appropriate public or private agency or person to carry out the duties of the driver education
50 and safety coordinator.

1 (b) The Driver Education and Safety Instruction Program shall be implemented through
2 the Community Colleges System Office. The driver education and safety coordinator shall
3 select and facilitate the training and certification of instructors who will implement the
4 Program.

5 (c) The State Board of Community Colleges shall adopt a curriculum, standards, and
6 other policies and procedures for the program."

7 **SECTION 10.15.(d)** Effective July 1, 2016, the Community Colleges System
8 Office shall provide driver education and safety instruction in accordance with G.S. 115D-76.5,
9 as enacted in subsection (b) of this section.

10 **SECTION 10.15.(e)** Notwithstanding G.S. 20-87(6), of the revenue collected on or
11 after the date this act becomes law for the Motorcycle Safety Instruction Program, the
12 Community Colleges System Office may use up to two hundred thousand dollars (\$200,000)
13 for the 2015-2016 fiscal year to conduct the study required by subsection (a) of this section.

14 **SECTION 10.15.(f)** Subsection (b) of this section is effective July 1, 2016.

16 PART XI. UNIVERSITIES

18 USE OF ESCHEAT FUNDS FOR STUDENT FINANCIAL AID 19 PROGRAMS/TECHNICAL CORRECTIONS

20 **SECTION 11.1.(a)** The funds appropriated by this act from the Escheat Fund for
21 the 2015-2017 fiscal biennium for student financial aid shall be allocated in accordance with
22 G.S. 116B-7. Notwithstanding any other provision of Chapter 116B of the General Statutes, if
23 the interest income generated from the Escheat Fund is less than the amounts referenced in this
24 act, the difference may be taken from the Escheat Fund principal to reach the appropriations
25 referenced in this act; however, under no circumstances shall the Escheat Fund principal be
26 reduced below the sum required in G.S. 116B-6(f). If any funds appropriated from the Escheat
27 Fund by this act for student financial aid remain uncommitted aid as of the end of a fiscal year,
28 the funds shall be returned to the Escheat Fund, but only to the extent the funds exceed the
29 amount of the Escheat Fund income for that fiscal year.

30 **SECTION 11.1.(b)** The State Education Assistance Authority (SEAA) shall
31 conduct periodic evaluations of expenditures of the student financial aid programs administered
32 by SEAA to determine if allocations are utilized to ensure access to institutions of higher
33 learning and to meet the goals of the respective programs. The SEAA may make
34 recommendations for redistribution of funds to The University of North Carolina, and the
35 President of the Community College System regarding their respective student financial aid
36 programs, who then may authorize redistribution of unutilized funds for a particular fiscal year.

37 **SECTION 11.1(c)** G.S. 116B-7(b) reads as rewritten:

38 "(b) An amount specified in the Current Operations Appropriations Act shall be
39 transferred annually from the Escheat Fund to the Department of ~~Administration~~ Military and
40 Veterans Affairs to partially fund the program of Scholarships for Children of War Veterans
41 established by Article 4 of Chapter 165 of the General Statutes. Those funds may be used only
42 for residents of this State who (i) are worthy and needy as determined by the Department of
43 ~~Administration~~ Military and Veterans Affairs and (ii) are enrolled in public institutions of
44 higher education of this State."

45 **SECTION 11.1(d)** G.S. 116B-6 reads as rewritten:

46 "**§ 116B-6. Administration of Escheat Fund; Escheat Account.**

47 ...

48 (g) Additional Funds for Refunds. – If at any time the amount of the refund reserve
49 shall be insufficient to make refunds required to be made, the Treasurer, in addition, may use
50 all current receipts derived from escheated or abandoned property, exclusive of earnings and
51 profits on investments of the Escheat Fund and the Escheat Account, for the purpose of making

1 such refunds; and if all such funds shall be inadequate for such refunds, the Treasurer may
 2 apply to the Council of State, pursuant to the ~~Executive State~~ Budget Act, to the limit of funds
 3 available from the Contingency and Emergency Fund, for a loan, without interest, to supply
 4 any deficiencies, in whole or in part. No receipts derived from escheated or abandoned
 5 property, other than earnings or profits on investments, shall be paid to the Authority until: (i)
 6 all valid claims for refund have been paid; (ii) the reserve for refund shall equal five million
 7 dollars (\$5,000,000); and (iii) the amount loaned from the Contingency and Emergency Fund
 8 shall have been repaid by the Escheat Fund.

9 (h) Expenditures. – The Treasurer may expend the funds in the Escheat Fund, other
 10 than funds in the Escheat Account, for the payment of claims for refunds to owners, holders
 11 and claimants under G.S. 116B-4; for the payment of costs of maintenance and upkeep of
 12 abandoned or escheated property; costs of preparing lists of names of owners of abandoned
 13 property to be furnished to clerks of superior court; costs of notice and publication; costs of
 14 appraisals; fees of persons employed pursuant to G.S. 116B-8 costs involved in determining
 15 whether a decedent died without heirs; fees of persons employed pursuant to G.S. 116B-8 to
 16 conduct audits; costs of a title search of real property that has escheated; and costs of auction or
 17 sale under this Chapter. All other costs, including salaries of personnel, necessary to carry out
 18 the duties of the Treasurer under this Chapter, shall be appropriated from the funds of the
 19 Escheat Fund pursuant to the provisions of ~~Article 1, Chapter 143~~ Chapter 143C of the General
 20 Statutes.

21"

23 AMEND REGULATION OF UNC INSTITUTIONAL TRUST FUNDS AND FUNDS OF 24 UNC HEALTH CARE SYSTEM

25 SECTION 11.2.(a) G.S. 116-36.1(h) reads as rewritten:

26 "(h) The Board may authorize, through the President, that the chancellors may deposit or
 27 invest each institution's available trust fund cash balances in interest-bearing accounts and other
 28 investments as may be authorized by the Board in the exercise of its sound discretion, without
 29 regard to any statute or rule of law relating to the investment of funds by ~~fiduciaries~~; fiduciaries;
 30 provided however, funds deposited and invested under this section are subject to
 31 G.S. 116-36.1A."

32 SECTION 11.2.(b) Article 1 of Chapter 116 of the General Statutes is amended by
 33 adding a new section to read:

34 "§116-36.1A. Institutional trust fund deposits to be secured; reports of depositories.

35 (a) The amount of funds deposited pursuant to G.S. ~~116-36.1~~ in an official depository
 36 shall be adequately secured by deposit insurance, surety bonds, or investment securities of such
 37 nature in such amounts and in such manner as may be prescribed by policy of the Board of
 38 Governors. No security is required for the protection of funds remitted to and received by a
 39 bank or trust company designated by the Board of Governors under Chapter 116D or Part 4 of
 40 Article 1 of Chapter 116 of the General Statutes and acting as paying agent for the payment of
 41 the principal of or interest on bonds or notes of the State.

42 (b) Each official depository having deposits required to be secured by subsection (a) of
 43 this section may be required to report to the Board of Governors on January 1 and July 1 of
 44 each year (or such other dates as the Board of Governors may prescribe) a list of all surety
 45 bonds or investment securities securing such deposits. If the Board of Governors finds at any
 46 time that any funds of the State are not properly secured, the Board of Governors shall so notify
 47 the depository. Upon such notification, the depository shall comply with the applicable law or
 48 regulations forthwith.

49 (c) Violation of the provisions of this section shall be a Class 1 misdemeanor."

50

1 IN-STATE TUITION FOR CERTAIN VETERANS AND OTHER INDIVIDUALS
2 ENTITLED TO FEDERAL EDUCATIONAL BENEFITS

3 SECTION 11.3.(a) Article 14 of Chapter 116 of the General Statutes is amended
4 by adding a new section to read:

5 "§ 116-143.3A. Waiver of 12-month residency requirement for certain veterans and other
6 individuals entitled to federal education benefits under 38 U.S.C. Chapter 30 or
7 38 U.S.C. Chapter 33.

8 (a) Definitions. – The following definitions apply in this section:

9 (1) Abode. – Has the same meaning as G.S. 116-143.3(a)(1).

10 (2) Armed Forces. – Has the same meaning as G.S. 116-143.3(a)(2).

11 (3) Veteran. – A person who served active duty for not less than 90 days in the
12 Armed Forces, the Commissioned Corps of the U.S. Public Health Service,
13 or the National Oceanic and Atmospheric Administration and who was
14 discharged or released from such service under conditions other than
15 dishonorable.

16 (b) Waiver of 12-Month Residency Requirement for Veteran. – Any veteran who
17 qualifies for admission to an institution of higher education as defined in G.S. 116-143.1(a)(3)
18 is eligible to be charged the in-State tuition rate and applicable mandatory fees for enrollment
19 without satisfying the 12-month residency requirement under G.S. 116-143.1, provided the
20 veteran meets all of the following criteria:

21 (1) The veteran applies for admission to the institution of higher education and
22 enrolls within three years of the veteran's discharge or release from the
23 Armed Forces, the Commissioned Corps of the U.S. Public Health Service,
24 or the National Oceanic and Atmospheric Administration.

25 (2) The veteran qualifies for and uses educational benefits pursuant to 38 U.S.C.
26 Chapter 30 (Montgomery G.I. Bill Active Duty Education Assistance
27 Program) or 38 U.S.C. Chapter 33 (Post-9/11 Educational Assistance), as
28 administered by the U.S. Department of Veterans Affairs.

29 (3) The veteran's abode is North Carolina.

30 (4) The veteran provides the institution of higher education at which the veteran
31 intends to enroll a letter of intent to establish residence in North Carolina.

32 (c) Eligibility of Other Individuals Entitled to Federal Educational Benefits Under 38
33 U.S.C. Chapter 30 or 38 U.S.C. Chapter 33. – Any person who is entitled to federal educational
34 benefits under 38 U.S.C. Chapter 30 or 38 U.S.C. Chapter 33 is also eligible to be charged the
35 in-State tuition rate and applicable mandatory fees for enrollment without satisfying the
36 12-month residency requirement under G.S. 116-143.1 if the person meets all of the following
37 criteria:

38 (1) The person qualifies for admission to the institution of higher education as
39 defined in G.S. 116-143.1(a)(3) and enrolls in the institution of higher
40 education within three years of the veteran's discharge or release from the
41 Armed Forces, the Commissioned Corps of the U.S. Public Health Service,
42 or the National Oceanic and Atmospheric Administration.

43 (2) The person is the recipient of federal educational benefits pursuant to 38
44 U.S.C. Chapter 30 (Montgomery G.I. Bill Active Duty Education Assistance
45 Program) or 38 U.S.C. Chapter 33 (Post-9/11 Educational Assistance), as
46 administered by the U.S. Department of Veterans Affairs.

47 (3) The person's abode is North Carolina.

48 (4) The person provides the institution of higher education at which the person
49 intends to enroll a letter of intent to establish residence in North Carolina.

50 (d) After the expiration of the three-year period following discharge or death as
51 described in 38 U.S.C. § 3679(c), any enrolled veteran entitled to federal educational benefits

1 under 38 U.S.C. Chapter 30 or 38 U.S.C. Chapter 33 and any other enrolled individual entitled
2 to federal educational benefits under 38 U.S.C. Chapter 30 or 38 U.S.C. Chapter 33 who is
3 eligible for in-State tuition under this section shall continue to be eligible for the in-State tuition
4 rate so long as the covered individual remains continuously enrolled (other than during
5 regularly scheduled breaks between courses, quarters, terms, or semesters) at that institution of
6 higher education."

7 **SECTION 11.3.(b)** G.S. 116-143.8 is repealed.

8 **SECTION 11.3.(c)** This section applies to qualifying veterans and other
9 individuals entitled to federal educational benefits under 38 U.S.C. Chapter 30 or 38 U.S.C.
10 Chapter 33 who are enrolled or who enroll in institutions of higher education for any academic
11 quarter, term, or semester that begins on or after the effective date of this act.

12 13 **UNC MANAGEMENT FLEXIBILITY REDUCTION**

14 **SECTION 11.4.(a)** The management flexibility reduction for The University of
15 North Carolina shall not be allocated by the Board of Governors to the constituent institutions
16 and affiliated entities using an across-the-board method but shall be done in a manner that
17 recognizes the importance of the academic missions and differences among The University of
18 North Carolina entities.

19 Before taking reductions in instructional budgets, the Board of Governors and the
20 campuses of the constituent institutions shall consider all of the following:

- 21 (1) Reducing State funding for centers and institutes, speaker series, and other
22 nonacademic activities.
- 23 (2) Faculty workload adjustments.
- 24 (3) Restructuring of research activities.
- 25 (4) Implementing cost-saving span of control measures.
- 26 (5) Reducing the number of senior and middle management positions.
- 27 (6) Eliminating low-performing, redundant, or low-enrollment programs.
- 28 (7) Using alternative funding sources.
- 29 (8) Protecting direct classroom services.

30 The Board of Governors and the campuses of the constituent institutions also shall
31 review the institutional trust funds and the special funds held by or on behalf of The University
32 of North Carolina and its constituent institutions to determine whether there are monies
33 available in those funds that can be used to assist with operating costs. In addition, the
34 campuses of the constituent institutions also shall require their faculty to have a teaching
35 workload equal to the national average in their Carnegie classification.

36 **SECTION 11.4.(b)** In allocating the management flexibility reduction, no
37 reduction in State funds shall be allocated in either fiscal year of the 2015-2017 biennium to
38 any of the following:

- 39 (1) UNC Need-Based Financial Aid.
- 40 (2) NC School of Science and Mathematics.
- 41 (3) University of North Carolina at Asheville.
- 42 (4) University of North Carolina School of the Arts.

43 **SECTION 11.4.(c)** The University of North Carolina shall report on the
44 implementation of the management flexibility reduction in subsection (a) of this section to the
45 Office of State Budget and Management and the Fiscal Research Division no later than April 1,
46 2016. This report shall identify both of the following by campus:

- 47 (1) The total number of positions eliminated by type (faculty/nonfaculty).
- 48 (2) The low-performing, redundant, and low-enrollment programs that were
49 eliminated.

50 51 **UNC TO FUND NORTH CAROLINA RESEARCH CAMPUS**

1 **SECTION 11.5.** Of the funds appropriated in this act to the Board of Governors of
2 The University of North Carolina, the Board of Governors shall use twenty-nine million dollars
3 (\$29,000,000) for the 2015-2016 fiscal year and twenty-nine million dollars (\$29,000,000) for
4 the 2016-2017 fiscal year to support UNC-related activities at the North Carolina Research
5 Campus at Kannapolis.
6

7 **SPECIAL EDUCATION SCHOLARSHIP CHANGES AND REEVALUATION FUNDS**

8 **SECTION 11.11.(a)** G.S. 115C-112.6 reads as rewritten:

9 **"§ 115C-112.6. Scholarships.**

10 (a) **Scholarship Applications.** – The Authority shall make available no later than May 1
11 annually applications to eligible students for the award of scholarships. Information about
12 scholarships and the application process shall be made available on the Authority's Web site.
13 The Authority shall give priority in awarding scholarships to eligible students who received a
14 scholarship during the previous semester. Except as otherwise provided by the Authority for
15 prior scholarship recipients, scholarships shall be awarded to eligible students in the order in
16 which the applications are received.

17 (a1) **Web Site Availability.** – Information about scholarships and the application process
18 shall be made available on the Authority's Web site. The Authority shall also include
19 information on the Web site notifying parents that federal regulations adopted under IDEA
20 provide that no parentally placed private school child with a disability has an individual right to
21 receive some or all of the special education and related services that the child would receive if
22 enrolled in a public school.

23 (b) **Scholarship Awards.** – Scholarships awarded to eligible students shall be for
24 amounts of not more than ~~three~~four thousand dollars (~~\$3,000~~)(\$4,000) per semester per eligible
25 student. Eligible students awarded scholarships may not be enrolled in a public school to which
26 that student has been assigned as provided in G.S. 115C-366. Scholarships shall be awarded
27 only for tuition and for the reimbursement of tuition, special education, related services, and
28 educational technology, as provided in subsection (b1) of this section. The Authority shall
29 notify parents in writing of their eligibility to receive scholarships for costs that will be incurred
30 during the spring semester of the following year by December 1 and for costs incurred during
31 the fall semester of that year by July 1.

32 (b1) **Disbursement of Scholarship Funds.** – The Authority shall disburse scholarship
33 funds for tuition and for the reimbursement of costs incurred by the parent of an eligible student
34 as follows:

- 35 (1) Scholarship endorsement for tuition. – The Authority shall remit, at least two
36 times each school year, scholarship funds awarded to eligible students for
37 endorsement by at least one of the student's parents or guardians for tuition
38 to attend (i) a North Carolina public school other than the public school to
39 which that student has been assigned as provided in G.S. 115C-366 or (ii) a
40 nonpublic school that meets the requirements of Part 1 or Part 2 of Article 39
41 of this Chapter as identified by the Department of Administration, Division
42 of Nonpublic Education. Scholarship funds shall not be provided for tuition
43 for home schooled students. If the student is attending a nonpublic school,
44 the school must be deemed eligible by the Division of Nonpublic Education,
45 pursuant to G.S. 115C-562.4, and the school shall be subject to the
46 requirements of G.S. 115C-562.5. The parent or guardian shall restrictively
47 endorse the scholarship funds awarded to the eligible student to the school
48 for deposit into the account of the school. The parent or guardian shall not
49 designate any entity or individual associated with the school as the parent's
50 attorney-in-fact to endorse the scholarship funds but shall endorse the
51 scholarship funds in person at the site of the school. A parent's or guardian's

1 failure to comply with this section shall result in forfeiture of the scholarship
2 funds. A scholarship forfeited for failure to comply with this section shall be
3 returned to the Authority to be awarded to another student.

4 (2) Scholarship Reimbursements.—reimbursements for costs. — Scholarship
5 reimbursement for costs incurred shall be provided as follows:

6 (+)a. Preapproval process. — Prior to the start of each school semester, the
7 parent of an eligible student may submit documentation of the
8 ~~tuition~~, special education, related services, or educational technology
9 the parent anticipates incurring costs on in that semester for
10 preapproval by the Authority.

11 (-2)b. Reimbursement submissions. — Following the conclusion of each
12 school semester, the parent of an eligible student shall submit to the
13 Authority any receipts or other documentation approved by the
14 Authority to demonstrate the costs incurred during the semester. In
15 addition, parents shall provide documentation of the following to
16 seek reimbursement:

17 a. ~~Tuition reimbursement.~~—~~Parents may only receive~~
18 ~~reimbursement for tuition if the parent provides~~
19 ~~documentation that the student was enrolled in nonpublic~~
20 ~~school or public school for which payment of tuition is~~
21 ~~required for no less than 75 days of the semester for which~~
22 ~~the parent seeks reimbursement. Tuition reimbursement shall~~
23 ~~not be provided for home schooled students.~~

24 b.1. Special education reimbursement. — Parents may only receive
25 reimbursement for special education if the parent provides
26 documentation that the student received special education for
27 no less than 75 days of the semester for which the parent
28 seeks reimbursement. Special education reimbursement shall
29 not be provided for special education instruction provided to
30 a home schooled student by a member of the household of a
31 home school, as defined in G.S. 115C-563(a).

32 e.2. Related services reimbursement. — Parents may only receive
33 reimbursement for related services if the parent provides
34 documentation that the student also received special
35 education for no less than 75 days of the semester for which
36 the parent seeks reimbursement for the related services.
37 Related services reimbursement shall not be provided for
38 related services provided to a home schooled student by a
39 member of the household of a home school, as defined in
40 G.S. 115C-563(a).

41 ~~e.3.~~ Educational technology reimbursement. — Parents may only
42 receive reimbursement for educational technology if the
43 parent provides documentation that the student used the
44 educational technology for no less than 75 days of the
45 semester for which the parent seeks reimbursement.

46 (-3)c. Scholarship award. — The Authority shall award a scholarship in the
47 amount of costs demonstrated by the parent up to the maximum
48 amount. If the costs incurred by the parent do not meet the maximum
49 amount, the Authority shall use the remainder of those funds for the
50 award of scholarships to eligible students for the following semester.

1 The Authority shall award scholarships to the parents of eligible
2 students at least semiannually.

3 (c) Student Reevaluation. – After an eligible student's initial receipt of a scholarship,
4 the Authority shall ensure that the student is reevaluated at least every three years by the local
5 educational agency in order to verify that the student continues to be a child with a disability.

6 (d) Rule Making. – The Authority shall establish rules and regulations for the
7 administration and awarding of scholarships. The Authority shall adopt rules providing for pro
8 rata return of funds if a student withdraws prior to the end of the semester from a school to
9 which scholarship funds have been remitted. The Authority shall annually develop a list of
10 educational technology for which scholarships may be used and shall provide scholarship
11 recipients with information about the list.

12 (e) Public Records Exception. – Scholarship applications and personally identifiable
13 information related to eligible students receiving scholarships shall not be a public record under
14 Chapter 132 of the General Statutes. For the purposes of this section, personally identifiable
15 information means any information directly related to a student or members of a student's
16 household, including the name, birthdate, address, Social Security number, telephone number,
17 e-mail address, financial information, or any other information or identification number that
18 would provide information about a specific student or members of a specific student's
19 household."

20 **SECTION 11.11.(b)** G.S. 115C-112.9 reads as rewritten:

21 "**§ 115C-112.9. Duties of State ~~Board of Education agencies.~~**

22 (a) The State Board, as part of its duty to monitor all local educational agencies to
23 determine compliance with this Article and IDEA as provided in G.S. 115C-107.4, shall ensure
24 that local educational agencies do the following:

25 (1) Conduct evaluations requested by a child's parent or guardian of suspected
26 children with disabilities, as defined in G.S. 115C-107.3, in a timely manner
27 as required by IDEA.

28 (2) Provide reevaluations to identified children with disabilities receiving
29 scholarships as provided in Part 1H of this Article at the request of the parent
30 or guardian to ensure compliance with G.S. 115C-112.6(c).

31 (b) The Authority shall analyze, in conjunction with the Department of Public
32 Instruction, past trends in scholarship data on an annual basis to ensure that the amount of
33 funds transferred each fiscal year by the Authority to the Department for reevaluations by local
34 school administrative units of eligible students under G.S. 115C-112.6(c) are sufficient and
35 based on actual annual cost requirements."

36 **SECTION 11.11.(c)** The Authority shall adopt rules within 60 days of the date this
37 act becomes law providing for pro rata return of funds if a student withdraws prior to the end of
38 the semester from a school to which scholarship funds have been remitted.

39 **SECTION 11.11.(d)** This section applies to scholarships awarded for the
40 2015-2016 school year and each subsequent school year.

41

42 **INTERNSHIPS AND CAREER-BASED OPPORTUNITIES FOR STUDENTS**
43 **ATTENDING HISTORICALLY BLACK COLLEGES AND UNIVERSITIES**
44 **(HBCU)**

45 **SECTION 11.12.(a)** The internship program created pursuant to S.L. 2014-100 to
46 provide internships and career-based opportunities for students attending Historically Black
47 Colleges and Universities may be offered to four or more HBCUs in the discretion of the Board
48 of Governors of The University of North Carolina. Further, there is no requirement that
49 Elizabeth City State University be a permanent participant in the internship program. The
50 internship program shall be administered as provided by subsection (b) of this section.

1 **SECTION 11.12.(b)** The Board of Governors shall conduct a competitive process
2 to select institutions of higher education that are Historically Black Colleges and Universities to
3 participate in the internship program which links 60 students attending Historically Black
4 Colleges and Universities with North Carolina-based companies. The Board of Governors shall
5 determine the number of institutions that may participate in the program; however, at least two
6 of the institutions shall be private institutions. Funds appropriated by this act for this internship
7 program shall be allocated only to constituent institutions of The University of North Carolina
8 that are designated as an HBCU and private colleges and universities located in North Carolina
9 that are designated as an HBCU.

10 **SECTION 11.12.(c)** Of the funds appropriated by this act for the support of the
11 internship program, The University of North Carolina may use up to five percent (5%) for costs
12 associated with administering this program.

13 **SECTION 11.12.(d)** This section applies to the 2015-2016 fiscal year and each
14 subsequent fiscal year.

15 16 **ELIZABETH CITY STATE UNIVERSITY BUDGET STABILIZATION FUNDS** 17 **REPORT**

18 **SECTION 11.13.** The President of The University of North Carolina shall report
19 each quarter of the 2015-2016 fiscal year to the Office of State Budget and Management and
20 the Fiscal Research Division of the General Assembly on the status of budget stabilization
21 funds appropriated to Elizabeth City State University by this act for the purpose of enhancing
22 technology related to enrollment and recruitment of students, campus access and safety, and
23 human resources management. The reports shall provide detailed descriptions of the scope of
24 work that has been completed to date, anticipated activities for the next quarter, and a plan with
25 time line to complete the full scope of work. The reports shall also include evidence of
26 improved services and outcomes achieved from improvements implemented using these funds.
27 The first quarterly report required by this section shall be made no later than October 1, 2015.
28

29 **UNC ENROLLMENT GROWTH REPORT**

30 **SECTION 11.14.** G.S. 116-30.7 reads as rewritten:

31 **"§ 116-30.7. Biennial projection of enrollment growth for The University of North**
32 **Carolina.**

33 By ~~October~~ December 15 of each even-numbered year, the General Administration of The
34 University of North Carolina shall provide to the Joint Education Legislative Oversight
35 Committee and to the Office of State Budget and Management a projection of the total student
36 enrollment in The University of North Carolina that is anticipated for the next biennium. The
37 enrollment projection shall be divided into the following categories and shall include the
38 projected growth for each year of the biennium in each category at each of the constituent
39 institutions: undergraduate students, graduate students (students earning master's and doctoral
40 degrees), first professional students, and any other categories deemed appropriate by General
41 Administration. The projection shall also distinguish between on-campus and distance
42 education students. The projections shall be considered by the Director of the Budget when
43 determining the amount the Director proposes to appropriate to The University of North
44 Carolina in the Recommended State Budget submitted pursuant to G.S. 143C-3-5(b)."
45

46 **EARLY COLLEGE GRADUATES/UNC ADMISSION POLICY**

47 **SECTION 11.16.(a)** The Board of Governors of The University of North Carolina
48 shall adopt a policy to require each constituent institution to offer to any student who graduated
49 from a cooperative innovative high school program with an associate degree and who applies
50 for admission to the constituent institution the option of being considered for admission as a
51 freshman or as a transfer student. The constituent institution shall also provide written

1 information to the student regarding the consequences that accompany each option and any
2 other relevant information that may be helpful to the student when considering which option to
3 select.

4 **SECTION 11.16.(b)** Beginning November 1, 2016, the Board of Governors shall
5 report annually to the Joint Legislative Education Oversight Committee regarding the number
6 of students who graduated from a cooperative innovative high school program with an
7 associate degree and which option was chosen by those students when applying for admission
8 to a constituent institution.

9 **SECTION 11.16.(c)** This section applies to the 2016-2017 academic year and each
10 subsequent academic year.

11 12 **SEAA FUNDS FOR ADMINISTRATION OF SPECIAL EDUCATION SCHOLARSHIP** 13 **GRANT PROGRAM**

14 **SECTION 11.18.** Section 5(b) of S.L. 2013-364, as amended by Section 3.2 of
15 S.L. 2013-363, reads as rewritten:

16 "SECTION 5.(b) Of the funds allocated to NCSEAA to be used for the award of
17 scholarship grants to eligible students under subsection (a) of this section, for fiscal year
18 2013-2014, NCSEAA may retain up to two hundred thousand dollars (\$200,000) for
19 administrative costs associated with the scholarship grant program. For fiscal year ~~2014-2015~~
20 2015-2016 and subsequent years, NCSEAA may retain up to ~~two percent (2%)~~ four percent
21 (4%) annually for administrative costs associated with the scholarship grant program."
22

23 **WESTERN GOVERNORS UNIVERSITY CHALLENGE GRANT**

24 **SECTION 11.20.** Of the funds appropriated in this act to the Board of Governors
25 of The University of North Carolina, the sum of two million dollars (\$2,000,000) in
26 nonrecurring funds for the 2015-2016 fiscal year shall be used as a challenge grant to Western
27 Governors University to raise the sum of five million dollars (\$5,000,000) in private funds for
28 the 2015-2016 fiscal year to establish a North Carolina campus. The allocation of two million
29 dollars (\$2,000,000) under this section is contingent upon receipt by Western Governors
30 University of five million dollars (\$5,000,000) in private funds for the purpose of establishing a
31 North Carolina campus.
32

33 **HUNT INSTITUTE/NO GENERAL FUNDS**

34 **SECTION 11.21.** Notwithstanding any other provision of law, no monies from the
35 General Fund shall be used for the support of The Hunt Institute which is an affiliate of the
36 University of North Carolina at Chapel Hill.
37

38 **PART XII. DEPARTMENT OF HEALTH AND HUMAN SERVICES**

39 40 **SUBPART XII-A. CENTRAL MANAGEMENT AND SUPPORT**

41 42 **FUNDING FOR PROGRAMS TO IMPROVE CHILDREN'S HEALTH/ESTABLISH** 43 **COMPETITIVE GRANTS PROCESS**

44 **SECTION 12A.2.(a)** Findings. – The General Assembly finds that America spends
45 twice as much on health care as any other nation, yet Americans are not the healthiest people in
46 the world. Research indicates that spending on health care to treat people may actually come at
47 the expense of investing in public health programs meant to keep people from getting sick in
48 the first place. The General Assembly further finds that infant mortality rates are an indicator of
49 a state's overall health status. North Carolina currently ranks fortieth in the nation on infant
50 mortality. Implementing statewide policies to invest in evidence-based programs that are
51 scientifically proven to lower infant mortality rates, and improve birth outcomes and the health

1 of children ages birth to five, will assure that future rankings for North Carolina are among the
2 best in the nation.

3 **SECTION 12A.2.(b)** Designation of Lead Agency. – The Secretary of the North
4 Carolina Department of Health and Human Services (Secretary) shall designate a lead agency
5 that is responsible for doing all of the following:

- 6 (1) Assuming responsibility for controlling all funding and contracts designed to
7 (i) improve North Carolina's birth outcomes, (ii) improve the overall health
8 status of children in this State from ages birth to five, and (iii) lower this
9 State's infant mortality rates.
- 10 (2) Working in consultation with the University of North Carolina Gillings
11 School of Global Public Health to develop a statewide, comprehensive plan
12 to accomplish the goals described in subdivision (1) of this subsection.
- 13 (3) Conducting a justification review of all programs and activities funded with
14 State appropriations described in subsection (c) of this section.

15 **SECTION 12A.2.(c)** Nonrecurring Allocations. – For the 2015-2016 fiscal year
16 only, the Department of Health and Human Services shall allocate the following designated
17 amounts for the following programs on a nonrecurring basis:

18 (1) Maternal and Child Health Contracts	\$2,472,094 NR
19 (2) High-Risk Maternity Clinic	375,000 NR
20 (3) Healthy Beginnings (Two Contracts)	396,025 NR
21 (4) Pregnancy Care Case Management	300,901 NR
22 (5) Maternal, Infant, and Early Childhood Home Visiting	425,643 NR
23 (6) Triple P-Positive Parenting Program	828,233 NR
24 (7) NC Perinatal and Maternal Substance Abuse Initiative	2,729,316 NR
25 (8) Perinatal Substance Abuse Specialist	45,000 NR

26 **SECTION 12A.2.(d)** Statewide Proposal and Justification Review. – By March 1,
27 2016, the Secretary shall submit the statewide proposal developed pursuant to subsection (b) of
28 this section to the Joint Legislative Oversight Committee on Health and Human Services and
29 the Fiscal Research Division for consideration during the 2016 Regular Session of the 2015
30 General Assembly. The statewide proposal shall include at least all of the following:

- 31 (1) Details of the statewide plan and identification of the lead agency
32 responsible for assuring the success of the plan.
- 33 (2) Justification for continuing, reducing, or eliminating funding for the
34 programs and activities that receive nonrecurring allocations for the
35 2015-2016 fiscal year.
- 36 (3) Recommendations for reallocation of funding from programs and activities
37 that are not evidence-based and that are not producing positive returns on
38 investment consistent with the goals described in subdivision (1) of
39 subsection (b) of this section.
- 40 (4) Recommendations for investments in new initiatives that accomplish the
41 goals described in subdivision (1) of subsection (b) of this section.

42 **SECTION 12A.2.(e)** Establishment of Competitive Grants Process for Local
43 Health Departments. – It is the intent of the General Assembly that, beginning in the 2016-2017
44 fiscal year, the Department of Health and Human Services implement a competitive grants
45 process for local health departments based on a county's current health status and the county's
46 detailed proposal to invest in evidence-based programs to achieve the goals described in
47 subdivision (1) of subsection (b) of this section. To that end, the Department shall develop a
48 plan that establishes a competitive grants process to be administered by the Division of Central
49 Management and Support. The Department shall develop a plan that, at a minimum, includes
50 each of the following components:

- 1 (1) A request for application (RFA) process to allow local health departments to
2 apply for and receive State funds on a competitive basis.
- 3 (2) A requirement that the Secretary prioritize grant awards to those local health
4 departments that are able to leverage non-State funds in addition to the grant
5 award.
- 6 (3) A process that awards grants to local health departments dedicated to
7 providing services on a countywide basis and that supports the goals
8 described in subdivision (1) of subsection (b) of this section.
- 9 (4) Ensures that funds received by the Department to implement the plan
10 supplement and do not supplant existing funds for health and wellness
11 programs and initiatives.

12 **SECTION 12A.2.(f)** Funds for Competitive Grants Process. – Of the funds
13 appropriated in this act to the Department of Health and Human Services, Division of Public
14 Health, the sum of two million five hundred thousand dollars (\$2,500,000) in recurring funds
15 for each year of the 2015-2017 fiscal biennium shall be used to establish the competitive grants
16 process for local health departments described in subsection (e) of this section. The Department
17 shall not use more than five percent (5%) of these funds for administrative purposes.

18 **SECTION 12A.2.(g)** Evaluation Protocol for Future Program Funding. – The
19 Department shall work with the University of North Carolina Gillings School of Global Public
20 Health (School of Global Public Health) to establish an evaluation protocol for determining
21 program effectiveness and future funding requirements at the local level. By April 1, 2016, the
22 Department, in consultation with the School of Global Public Health, shall submit a report to
23 the Joint Legislative Oversight Committee on Health and Human Services on the request for
24 application process to allow local health departments to apply for and receive State funds on a
25 competitive basis. The report shall include the counties awarded, the amount of the award, the
26 types of programs to be funded, and the evaluation process to be used in determining county
27 performance.

28 **HEALTH INFORMATION TECHNOLOGY**

29 **SECTION 12A.4.(a)** The Department of Health and Human Services
30 (Department), in cooperation with the State Chief Information Officer (State CIO), shall
31 coordinate health information technology (HIT) policies and programs within the State of
32 North Carolina. The goal of the DHHS CIO in coordinating State HIT policy and programs
33 shall be to avoid duplication of efforts and to ensure that each State agency, public entity, and
34 private entity that undertakes health information technology activities does so within the area of
35 its greatest expertise and technical capability and in a manner that supports coordinated State
36 and national goals, which shall include at least all of the following:

- 37
- 38 (1) Ensuring that patient health information is secure and protected, in
39 accordance with applicable law.
- 40 (2) Improving health care quality, reducing medical errors, reducing health
41 disparities, and advancing the delivery of patient-centered medical care.
- 42 (3) Providing appropriate information to guide medical decisions at the time and
43 place of care.
- 44 (4) Ensuring meaningful public input into HIT infrastructure development.
- 45 (5) Improving the coordination of information among hospitals, laboratories,
46 physicians' offices, and other entities through an effective infrastructure for
47 the secure and authorized exchange of health care information.
- 48 (6) Improving public health services and facilitating early identification and
49 rapid response to public health threats and emergencies, including
50 bioterrorist events and infectious disease outbreaks.
- 51 (7) Facilitating health and clinical research.

1 (8) Promoting early detection, prevention, and management of chronic diseases.

2 **SECTION 12A.4.(b)** The Department, in cooperation with the State CIO, shall
3 establish and direct an HIT management structure that is efficient and transparent and that is
4 compatible with the Office of the National Health Coordinator for Information Technology
5 (National Coordinator) governance mechanism. The HIT management structure shall be
6 responsible for all of the following:

- 7 (1) Developing a State plan for implementing and ensuring compliance with
8 national HIT standards and for the most efficient, effective, and widespread
9 adoption of HIT.
- 10 (2) Ensuring that (i) specific populations are effectively integrated into the State
11 plan, including aging populations, populations requiring mental health
12 services, and populations utilizing the public health system, and (ii) unserved
13 and underserved populations receive priority consideration for HIT support.
- 14 (3) Identifying all HIT stakeholders and soliciting feedback and participation
15 from each stakeholder in the development of the State plan.
- 16 (4) Ensuring that existing HIT capabilities are considered and incorporated into
17 the State plan.
- 18 (5) Identifying and eliminating conflicting HIT efforts where necessary.
- 19 (6) Identifying available resources for the implementation, operation, and
20 maintenance of health information technology, including identifying
21 resources and available opportunities for North Carolina institutions of
22 higher education.
- 23 (7) Ensuring that potential State plan participants are aware of HIT policies and
24 programs and the opportunity for improved health information technology.
- 25 (8) Monitoring HIT efforts and initiatives in other states and replicating
26 successful efforts and initiatives in North Carolina.
- 27 (9) Monitoring the development of the National Coordinator's strategic plan and
28 ensuring that all stakeholders are aware of and in compliance with its
29 requirements.
- 30 (10) Monitoring the progress and recommendations of the HIT Policy and
31 Standards Committee and ensuring that all stakeholders remain informed of
32 the Committee's recommendations.
- 33 (11) Monitoring all studies and reports provided to the United States Congress
34 and reporting to the Joint Legislative Oversight Committee on Information
35 Technology and the Fiscal Research Division on the impact of report
36 recommendations on State efforts to implement coordinated HIT.

37 **SECTION 12A.4.(c)** By no later than January 15, 2016, the Department shall
38 provide a written report on the status of HIT efforts to the Joint Legislative Oversight
39 Committees on Health and Human Services and Information Technology and to the Fiscal
40 Research Division. The report shall be comprehensive and shall include all of the following:

- 41 (1) Current status of federal HIT initiatives.
- 42 (2) Current status of State HIT efforts and initiatives among both public and
43 private entities.
- 44 (3) Other State information technology initiatives with potential applicability to
45 State HIT efforts.
- 46 (4) Efforts to ensure coordination and avoid duplication of HIT efforts within
47 the State.
- 48 (5) A breakdown of current public and private funding sources and dollar
49 amounts for State HIT initiatives.
- 50 (6) Efforts by the DHHS CIO to coordinate HIT initiatives within the State and
51 any obstacles or impediments to coordination.

- 1 (7) HIT research efforts being conducted within the State and sources of funding
2 for research efforts.
- 3 (8) Opportunities for stakeholders to participate in HIT funding and other efforts
4 and initiatives during the next quarter.
- 5 (9) Issues associated with the implementation of HIT in North Carolina and
6 recommended solutions to these issues.
- 7

8 **FUNDS FOR OVERSIGHT AND ADMINISTRATION OF STATEWIDE HEALTH**
9 **INFORMATION EXCHANGE NETWORK**

10 **SECTION 12A.5.(a)** It is the intent of the General Assembly to do all of the
11 following with respect to health information exchange:

- 12 (1) Establish a successor HIE Network to which (i) all Medicaid providers shall
13 be connected by July 1, 2017, and (ii) all other entities that receive State
14 funds for the provision of health services shall be connected by January 1,
15 2018.
- 16 (2) Establish (i) a State-controlled Health Information Exchange Authority to
17 oversee and administer the successor HIE Network and (ii) a Health
18 Information Exchange Advisory Board to provide consultation to the
19 Authority on matters pertaining to administration and operation of the HIE
20 Network and on statewide health information exchange, generally.
- 21 (3) Have the successor HIE Network gradually become and remain one hundred
22 percent (100%) receipt-supported by establishing reasonable participation
23 fees approved by the General Assembly and by drawing down available
24 matching funds whenever possible.

25 **SECTION 12A.5.(b)** In order to achieve the objectives described in subsection (a)
26 of this section, funds appropriated in this act to the Department of Health and Human Services,
27 Division of Central Management and Support, for the 2015-2016 fiscal year and for the
28 2016-2017 fiscal year to continue efforts toward the implementation of a statewide health
29 information exchange network shall be transferred to the Department of Information
30 Technology. By 30 days after the effective date of this section, the Secretary of the Department
31 of Health and Human Services and the State Chief Information Officer (State CIO) shall enter
32 into a written memorandum of understanding pursuant to which the State CIO will have sole
33 authority to direct the expenditure of these funds until (i) the North Carolina Health
34 Information Exchange Authority (Authority) is established and the State CIO has appointed an
35 Authority Director and (ii) the North Carolina Health Information Exchange Advisory Board
36 (Advisory Board) is established with members appointed pursuant to Article 29B of Chapter 90
37 of the General Statutes, as enacted by subsection (d) of this section. The State CIO shall use
38 these transferred funds to accomplish the following:

- 39 (1) Beginning immediately upon receipt of the transferred funds, facilitate the
40 following:
- 41 a. Establishment of the successor HIE Network described in subsection
42 (a) of this section.
- 43 b. Termination or assignment to the Authority by December 31, 2015,
44 of any contracts pertaining to the HIE Network established under
45 Article 29A of Chapter 90 of the General Statutes (i) between the
46 State and the NC HIE and (ii) between the NC HIE and any third
47 parties.
- 48 (2) Fund the monthly operational expenses incurred or encumbered by the NC
49 HIE from July 1, 2015, until December 31, 2015. Notwithstanding any other
50 provision of law to the contrary, the total amount of monthly operating
51 expenses paid for with these funds shall not exceed one hundred

1 seventy-seven thousand dollars (\$177,000) per month, or a total of one
2 million sixty-two thousand dollars (\$1,062,000) for the six-month period
3 commencing July 1, 2015, and ending December 31, 2015. The State CIO
4 shall terminate payments for these monthly operational expenses upon the
5 earlier of December 31, 2015, or upon the termination or assignment to the
6 Authority of all contracts pertaining to the HIE Network established under
7 Article 29A of Chapter 90 of the General Statutes (i) between the State and
8 the NC HIE and (ii) between the NC HIE and any third parties.

9 The State CIO is encouraged to explore all available opportunities for the State to receive
10 federal grant funds and federal matching funds for health information exchange.

11 **SECTION 12A.5.(c)** Once the Authority Director has been hired and the Advisory
12 Board has been established with members appointed pursuant to Article 29B of Chapter 90 of
13 the General Statutes, as enacted by subsection (d) of this section, the Authority shall use these
14 funds to do the following:

- 15 (1) Fund the operational expenses of the Authority and the Advisory Board.
- 16 (2) Establish, oversee, administer, and provide ongoing support of a successor
17 HIE Network to the HIE Network established under Article 29A of Chapter
18 90 of the General Statutes.
- 19 (3) Enter into any contracts necessary for the establishment, administration, and
20 operation of the successor HIE Network.
- 21 (4) Facilitate the termination or assignment to the Authority by December 31,
22 2015, of any contracts pertaining to the HIE Network established under
23 Article 29A of Chapter 90 of the General Statutes (i) between the State and
24 the NC HIE and (ii) between the NC HIE and any third parties.
- 25 (5) Fund the monthly operational expenses incurred or encumbered by the NC
26 HIE from July 1, 2015, until December 31, 2015. Notwithstanding any other
27 provision of law to the contrary, the total amount of monthly operating
28 expenses paid for with these funds shall not exceed one hundred
29 seventy-seven thousand dollars (\$177,000) per month, or a total of one
30 million sixty-two thousand dollars (\$1,062,000) for the six-month period
31 commencing July 1, 2015, and ending December 31, 2015. The Authority
32 shall terminate payments for these monthly operational expenses upon the
33 earlier of December 31, 2015, or upon the termination or assignment to the
34 Authority of all contracts pertaining to the HIE Network established under
35 Article 29A of Chapter 90 of the General Statutes (i) between the State and
36 the NC HIE and (ii) between the NC HIE and any third parties.

37 The Authority is encouraged to explore all available opportunities for the State to receive
38 federal grant funds and federal matching funds for health information exchange.

39 **SECTION 12A.5.(d)** Chapter 90 of the General Statutes is amended by adding a
40 new Article to read:

41 "Article 29B.

42 "Statewide Health Information Exchange Act.

43 **"§ 90-414.1. Title.**

44 This act shall be known and may be cited as the "Statewide Health Information Exchange
45 Act."

46 **"§ 90-414.2. Purpose.**

47 This Article is intended to improve the quality of health care delivery within this State by
48 facilitating and regulating the use of a voluntary, statewide health information exchange
49 network for the secure electronic transmission of individually identifiable health information
50 among health care providers, health plans, and health care clearinghouses in a manner that is

1 consistent with the Health Insurance Portability and Accountability Act, Privacy Rule and
2 Security Rule, 45 C.F.R. §§ 160, 164.

3 **"§ 90-414.3. Definitions.**

4 The following definitions apply in this Article:

- 5 (1) Business associate. – As defined in 45 C.F.R. § 160.103.
6 (2) Business associate contract. – The documentation required by 45 C.F.R. §
7 164.502(e)(2) that meets the applicable requirements of 45 C.F.R. §
8 164.504(e).
9 (3) Covered entity. – Any entity described in 45 C.F.R. § 160.103 or any other
10 facility or practitioner licensed by the State to provide health care services.
11 (4) Disclose or disclosure. – The release, transfer, provision of access to, or
12 divulging in any other manner an individual's protected health information
13 through the HIE Network.
14 (5) Emergency medical condition. – A medical condition manifesting itself by
15 acute symptoms of sufficient severity, including severe pain, such that the
16 absence of immediate medical attention could reasonably be expected to
17 result in (i) placing an individual's health in serious jeopardy, (ii) serious
18 impairment of an individual's bodily functions, or (iii) serious dysfunction of
19 any bodily organ or part of an individual.
20 (6) GDAC. – The North Carolina Government Data Analytics Center.
21 (7) Health Benefits Authority. – The Authority established under Article 14 of
22 Chapter 143B of the General Statutes to operate the Medicaid and NC
23 Health Choice programs.
24 (8) HIE Network. – The voluntary, statewide health information exchange
25 network overseen and administered by the Authority.
26 (9) HIPAA. – The Health Insurance Portability and Accountability Act of 1996,
27 P.L. 104-191, as amended.
28 (10) Individual. – As defined in 45 C.F.R. § 160.103.
29 (11) North Carolina Health Information Exchange Authority or Authority. – The
30 entity established pursuant to G.S. 90-414.5.
31 (12) North Carolina Health Information Exchange Advisory Board or Advisory
32 Board. – The Advisory Board established under G.S. 90-414.6.
33 (13) Opt out. – An individual's affirmative decision to disallow his or her
34 protected health information maintained by or on behalf of one or more
35 specific covered entities from being disclosed to other covered entities
36 through the HIE Network.
37 (14) Protected health information. – As defined in 45 C.F.R. § 160.103.
38 (15) Public health purposes. – The public health activities and purposes described
39 in 45 C.F.R. § 164.512(b).
40 (16) Qualified organization. – An entity designated by the Authority to contract
41 with covered entities on behalf of the Authority to facilitate the participation
42 of such covered entities in the HIE Network.
43 (17) Research purposes. – Research that meets the standard described in 45
44 C.F.R. § 164.512(i).
45 (18) State CIO. – The State Chief Information Officer.

46 **"§ 90-414.4. Required participation in HIE Network for some providers.**

47 (a) The General Assembly makes the following findings:

- 48 (1) That controlling escalating health care costs of the Medicaid program and
49 other State-funded health services is of significant importance to the State,
50 its taxpayers, its Medicaid recipients, and other recipients of State-funded
51 health services.

1 (2) That the Health Benefits Authority needs timely access to claims and clinical
2 information in order to assess performance, improve health care outcomes,
3 pinpoint medical expense trends, identify beneficiary health risks, and
4 evaluate how the State is spending money on Medicaid and other
5 State-funded health services.

6 (3) That making this clinical information available through the HIE Network
7 will improve care coordination within and across health systems, increase
8 care quality, enable more effective population health management, reduce
9 duplication of medical services, augment syndromic surveillance, allow
10 more accurate measurement of care services and outcomes, increase strategic
11 knowledge about the health of the population, and facilitate health care cost
12 containment.

13 (b) As a condition of receiving State funds, including Medicaid funds, the following
14 entities shall connect to the HIE Network and submit individual patient demographic and
15 clinical data on services paid for with State funds, including Medicaid funds, based on the
16 findings set forth in subsection (a) of this section and notwithstanding the voluntary nature of
17 the HIE Network under G.S. 90-414.2:

18 (1) Each hospital, as defined in G.S. 131E-76(3), that has an electronic health
19 record system.

20 (2) Each Medicaid provider.

21 (3) Each provider that receives State funds for the provision of health services.

22 (c) The Authority shall give the Health Benefits Authority real-time access to data and
23 information disclosed through the HIE Network. At the request of the Director of the Fiscal
24 Research, Bill Drafting, Research, or Program Evaluation Divisions of the General Assembly
25 for data and information disclosed through the HIE Network or for a consolidation or analysis
26 of the data and information disclosed through the HIE Network, the Authority shall provide the
27 professional staff of these Divisions with data and information responsive to the Director's
28 request. Prior to providing the General Assembly's staff with any data or information disclosed
29 through the HIE Network or with any compilation or analysis of data or information disclosed
30 through the HIE Network, the Authority shall redact any personal identifying information in a
31 manner consistent with the standards specified for de-identification of health information under
32 the HIPAA Privacy Rule, 45 C.F.R. § 164.15, as amended.

33 **"§ 90-414.4A. State ownership of data disclosed through HIE Network.**

34 Any data disclosed through the HIE Network pursuant to G.S. 90-414.4 or any other
35 provision of this Article shall be and will remain the sole property of the State. Any data or
36 product derived from the data disclosed to the HIE Network pursuant to G.S. 90-414.4 or any
37 other provision of this Article, including a consolidation or analysis of the data, shall be and
38 will remain the sole property of the State. The Authority shall not allow proprietary information
39 it receives pursuant to G.S. 90-414.4 or any other provision of this Article to be used by any
40 person or entity for commercial purposes.

41 **"§ 90-414.5. North Carolina Health Information Exchange Authority.**

42 (a) Creation. – There is hereby established the North Carolina Health Information
43 Exchange Authority to oversee and administer the HIE Network in accordance with this
44 Article. The Authority shall be located within the Department of Information Technology and
45 shall be under the supervision, direction, and control of the State CIO. The State CIO shall
46 employ an Authority Director and may delegate to the Authority Director all powers and duties
47 associated with the daily operation of the Authority, its staff, and the performance of the
48 powers and duties set forth in subsection (b) of this section. In making this delegation,
49 however, the State CIO maintains the responsibility for the performance of these powers and
50 duties.

51 (b) Powers and Duties. – The Authority has the following powers and duties:

- 1 (1) Oversee and administer the HIE Network in a manner that ensures all of the
2 following:
 - 3 a. Compliance with this Article.
 - 4 b. Compliance with HIPAA and any rules adopted under HIPAA,
5 including the Privacy Rule and Security Rule.
 - 6 c. Compliance with the terms of any business associate contract the
7 Authority or qualified organization enters into with a covered entity
8 participating in the HIE Network.
 - 9 d. Notice to the patient by the provider on the initial visit about the HIE
10 Network, including information and education about the right of
11 individuals on a continuing basis to opt out or rescind a decision to
12 opt out.
 - 13 e. Opportunity for all individuals to exercise on a continuing basis the
14 right to opt out or rescind a decision to opt out.
 - 15 f. Nondiscriminatory treatment by covered entities of individuals who
16 exercise the right to opt out.
- 17 (2) Employ staff necessary to carry out the provisions of this Article and
18 determine the compensation, duties, and other terms and conditions of
19 employment of hired staff.
- 20 (3) Enter into contracts pertaining to the oversight and administration of the HIE
21 Network, including contracts of a consulting or advisory nature.
22 G.S. 143-64.20 does not apply to this subdivision.
- 23 (4) Establish fees approved by the General Assembly for participation in the
24 HIE Network.
- 25 (5) Following consultation with the Advisory Board, develop and enter into
26 written participation agreements with covered entities that utilize the HIE
27 Network. The participation agreements shall specify the terms and
28 conditions governing participation in the HIE Network. The agreement shall
29 also require compliance with policies developed by the Authority pursuant to
30 this Article or pursuant to applicable laws of the state of residence for
31 entities located outside of North Carolina. In lieu of entering into a
32 participation agreement directly with covered entities, the Authority may
33 enter into participation agreements with qualified organizations, which in
34 turn enter into participation agreements with covered entities.
- 35 (6) Add, remove, disclose, and access protected health information through the
36 HIE Network in accordance with this Article.
- 37 (7) Following consultation with the Advisory Board, enter into a business
38 associate contract with each of the covered entities participating in the HIE
39 Network. In lieu of entering into a business associate contract directly with
40 covered entities, the Authority may enter into business associate contracts
41 with qualified organizations, which in turn may enter into business associate
42 contracts with covered entities.
- 43 (8) Following consultation with the Advisory Board, grant user rights to the HIE
44 Network to business associates of covered entities participating in the HIE
45 Network (i) at the request of the covered entities and (ii) at the discretion of
46 the Authority upon consideration of the business associates' legitimate need
47 for utilizing the HIE Network and privacy and security concerns.
- 48 (9) Facilitate and promote use of the HIE Network by covered entities.
- 49 (10) Periodically monitor compliance with this Article by covered entities
50 participating in the HIE Network.

- 1 (11) Collect clinical health data from all Medicaid providers and other providers
2 that receive State funds for the provision of health services in order to ensure
3 the efficient delivery of Medicaid and other health services and to improve
4 patient outcomes and measure performance.
- 5 (12) Collaborate with the State CIO to ensure that resources available through the
6 GDAC are properly leveraged, assigned, or deployed to support the work of
7 the Authority. The duty to collaborate under this subdivision includes
8 collaboration on data hosting and development, implementation, operation,
9 and maintenance of the HIE Network.
- 10 (13) Initiate or direct expansion of existing public-private partnerships within the
11 GDAC as necessary to meet the requirements, duties, and obligations of the
12 Authority. Notwithstanding any other provision of law and subject to the
13 availability of funds, the State CIO, at the request of the Authority, shall
14 assist and facilitate expansion of existing contracts related to the HIE
15 Network, provided that such request is made in writing by the Authority to
16 the State CIO with reference to specific requirements set forth in this Article.
- 17 (14) In consultation with the Advisory Board, develop a strategic plan for
18 achieving statewide participation in the HIE Network by all hospitals and
19 health care providers licensed in this State.
- 20 (15) In consultation with the Advisory Board, define the following with respect to
21 operation of the HIE Network:
- 22 a. Business policy.
- 23 b. Protocols for data integrity, data sharing, data security, HIPAA
24 compliance, and business intelligence as defined in
25 G.S. 143B-426.38A. To the extent permitted by HIPAA, protocols
26 for data sharing shall allow for the disclosure of data for academic
27 research.
- 28 c. Qualitative and quantitative performance measures.
- 29 d. An operational budget and assumptions.
- 30 (16) Annually report to the Joint Legislative Oversight Committees on the Health
31 Benefits Authority and Information Technology on the following:
- 32 a. The operation of the HIE Network.
- 33 b. Any efforts or progress in expanding participation in the HIE
34 Network.
- 35 c. Health care trends based on information disclosed through the HIE
36 Network.

37 **"§ 90-414.6. North Carolina Health Information Exchange Advisory Board.**

38 (a) Creation and Membership. – There is hereby established the North Carolina Health
39 Information Exchange Advisory Board within the Department of Information Technology. The
40 Advisory Board shall consist of the following nine members:

- 41 (1) The following three members appointed by the President Pro Tempore of the
42 Senate:
- 43 a. A licensed physician in good standing and actively practicing in this
44 State.
- 45 b. A patient representative.
- 46 c. An individual with technical expertise in health data analytics.
- 47 (2) The following three members appointed by the Speaker of the House of
48 Representatives:
- 49 a. A representative of a critical access hospital.
- 50 b. A representative of a federally qualified health center.

1 c. An individual with technical expertise in health information
2 technology.

3 (3) The following three ex officio, nonvoting members:

4 a. The State Chief Information Officer or a designee.

5 b. The Program Manager of GDAC or a designee.

6 c. The Chief Executive Officer of the Health Benefits Authority or a
7 designee.

8 (b) Chairperson. – A chairperson shall be elected from among the members. The
9 chairperson shall organize and direct the work of the Advisory Board.

10 (c) Administrative Support. – The Department of Information Technology shall provide
11 necessary clerical and administrative support to the Advisory Board.

12 (d) Meetings. – The Advisory Board shall meet at least quarterly and at the call of the
13 chairperson. A majority of the Advisory Board constitutes a quorum for the transaction of
14 business.

15 (e) Terms. – In order to stagger terms, in making initial appointments, the President Pro
16 Tempore shall designate two of the members appointed under subdivision (1) of subsection (a)
17 of this section to serve for a one-year period from the date of appointment, and the Speaker of
18 the House of Representatives shall designate two members appointed under subdivision (2) of
19 subsection (a) of this section to serve for a one-year period from the date of appointment. The
20 remaining voting members shall serve two-year periods. Future appointees who are voting
21 members shall serve terms of two years, with staggered terms based on this subsection. Voting
22 members may serve up to two consecutive terms, not including the abbreviated two-year terms
23 that establish staggered terms or terms of less than two years that result from the filling of a
24 vacancy. Ex officio, nonvoting members are not subject to these term limits. A vacancy other
25 than by expiration of a term shall be filled by the appointing authority.

26 (f) Expenses. – Members of the Advisory Board who are State officers or employees
27 shall receive no compensation for serving on the Advisory Board but may be reimbursed for
28 their expenses in accordance with G.S. 138-6. Members of the Advisory Board who are
29 full-time salaried public officers or employees other than State officers or employees shall
30 receive no compensation for serving on the Advisory Board but may be reimbursed for their
31 expenses in accordance with G.S. 138-5(b). All other members of the Advisory Board may
32 receive compensation and reimbursement for expenses in accordance with G.S. 138-5.

33 (g) Duties. – The Advisory Board shall provide consultation to the Authority with
34 respect to the advancement, administration, and operation of the HIE Network and on matters
35 pertaining to health information exchange, generally. In carrying out its responsibilities, the
36 Advisory Board may form committees of the Advisory Board to examine particular issues
37 related to the advancement, administration, or operation of the HIE Network.

38 "**§ 90-414.7. Participation by covered entities.**

39 (a) Each covered entity that elects to participate in the HIE Network shall enter into a
40 business associate contract and a written participation agreement with the Authority or
41 qualified organization prior to disclosing or accessing any protected health information through
42 the HIE Network.

43 (b) Each covered entity that elects to participate in the HIE Network may authorize its
44 business associates to disclose or access protected health information on behalf of the covered
45 entity through the HIE Network in accordance with this Article and at the discretion of the
46 Authority, as provided in G.S. 90-414.5(b)(8).

47 (c) Notwithstanding any State law or regulation to the contrary, each covered entity that
48 elects to participate in the HIE Network may disclose an individual's protected health
49 information through the HIE Network (i) to other covered entities for any purpose permitted by
50 HIPAA, unless the individual has exercised the right to opt out, and (ii) in order to facilitate the

1 provision of emergency medical treatment to the individual, subject to the requirements set
2 forth in G.S. 90-414.8(e).

3 (d) Any health care provider who relies in good faith upon any information provided
4 through the Authority or through a qualified organization in the health care provider's treatment
5 of a patient shall not incur criminal or civil liability for damages caused by the inaccurate or
6 incomplete nature of this information.

7 **"§ 90-414.8. Continuing right to opt out; effect of opt out; exception for emergency**
8 **medical treatment.**

9 (a) Each individual has the right on a continuing basis to opt out or rescind a decision to
10 opt out.

11 (b) The Authority or its designee shall enforce an individual's decision to opt out or
12 rescind an opt out prospectively from the date the Authority or its designee receives notice of
13 the individual's decision to opt out or rescind an opt out in the manner prescribed by the
14 Authority. An individual's decision to opt out or rescind an opt out does not affect any
15 disclosures made by the Authority or covered entities through the HIE Network prior to receipt
16 by the Authority or its designee of the individual's notice to opt out or rescind an opt out.

17 (c) A covered entity may not deny treatment or benefits to an individual because of the
18 individual's decision to opt out. However, nothing in this Article is intended to restrict a
19 treating physician from otherwise appropriately terminating a relationship with a patient in
20 accordance with applicable law and professional ethical standards.

21 (d) Except as otherwise permitted in subsection (e) of this section and
22 G.S. 90-414.9(a)(3), the protected health information of an individual who has exercised the
23 right to opt out may not be disclosed to covered entities through the HIE Network for any
24 purpose.

25 (e) The protected health information of an individual who has exercised the right to opt
26 out may be disclosed through the HIE Network in order to facilitate the provision of emergency
27 medical treatment to the individual if all of the following criteria are met:

28 (1) The reasonably apparent circumstances indicate to the treating health care
29 provider that (i) the individual has an emergency medical condition, (ii) a
30 meaningful discussion with the individual about whether to rescind a
31 previous decision to opt out is impractical due to the nature of the
32 individual's emergency medical condition, and (iii) information available
33 through the HIE Network could assist in the diagnosis or treatment of the
34 individual's emergency medical condition.

35 (2) The disclosure through the HIE Network is limited to the covered entities
36 providing diagnosis and treatment of the individual's emergency medical
37 condition.

38 (3) The circumstances and extent of the disclosure through the HIE Network is
39 recorded electronically in a manner that permits the Authority or its designee
40 to periodically audit compliance with this subsection.

41 **"§ 90-414.9. Construction and applicability.**

42 (a) Nothing in this Article shall be construed to do any of the following:

43 (1) Impair any rights conferred upon an individual under HIPAA, including all
44 of the following rights related to an individual's protected health
45 information:

46 a. The right to receive a notice of privacy practices.

47 b. The right to request restriction of use and disclosure.

48 c. The right of access to inspect and obtain copies.

49 d. The right to request amendment.

50 e. The right to request confidential forms of communication.

51 f. The right to receive an accounting of disclosures.

- 1 (2) Authorize the disclosure of protected health information through the HIE
 2 Network to the extent that the disclosure is restricted by federal laws or
 3 regulations, including the federal drug and alcohol confidentiality
 4 regulations set forth in 42 C.F.R. Part 2.
 5 (3) Restrict the disclosure of protected health information through the HIE
 6 Network for public health purposes or research purposes, so long as
 7 disclosure is permitted by both HIPAA and State law.
 8 (4) Prohibit the Authority or any covered entity participating in the HIE
 9 Network from maintaining in the Authority's or qualified organization's
 10 computer system a copy of the protected health information of an individual
 11 who has exercised the right to opt out, as long as the Authority or the
 12 qualified organization does not access, use, or disclose the individual's
 13 protected health information for any purpose other than for necessary system
 14 maintenance or as required by federal or State law.

15 (b) This Article applies only to disclosures of protected health information made
 16 through the HIE Network, including disclosures made within qualified organizations. It does
 17 not apply to the use or disclosure of protected health information in any context outside of the
 18 HIE Network, including the redisclosure of protected health information obtained through the
 19 HIE Network.

20 **"§ 90-414.10. Penalties and remedies.**

21 A covered entity that discloses protected health information in violation of this Article is
 22 subject to the following:

- 23 (1) Any civil penalty or criminal penalty, or both, that may be imposed on the
 24 covered entity pursuant to the Health Information Technology for Economic
 25 and Clinical Health (HITECH) Act, P.L. 111-5, Div. A, Title XIII, section
 26 13001, as amended, and any regulations adopted under the HITECH Act.
 27 (2) Any civil remedy under the HITECH Act or any regulations adopted under
 28 the HITECH Act that is available to the Attorney General or to an individual
 29 who has been harmed by a violation of this Article, including damages,
 30 penalties, attorneys' fees, and costs.
 31 (3) Disciplinary action by the respective licensing board or regulatory agency
 32 with jurisdiction over the covered entity.
 33 (4) Any penalty authorized under Article 2A of Chapter 75 of the General
 34 Statutes if the violation of this Article is also a violation of Article 2A of
 35 Chapter 75 of the General Statutes.
 36 (5) Any other civil or administrative remedy available to a plaintiff by State or
 37 federal law or equity."

38 **SECTION 12A.5.(e)** G.S. 126-5 is amended by adding a new subdivision to read:

39 **"§ 126-5. Employees subject to Chapter; exemptions.**

40 ...

41 (c1) Except as to the provisions of Articles 6 and 7 of this Chapter, the provisions of this
 42 Chapter shall not apply to:

- 43 ...
- 44 (31) Employees of the North Carolina Health Information Exchange Authority."

45 **SECTION 12A.5.(f)** Article 29A of Chapter 90 of the General Statutes is repealed.

46 **SECTION 12A.5.(g)** Subsections (d) and (e) of this section become effective
 47 October 1, 2015. Subsection (f) of this section becomes effective on the date the State Chief
 48 Information Officer notifies the Revisor of Statutes that all contracts pertaining to the HIE
 49 Network established under Article 29A of Chapter 90 of the General Statutes (i) between the
 50 State and the NC HIE, as defined in G.S. 90-413.3, and (ii) between the NC HIE and any third
 51 parties have been terminated or assigned to the North Carolina Health Information Exchange

1 Authority established under Article 29B of Chapter 90 of the General Statutes, as enacted by
2 subsection (d) of this section. The remainder of this section becomes effective July 1, 2015.
3

4 **FUNDS FOR NCTRACKS, THE REPLACEMENT MULTIPAYER MEDICAID**
5 **MANAGEMENT INFORMATION SYSTEM**

6 **SECTION 12A.6.** Of the funds appropriated in this act to the Department of Health
7 and Human Services, Division of Central Management and Support, for NCTRACKS, the sum
8 of four hundred thousand dollars (\$400,000) for the 2015-2016 fiscal year and the sum of four
9 hundred thousand dollars (\$400,000) for the 2016-2017 fiscal year shall be used to operate and
10 maintain NCTRACKS; and the sum of two million three hundred thousand dollars
11 (\$2,300,000) in nonrecurring funds for the 2015-2016 fiscal year and the sum of nine hundred
12 forty thousand dollars (\$940,000) in nonrecurring funds for the 2016-2017 fiscal year shall be
13 used to develop and implement the ICD-10 Project and the Business Process Automated
14 System for the Division of Health Service Regulation. In addition, overrealized receipts are
15 hereby appropriated to the Department of Health and Human Services, Division of Central
16 Management and Support, up to the amounts necessary to implement this section. In the event
17 it becomes necessary for the Department to utilize these overrealized receipts or any other
18 funds appropriated to the Department to implement this section, the Department shall first (i)
19 obtain prior approval from the Office of State Budget and Management (OSBM) and (ii)
20 consult with the Joint Legislative Oversight Committees on Health and Human Services and
21 Information Technology and the Fiscal Research Division. As part of the consultation required
22 by this section, the Department shall provide the amounts of any overrealized receipts or other
23 funds it intends to use to make up for any shortfall in funding for NCTRACKS and an
24 explanation of the circumstances necessitating the use of overrealized receipts or other funds to
25 make up for the shortfall.
26

27 **FUNDS FOR NORTH CAROLINA FAMILIES ACCESSING SERVICES THROUGH**
28 **TECHNOLOGY (NC FAST)**

29 **SECTION 12A.7.(a)** Departmental receipts appropriated in this act in the amount
30 of nine million eight hundred seventy-one thousand fifty-nine dollars (\$9,871,059) for the
31 2015-2016 fiscal year and thirteen million two hundred twenty thousand six hundred sixty-five
32 dollars (\$13,220,665) for the 2016-2017 fiscal year shall be used to provide ongoing
33 maintenance and operations for the NC FAST system, including the creation of three full-time
34 equivalent technology support analyst positions.

35 **SECTION 12A.7.(b)** Prior year earned revenue appropriated in this act in the
36 amount of six million six hundred forty-seven thousand eight hundred forty-nine dollars
37 (\$6,647,849) for the 2015-2016 fiscal year and five million two hundred ninety-eight thousand
38 one hundred seventy-eight dollars (\$5,298,178) for the 2016-2017 fiscal year and the cash
39 balance in Budget Code 24410 Fund 2411 for the North Carolina Families Accessing Services
40 through Technology (NC FAST) project shall be used to match federal funds in the 2015-2016
41 and 2016-2017 fiscal years to expedite the development and implementation of Child Care,
42 Low Income Energy Assistance, Crisis Intervention Programs, Child Services, and NC FAST
43 Federally-Facilitated Marketplace (FFM) Interoperability components of the NC FAST
44 program. The Department shall report any changes in approved federal funding or federal
45 match rates within 30 days after the change to the Joint Legislative Oversight Committees on
46 Health and Human Services and Information Technology and the Fiscal Research Division.
47

48 **COMPETITIVE GRANTS/NONPROFIT ORGANIZATIONS, HEALTH**
49 **DISPARITY-RELATED INITIATIVES, AND PHYSICAL HEALTH AND**
50 **NUTRITION**

1 **SECTION 12A.8.(a)** Of the funds appropriated in this act to the Department of
2 Health and Human Services, Division of Central Management and Support, the following
3 amounts shall be used for the specified purposes:

- 4 (1) The sum of ten million three hundred twenty-eight thousand nine hundred
5 eleven dollars (\$10,328,911) for each year of the 2015-2017 fiscal biennium
6 and the sum of three million eight hundred fifty-two thousand five hundred
7 dollars (\$3,852,500) appropriated in Section 12I.1 of this act in Social
8 Services Block Grant funds for each year of the 2015-2017 fiscal biennium
9 shall be used to allocate funds for nonprofit organizations.
- 10 (2) The sum of three million two hundred ninety-nine thousand five hundred
11 seventy-six dollars (\$3,299,576), offset by receipts in the amount of one
12 hundred fifty-five thousand four hundred sixty-eight dollars (\$155,468) for
13 each year of the 2015-2017 fiscal biennium and the sum of two million
14 seven hundred fifty-six thousand eight hundred fifty-five dollars
15 (\$2,756,855) appropriated in Section 12I.1 of this act in Preventive Health
16 Services Block Grant funds for the 2015-2016 fiscal year shall be used to
17 continue the established competitive grants process for health
18 disparity-related initiatives.
- 19 (3) The sum of four hundred twenty-six thousand three hundred thirty-three
20 dollars (\$426,333), offset by receipts in the amount of one hundred sixty
21 thousand twenty-one dollars (\$160,021) for each year of the 2015-2017
22 fiscal biennium and the sum of one million two hundred forty-three thousand
23 eight hundred ninety-nine dollars (\$1,243,899) appropriated in Section 12I.1
24 of this act in Preventive Health Services Block Grant funds for the
25 2015-2016 fiscal year shall be used to establish a competitive grants process
26 for physical health and nutrition-related initiatives.

27 **SECTION 12A.8.(b)** Nonprofit Organizations. –

- 28 (1) The Department shall continue administering a competitive grants process
29 for nonprofit funding. The Department shall administer a plan that, at a
30 minimum, includes each of the following:
- 31 a. A request for application (RFA) process to allow nonprofits to apply
32 for and receive State funds on a competitive basis. The Department
33 shall require nonprofits to include in the application, a plan to
34 evaluate the effectiveness, including measurable impact or outcomes,
35 of the activities, services, and programs for which the funds are being
36 requested.
- 37 b. A requirement that nonprofits match a minimum of fifteen percent
38 (15%) of the total amount of the grant award.
- 39 c. A requirement that the Secretary prioritize grant awards to those
40 nonprofits that are able to leverage non-State funds in addition to the
41 grant award.
- 42 d. A process that awards grants to nonprofits that have the capacity to
43 provide services on a statewide basis and that support any of the
44 following State health and wellness initiatives:
- 45 1. A program targeting advocacy, support, education, or
46 residential services for persons diagnosed with autism.
- 47 2. A system of residential supports for those afflicted with
48 substance abuse addiction.
- 49 3. A program of advocacy and supports for individuals with
50 intellectual and developmental disabilities or severe and
51 persistent mental illness, substance abusers, or the elderly.

- 1 4. Supports and services to children and adults with
- 2 developmental disabilities or mental health diagnoses.
- 3 5. A food distribution system for needy individuals.
- 4 6. The provision and coordination of services for the homeless.
- 5 7. The provision of services for individuals aging out of foster
- 6 care.
- 7 8. Programs promoting wellness, physical activity, and health
- 8 education programming for North Carolinians.
- 9 9. The provision of services and screening for blindness.
- 10 10. Provision for the delivery of after-school services for
- 11 apprenticeships or mentoring at-risk youth.
- 12 11. The provision of direct services for amyotrophic lateral
- 13 sclerosis (ALS) and those diagnosed with the disease.
- 14 12. A comprehensive smoking prevention and cessation program
- 15 that screens and treats tobacco use in pregnant women and
- 16 postpartum mothers.
- 17 13. A program providing short-term or long-term residential
- 18 substance abuse services. For purposes of this
- 19 sub-subdivision, "long-term" means a minimum of 12
- 20 months.
- 21 e. Ensures that funds received by the Department to implement the plan
- 22 supplement and do not supplant existing funds for health and
- 23 wellness programs and initiatives.
- 24 f. Allows grants to be awarded to nonprofits for up to two years.
- 25 g. With grants awarded beginning July 1, 2016, a requirement that of
- 26 the funds provided for competitive grants pursuant to this section, a
- 27 minimum of five percent (5%) of the grants be awarded to new grant
- 28 recipients who did not receive grant awards during the previous
- 29 competitive grants process.
- 30 (2) No later than July 1, 2015, and every two years thereafter, as applicable, the
- 31 Secretary shall announce the recipients of the competitive grant awards and
- 32 allocate funds to the grant recipients for the respective grant period pursuant
- 33 to the amounts designated under subdivision (1) of subsection (a) of this
- 34 section. After awards have been granted, the Secretary shall submit a report
- 35 to the Joint Legislative Oversight Committee on Health and Human Services
- 36 on the grant awards that includes at least all of the following:
- 37 a. The identity and a brief description of each grantee and each program
- 38 or initiative offered by the grantee.
- 39 b. The amount of funding awarded to each grantee.
- 40 c. The number of persons served by each grantee, broken down by
- 41 program or initiative.
- 42 (3) No later than December 1 of each fiscal year, each nonprofit organization
- 43 receiving funding pursuant to this subsection in the respective fiscal year
- 44 shall submit to the Division of Central Management and Support a written
- 45 report of all activities funded by State appropriations. The report shall
- 46 include the following information about the fiscal year preceding the year in
- 47 which the report is due:
- 48 a. The entity's mission, purpose, and governance structure.
- 49 b. A description of the types of programs, services, and activities
- 50 funded by State appropriations.

- 1 c. Statistical and demographical information on the number of persons
2 served by these programs, services, and activities, including the
3 counties in which services are provided.
- 4 d. Outcome measures that demonstrate the impact and effectiveness of
5 the programs, services, and activities.
- 6 e. A detailed program budget and list of expenditures, including all
7 positions funded, matching expenditures, and funding sources.
- 8 (4) For the 2015-2017 fiscal biennium only, from the funds identified in
9 subdivision (1) of subsection (a) of this section, the Department shall
10 allocate the sum of three hundred fifty thousand dollars (\$350,000) in each
11 year of the 2015-2017 fiscal biennium to Big Brothers Big Sisters North
12 Carolina Collaborative for the purpose of providing mentoring services. Big
13 Brothers Big Sisters North Carolina Collaborative shall be required to seek
14 future funding through the competitive grants process in accordance with
15 subdivision (1) of this subsection.

16 **SECTION 12A.8.(c) Health Disparity-Related Initiatives. –**

- 17 (1) Funds identified in subdivision (2) of subsection (a) of this section shall be
18 used to continue the competitive grants process established to close the gap
19 in the health status of African-Americans, Hispanics/Latinos, and American
20 Indians as compared to the health status of white persons. These grants shall
21 continue to focus on the use of measures to eliminate or reduce health
22 disparities among minority populations in this State with respect to heart
23 disease, stroke, diabetes, obesity, asthma, HIV/AIDS, cancer, infant
24 mortality, and low birth weight.
- 25 (2) It is the intent of the General Assembly that the Department continue
26 implementing the competitive grants process established for health
27 disparity-related initiatives funding to be administered by the Division of
28 Central Management and Support. The Department shall continue
29 implementing a process that, at a minimum, includes each of the following:
- 30 a. A request for application (RFA) process to allow an entity to apply
31 for and receive State funds on a competitive basis. The Department
32 shall require entities to include in the application, a plan to evaluate
33 the effectiveness, including measurable impact or outcomes, of
34 activities, services, and programs for which the funds are being
35 requested.
- 36 b. The amount of any grant award is limited to three hundred thousand
37 dollars (\$300,000).
- 38 c. Only community-based organizations, faith-based organizations,
39 local health departments, and hospitals located in urban and rural
40 areas of the western, eastern, and Piedmont areas of this State are
41 eligible to apply for these grants. No more than four grants shall be
42 awarded to applicants located in any one of the three areas specified
43 in this sub-subdivision.
- 44 d. Each eligible applicant shall be required to demonstrate substantial
45 participation and involvement with all other categories of eligible
46 applicants in order to ensure an evidence-based medical home model
47 that will affect change in health and geographic disparities.
- 48 e. Eligible applicants shall select one or more of the following chronic
49 illnesses or conditions specific to the applicant's geographic area as
50 the basis for applying for a grant under this subdivision to affect

- 1 change in the health status of African-Americans, Hispanics/Latinos,
2 or American Indians:
- 3 1. Heart disease.
 - 4 2. Stroke.
 - 5 3. Diabetes.
 - 6 4. Obesity.
 - 7 5. Asthma.
 - 8 6. HIV/AIDS.
 - 9 7. Cancer.
 - 10 8. Infant mortality.
 - 11 9. Low birth weight.
- 12 f. The minimum duration of the grant period for any grant awarded
13 under this subsection is two years.
- 14 g. The maximum duration of the grant period for any grant awarded
15 under this subsection is three years.
- 16 h. If approved for a grant award, the grantee (i) shall not use more than
17 eight percent (8%) of the grant funds for overhead costs and (ii) shall
18 be required at the end of the grant period to demonstrate significant
19 gains in addressing one or more of the health disparity focus areas
20 identified in subdivision (1) of this subsection.
- 21 i. An independent panel with expertise in the delivery of services to
22 minority populations, health disparities, chronic illnesses and
23 conditions, and HIV/AIDS shall conduct the review of applications
24 for grants. The Department shall establish the independent panel
25 required by this sub-subdivision.
- 26 (3) The grants awarded under this subsection shall be awarded in honor of the
27 memory of the following deceased members of the General Assembly:
28 Bernard Allen, Pete Cunningham, John Hall, Robert Holloman, Howard
29 Hunter, Ed Jones, Jeanne Lucas, Vernon Malone, William Martin, and
30 William Wainwright. These funds shall be used for concerted efforts to
31 address large gaps in health status among North Carolinians who are
32 African-American, as well as disparities among other minority populations
33 in North Carolina.
- 34 (4) By October 1, 2017, the Department shall submit a report to the Joint
35 Legislative Oversight Committee on Health and Human Services and the
36 Fiscal Research Division on funds appropriated for grants allocated pursuant
37 to this subsection for the 2015-2017 fiscal biennium. The report shall include
38 specific activities undertaken by grantees pursuant to subdivision (1) of this
39 subsection to address large gaps in health status among North Carolinians
40 who are African-American and other minority populations in this State and
41 shall also address all of the following:
- 42 a. Which community-based organizations, faith-based organizations,
43 local health departments, and hospitals received grants.
 - 44 b. The amount of funding awarded to each grantee.
 - 45 c. Which of the minority populations were served by each grantee.
 - 46 d. Which community-based organizations, faith-based organizations,
47 local health departments, and hospitals were involved in fulfilling the
48 goals and activities of each grant-in-aid awarded under this section
49 and what activities were planned and implemented by the grantee to
50 fulfill the community focus of grants awarded pursuant to this
51 subsection.

- 1 e. How the activities implemented by the grantee fulfilled the goal of
2 reducing health disparities among minority populations and the
3 specific success in reducing particular incidences.

4 **SECTION 12A.8.(d) Physical Health and Nutrition-Related Activities. –**

- 5 (1) Funds identified in subdivision (3) of subsection (a) of this section shall be
6 used to establish and administer a competitive grants process for programs
7 demonstrated to improve physical health and nutrition across the State.
- 8 (2) It is the intent of the General Assembly that, beginning fiscal year
9 2015-2016, the Department implements a competitive grants process for
10 physical health and nutrition-related initiatives funding. To that end, the
11 Department shall develop a plan that establishes a competitive grants process
12 to be administered by the Division of Central Management and Support. The
13 Department shall develop a plan that, at a minimum, includes each of the
14 following:
- 15 a. A request for application (RFA) process to allow an entity to apply
16 for and receive State funds on a competitive basis. The Department
17 shall require entities to include in the application, a plan to evaluate
18 the effectiveness, including measurable impact or outcomes, of
19 activities, services, and programs for which the funds are being
20 requested.
- 21 b. A process that awards grants to entities that have the capacity to
22 provide services on a statewide basis and support physical health and
23 nutrition initiatives.
- 24 c. Ensures that funds received by the Department to implement the plan
25 supplement and do not supplant existing funds for physical health
26 and nutrition programs and initiatives.
- 27 d. Allows grants to be awarded for up to two years.
- 28 (3) No later than February 1, 2016, the Secretary of Health and Human Services
29 shall develop a plan for the implementation of the competitive grants process
30 for physical health and nutrition-related initiative funding and shall report to
31 the Joint Legislative Oversight Committee on Health and Human Services
32 on the plan.
- 33 (4) No later than March 1, 2016, the Secretary of Health and Human Services
34 shall implement the plan for the competitive grants process.
- 35 (5) No later than July 1, 2016, the Secretary shall announce the recipients of the
36 competitive grant awards and allocate funds to the grant recipients for the
37 2016-2017 fiscal year pursuant to the amounts designated under subdivision
38 (3) of subsection (a) of this section. After awards have been granted, the
39 Secretary shall submit a report to the Joint Legislative Oversight Committee
40 on Health and Human Services on the grant awards that includes at least all
41 of the following:
- 42 a. The identity and a brief description of each grantee and each program
43 or initiative offered by the grantee.
- 44 b. The amount of funding awarded to each grantee.
- 45 c. The number of persons served by each grantee, broken down by
46 program or initiative.
- 47 (6) No later than December 1, 2016, each program receiving funding pursuant to
48 subdivision (3) of subsection (a) of this section shall submit to the Division
49 of Central Management and Support a written report of all activities funded
50 by State appropriations. The report shall include the following information
51 about the fiscal year preceding the year in which the report is due:

- 1 a. The entity's mission, purpose, and governance structure.
- 2 b. A description of the type of program, service, or activity funded by
- 3 State appropriations.
- 4 c. Statistical and demographical information on the number of persons
- 5 served by the program, service, or activity, including the counties in
- 6 which services are provided.
- 7 d. Outcome measures that demonstrate the impact and effectiveness of
- 8 the program, service, or activity.
- 9 e. A detailed program budget and list of expenditures, including all
- 10 positions funded and funding sources.
- 11 f. The source and amount of any matching funds received by the entity.
- 12

13 **COMMUNITY HEALTH GRANT PROGRAM CHANGES**

14 **SECTION 12A.9.** The Department of Health and Human Services, Office of Rural
15 Health and Community Care, shall repurpose two million two hundred fifty thousand dollars
16 (\$2,250,000) in Health Net appropriations to the Community Health Grant Program. The new
17 appropriation for this program is seven million six hundred eighty-seven thousand one hundred
18 sixty-nine dollars (\$7,687,169) in recurring funds. To ensure continuity of care, safety-net
19 agencies receiving Health Net funds at the end of the 2014-2015 fiscal year shall be eligible to
20 apply for and receive Community Health Grant funds at their current level of funding for the
21 2015-2016 and 2016-2017 fiscal years. After the 2016-2017 fiscal year, these agencies must
22 submit an application for funding through the competitive Community Health Grant process.
23 The Community Health Grant Program is available to rural health centers, free clinics, public
24 health departments, school-based health centers, federally qualified health centers, and other
25 nonprofit organizations that provide primary care and preventive health services to low-income
26 populations, including uninsured, underinsured, Medicaid, and Medicare residents across the
27 State.

28 **RURAL HEALTH LOAN REPAYMENT PROGRAMS**

29 **SECTION 12A.10.(a)** The Department of Health and Human Services, Office of
30 Rural Health and Community Care, shall use funds appropriated in this act for loan repayment
31 to medical, dental, and psychiatric providers practicing in State hospitals or in rural or
32 medically underserved communities in this State to combine the following loan repayment
33 programs in order to achieve efficient and effective management of these programs:

- 34 (1) The Physician Loan Repayment Program.
- 35 (2) The Psychiatric Loan Repayment Program.
- 36 (3) The Loan Repayment Initiative at State Facilities.

37 **SECTION 12A.10.(b)** These funds may be used for the following additional
38 purposes:

- 39 (1) Continued funding of the State Loan Repayment Program for primary care
40 providers and expansion of State incentives to general surgeons practicing in
41 Critical Access Hospitals (CAHs) located across the State.
- 42 (2) Expansion of the State Loan Repayment Program to include eligible
43 providers residing in North Carolina who use telemedicine in rural and
44 underserved areas.
- 45

46 **FUNDS FOR COMMUNITY PARAMEDICINE PILOT PROGRAM**

47 **SECTION 12A.12.(a)** Of the funds appropriated in this act to the Department of
48 Health and Human Services, Division of Central Management and Support, for the 2015-2016
49 fiscal year, the sum of three hundred fifty thousand dollars (\$350,000) shall be used to
50 implement a community paramedicine pilot program. The pilot program shall focus on
51

1 expanding the role of paramedics to allow for community-based initiatives that result in
2 providing care that avoids nonemergency use of emergency rooms and 911 services and avoids
3 unnecessary admissions into health care facilities.

4 **SECTION 12A.12.(b)** The North Carolina Office of Emergency Medical Services
5 (NCOEMS) shall set the education standards and other requirements necessary to qualify as a
6 community paramedic eligible to participate in the pilot program established in subsection (a)
7 of this section. The Department shall consult with the NCOEMS to define the objectives, set
8 standards, and establish the required outcomes for the pilot program.

9 **SECTION 12A.12.(c)** The Department of Health and Human Services shall
10 establish up to three program sites to implement the community paramedicine pilot program,
11 one of which shall be New Hanover Regional Emergency Medical Services. For the 2015-2016
12 fiscal year, the New Hanover Regional Emergency Medical Services program site shall be
13 awarded up to two hundred ten thousand dollars (\$210,000), and each of the remaining
14 program sites may be awarded up to seventy thousand dollars (\$70,000). In selecting the
15 remaining program sites, the Department may give preference to counties that currently have an
16 established community paramedic program.

17 **SECTION 12A.12.(d)** The Department of Health and Human Services shall submit
18 a report to the Senate Appropriations Committee on Health and Human Services, the House of
19 Representatives Appropriations Committee on Health and Human Services, and the Fiscal
20 Research Division by June 1, 2016, on the progress of the pilot program and shall include an
21 evaluation plan based on the U.S. Department of Health and Human Services, Health
22 Resources and Services Administration Office of Rural Health Policy's Community
23 Paramedicine Evaluation Tool published in March 2012.

24 **SECTION 12A.12.(e)** The Department of Health and Human Services shall submit
25 a final report to the Joint Legislative Oversight Committee on Health and Human Services and
26 the Fiscal Research Division by November 1, 2016. At a minimum, the final report shall
27 include all of the following:

- 28 (1) An updated version of the evaluation plan required by subsection (d) of this
29 section.
- 30 (2) An estimate of the cost to expand the program incrementally and statewide.
- 31 (3) An estimate of any potential savings of State funds associated with
32 expansion of the program.
- 33 (4) If expansion of the program is recommended, a time line for expanding the
34 program.

35 36 **FUNDS FOR DESIGN AND IMPLEMENTATION OF CONTRACTING SPECIALIST 37 AND CERTIFICATION PROGRAM**

38 **SECTION 12A.13.** Funds appropriated in this act to the Department of Health and
39 Human Services, Division of Central Management and Support, for the design of a contracting
40 specialist training and certification program for management level personnel within the
41 Department of Health and Human Services (DHHS) shall be used as follows:

- 42 (1) For the 2015-2016 fiscal year, the sum of one hundred fifty thousand dollars
43 (\$150,000) in nonrecurring funds shall be allocated to the University of
44 North Carolina School of Government (SOG) to design the program for
45 permanent administration by the Office of State Human Resources (OSHR).
46 SOG shall design a program that is similar to its Certified Local Government
47 Purchasing Officer program and local purchasing and contracts program.
48 OSHR, SOG, and the Office of the State Chief Information Officer shall
49 provide assistance on program design and implementation as requested by
50 DHHS, OSHR, or SOG. To the extent practical, DHHS, OSHR, and SOG
51 shall design and develop the program as a prototype for a State

1 government-wide program. Although designed for personal and professional
2 services contracting, the design may incorporate any applicable best
3 practices for construction and technology contracting.

4 (2) For the 2016-2017 fiscal year:

5 a. The sum of twenty-five thousand dollars (\$25,000) in nonrecurring
6 funds shall be used to assist both DHHS and OSHR with program
7 implementation.

8 b. The sum of one hundred seventy-five thousand dollars (\$175,000) in
9 recurring funds shall be used for program support and to fund two
10 full-time equivalent positions within OSHR dedicated to oversight
11 of, and training for, this new program.
12

13 **CHILD WELFARE CASE MANAGEMENT SYSTEM**

14 **SECTION 12A.14.(a)** Funds appropriated in this act to the Department of Health
15 and Human Services, Division of Central Management and Support, in the amount of five
16 million eight hundred three thousand dollars (\$5,803,000) in nonrecurring funds and prior year
17 earned revenue in the amount of two million seven hundred fifty-two thousand one hundred
18 fifty-one dollars (\$2,752,151) for the 2015-2016 fiscal year and in the amount of thirteen
19 million fifty-two thousand dollars (\$13,052,000) in nonrecurring funds and prior year earned
20 revenue in the amount of four million one hundred one thousand eight hundred twenty-four
21 dollars (\$4,101,824) for the 2016-2017 fiscal year shall be used to purchase a child welfare
22 case management system that has demonstrated its ability to provide child welfare case
23 management services in another state within the United States. The Division shall purchase a
24 system that can be integrated with North Carolina Families Accessing Services through
25 Technology (NC FAST) and the work product of the Child Protective Services Pilot Project
26 being conducted in accordance with Section 12C.11 of this act. The Division shall issue a
27 request for proposals (RFP) in selecting a system for purchase. The Department shall not move
28 forward with implementing the child welfare case management system in NC FAST.

29 **SECTION 12A.14.(b)** It is the intent of the General Assembly that beginning fiscal
30 year 2016-2017, all Department of Health and Human Services' information technology assets,
31 resources, and personnel transfer to the Department of Information Technology, as created in
32 this act. To that end, the planning, development, and implementation of the child welfare case
33 management system described in this section shall be coordinated with the Department of
34 Information Technology.

35 **SECTION 12A.14.(c)** The Department shall report on the results of the RFP to the
36 Joint Legislative Oversight Committee on Health and Human Services, the Joint Legislative
37 Oversight Committee on Information Technology, and the Fiscal Research Division no later
38 than October 1, 2016.
39

40 **SUBPART XII-B. DIVISION OF CHILD DEVELOPMENT AND EARLY EDUCATION**

41 **NC PRE-K PROGRAM/STANDARDS FOR FOUR- AND FIVE-STAR RATED** 42 **FACILITIES**

43 **SECTION 12B.1.(a)** Eligibility. – The Department of Health and Human Services,
44 Division of Child Development and Early Education, shall continue implementing the
45 prekindergarten program (NC Pre-K). The NC Pre-K program shall serve children who are four
46 years of age on or before August 31 of the program year. In determining eligibility, the
47 Division shall establish income eligibility requirements for the program not to exceed
48 seventy-five percent (75%) of the State median income. Up to twenty percent (20%) of children
49 enrolled may have family incomes in excess of seventy-five percent (75%) of median income if
50 those children have other designated risk factors. Furthermore, any age-eligible child who is a
51

1 child of either of the following shall be eligible for the program: (i) an active duty member of
 2 the Armed Forces of the United States, including the North Carolina National Guard, State
 3 military forces, or a reserve component of the Armed Forces who was ordered to active duty by
 4 the proper authority within the last 18 months or is expected to be ordered within the next 18
 5 months or (ii) a member of the Armed Forces of the United States, including the North
 6 Carolina National Guard, State military forces, or a reserve component of the Armed Forces
 7 who was injured or killed while serving on active duty. Eligibility determinations for
 8 prekindergarten participants may continue through local education agencies and local North
 9 Carolina Partnership for Children, Inc., partnerships.

10 Other than developmental disabilities or other chronic health issues, the Division
 11 shall not consider the health of a child as a factor in determining eligibility for participation in
 12 the NC Pre-K program.

13 **SECTION 12B.1.(b)** Multiyear Contracts. – The Division of Child Development
 14 and Early Education shall require the NC Pre-K contractor to issue multiyear contracts for
 15 licensed private child care centers providing NC Pre-K classrooms.

16 **SECTION 12B.1.(c)** Programmatic Standards. – All entities operating
 17 prekindergarten classrooms shall adhere to all of the policies prescribed by the Division of
 18 Child Development and Early Education regarding programmatic standards and classroom
 19 requirements.

20 **SECTION 12B.1.(d)** NC Pre-K Committees. – Local NC Pre-K committees shall
 21 use the standard decision-making process developed by the Division of Child Development and
 22 Early Education in awarding prekindergarten classroom slots and student selection.

23 **SECTION 12B.1.(e)** Reporting. – The Division of Child Development and Early
 24 Education shall submit an annual report no later than March 15 of each year to the Joint
 25 Legislative Oversight Committee on Health and Human Services, the Office of State Budget
 26 and Management, and the Fiscal Research Division. The report shall include the following:

- 27 (1) The number of children participating in the NC Pre-K program by county.
- 28 (2) The number of children participating in the NC Pre-K program who have
 29 never been served in other early education programs such as child care,
 30 public or private preschool, Head Start, Early Head Start, or early
 31 intervention programs.
- 32 (3) The expected NC Pre-K expenditures for the programs and the source of the
 33 local contributions.
- 34 (4) The results of an annual evaluation of the NC Pre-K program.

35 **SECTION 12B.1.(f)** Audits. – The administration of the NC Pre-K program by
 36 local partnerships shall be subject to the financial and compliance audits authorized under
 37 G.S. 143B-168.14(b).

38 39 **CHILD CARE SUBSIDY RATES**

40 **SECTION 12B.2.(a)** The maximum gross annual income for initial eligibility,
 41 adjusted biennially, for subsidized child care services shall be determined based on a
 42 percentage of the federal poverty level as follows:

43 AGE	43 INCOME PERCENTAGE LEVEL
44 0 – 5	200%
45 6 – 12	133%

46 The eligibility for any child with special needs, including a child who is 13 years of
 47 age or older, shall be two hundred percent (200%) of the federal poverty level.

48 **SECTION 12B.2.(b)** Effective July 1, 2015, the Department of Health and Human
 49 Services, Division of Child Development and Early Education, shall revise its child care
 50 subsidy policy to exclude from the policy's definition of "income unit" a nonparent relative

1 caretaker, and the caretaker's spouse and child, if applicable, when the parent of the child
2 receiving child care subsidy does not live in the home with the child.

3 **SECTION 12B.2.(c)** Fees for families who are required to share in the cost of care
4 are established based on ten percent (10%) of gross family income. Co-payments shall not be
5 prorated for part-time care.

6 **SECTION 12B.2.(d)** Payments for the purchase of child care services for
7 low-income children shall be in accordance with the following requirements:

- 8 (1) Religious-sponsored child care facilities operating pursuant to G.S. 110-106
9 and licensed child care centers and homes that meet the minimum licensing
10 standards that are participating in the subsidized child care program shall be
11 paid the one-star county market rate or the rate they charge privately paying
12 parents, whichever is lower, unless prohibited by subsection (g) of this
13 section.
- 14 (2) Licensed child care centers and homes with two or more stars shall receive
15 the market rate for that rated license level for that age group or the rate they
16 charge privately paying parents, whichever is lower, unless prohibited by
17 subsection (g) of this section.
- 18 (3) Nonlicensed homes shall receive fifty percent (50%) of the county market
19 rate or the rate they charge privately paying parents, whichever is lower.
- 20 (4) No payments shall be made for transportation services or registration fees
21 charged by child care facilities.
- 22 (5) Payments for subsidized child care services for postsecondary education
23 shall be limited to a maximum of 20 months of enrollment.
- 24 (6) The Department of Health and Human Services shall implement necessary
25 rule changes to restructure services, including, but not limited to, targeting
26 benefits to employment.

27 **SECTION 12B.2.(e)** Provisions of payment rates for child care providers in
28 counties that do not have at least 50 children in each age group for center-based and
29 home-based care are as follows:

- 30 (1) Except as applicable in subdivision (2) of this subsection, payment rates
31 shall be set at the statewide or regional market rate for licensed child care
32 centers and homes.
- 33 (2) If it can be demonstrated that the application of the statewide or regional
34 market rate to a county with fewer than 50 children in each age group is
35 lower than the county market rate and would inhibit the ability of the county
36 to purchase child care for low-income children, then the county market rate
37 may be applied.

38 **SECTION 12B.2.(f)** A market rate shall be calculated for child care centers and
39 homes at each rated license level for each county and for each age group or age category of
40 enrollees and shall be representative of fees charged to parents for each age group of enrollees
41 within the county. The Division of Child Development and Early Education shall also calculate
42 a statewide rate and regional market rate for each rated license level for each age category.

43 **SECTION 12B.2.(g)** The Division of Child Development and Early Education
44 shall continue implementing policies that improve the quality of child care for subsidized
45 children, including a policy in which child care subsidies are paid, to the extent possible, for
46 child care in the higher-quality centers and homes only. The Division shall define
47 higher-quality, and subsidy funds shall not be paid for one- or two-star-rated facilities. For
48 those counties with an inadequate number of four- and five-star-rated facilities, the Division
49 shall continue a transition period that allows the facilities to continue to receive subsidy funds
50 while the facilities work on the increased star ratings. The Division may allow exemptions in

1 counties where there is an inadequate number of four- and five-star-rated facilities for
2 non-star-rated programs, such as religious programs.

3 **SECTION 12B.2.(h)** Facilities licensed pursuant to Article 7 of Chapter 110 of the
4 General Statutes and facilities operated pursuant to G.S. 110-106 may participate in the
5 program that provides for the purchase of care in child care facilities for minor children of
6 needy families. Except as authorized by subsection (g) of this section, no separate licensing
7 requirements shall be used to select facilities to participate. In addition, child care facilities
8 shall be required to meet any additional applicable requirements of federal law or regulations.
9 Child care arrangements exempt from State regulation pursuant to Article 7 of Chapter 110 of
10 the General Statutes shall meet the requirements established by other State law and by the
11 Social Services Commission.

12 County departments of social services or other local contracting agencies shall not
13 use a provider's failure to comply with requirements in addition to those specified in this
14 subsection as a condition for reducing the provider's subsidized child care rate.

15 **SECTION 12B.2.(i)** Payment for subsidized child care services provided with
16 Temporary Assistance for Needy Families Block Grant funds shall comply with all regulations
17 and policies issued by the Division of Child Development and Early Education for the
18 subsidized child care program.

19 **SECTION 12B.2.(j)** Noncitizen families who reside in this State legally shall be
20 eligible for child care subsidies if all other conditions of eligibility are met. If all other
21 conditions of eligibility are met, noncitizen families who reside in this State illegally shall be
22 eligible for child care subsidies only if at least one of the following conditions is met:

- 23 (1) The child for whom a child care subsidy is sought is receiving child
24 protective services or foster care services.
- 25 (2) The child for whom a child care subsidy is sought is developmentally
26 delayed or at risk of being developmentally delayed.
- 27 (3) The child for whom a child care subsidy is sought is a citizen of the United
28 States.

29 **SECTION 12B.2.(k)** The Department of Health and Human Services, Division of
30 Child Development and Early Education, shall require all county departments of social services
31 to include on any forms used to determine eligibility for child care subsidy whether the family
32 waiting for subsidy is receiving assistance through the NC Pre-K Program or Head Start.

33 34 **CHILD CARE SUBSIDY MARKET RATE INCREASES/CERTAIN AGE GROUPS** 35 **AND COUNTIES**

36 **SECTION 12B.2A.** Beginning September 1, 2015, the Department of Health and
37 Human Services, Division of Child Development and Early Education, shall increase the child
38 care subsidy market rates to the rates recommended by the 2013 Child Care Market Rate Study
39 from birth through two years of age in three-, four-, and five-star-rated child care centers and
40 homes in tier one and tier two counties. For purposes of this section, tier one and tier two
41 counties shall have the same designations as those established by the N.C. Department of
42 Commerce.

43 44 **CHILD CARE ALLOCATION FORMULA**

45 **SECTION 12B.3.(a)** The Department of Health and Human Services shall allocate
46 child care subsidy voucher funds to pay the costs of necessary child care for minor children of
47 needy families. The mandatory thirty-percent (30%) North Carolina Partnership for Children,
48 Inc., subsidy allocation under G.S. 143B-168.15(g) shall constitute the base amount for each
49 county's child care subsidy allocation. The Department of Health and Human Services shall use
50 the following method when allocating federal and State child care funds, not including the

1 aggregate mandatory thirty-percent (30%) North Carolina Partnership for Children, Inc.,
2 subsidy allocation:

- 3 (1) Funds shall be allocated to a county based upon the projected cost of serving
4 children under age 11 in families with all parents working who earn less than
5 the applicable federal poverty level percentage set forth in Section 12B.2 of
6 this act.
7 (2) The Department of Health and Human Services shall allocate to counties all
8 State funds appropriated for child care subsidy and shall not withhold funds
9 during the 2015-2016 and 2016-2017 fiscal years.

10 **SECTION 12B.3.(b)** The Department of Health and Human Services may
11 reallocate unused child care subsidy voucher funds in order to meet the child care needs of
12 low-income families. Any reallocation of funds shall be based upon the expenditures of all
13 child care subsidy voucher funding, including North Carolina Partnership for Children, Inc.,
14 funds within a county.

15 **SECTION 12B.3.(c)** When implementing the formula under subsection (a) of this
16 section, the Department of Health and Human Services, Division of Child Development and
17 Early Education, shall include the market rate increase in the formula process, rather than
18 calculating the increases outside of the formula process. Additionally, the Department shall do
19 the following:

- 20 (1) For fiscal year 2015-2016, (i) continue implementing one-third of the change
21 in a county's allocation based on the new Census data; (ii) implement an
22 additional one-third of the change in a county's allocation beginning fiscal
23 year 2016-2017; and (iii) the final one-third change in a county's allocation
24 beginning fiscal year 2018-2019. However, beginning fiscal year 2015-2016,
25 a county's initial allocation shall be the county's expenditure in the previous
26 fiscal year. With the exception of market rate increases consistent with any
27 increases approved by the General Assembly, a county whose spending
28 coefficient is less than ninety-five percent (95%) in the previous fiscal year
29 shall receive its prior year's expenditure as its allocation and shall not receive
30 an increase in its allocation in the following year. A county whose spending
31 coefficient is at least ninety-five percent (95%) in the previous fiscal year
32 shall receive, at a minimum, the amount it expended in the previous fiscal
33 year and may receive additional funding, if available. The Division may
34 waive this requirement and allow an increase if the spending coefficient is
35 below ninety-five percent (95%) due to extraordinary circumstances, such as
36 a State or federal disaster declaration in the affected county. By October 1 of
37 each year, the Division shall report to the Joint Legislative Oversight
38 Committee on Health and Human Services and the Fiscal Research Division
39 the counties that received a waiver pursuant to this subdivision and the
40 reasons for the waiver.
41 (2) Effective immediately following the next new Census data release,
42 implement (i) one-third of the change in a county's allocation in the year
43 following the data release; (ii) an additional one-third of the change in a
44 county's allocation beginning two years after the initial change under this
45 subdivision; and (iii) the final one-third change in a county's allocation
46 beginning the following two years thereafter.

47 **CHILD CARE FUNDS MATCHING REQUIREMENTS**

48 **SECTION 12B.4.** No local matching funds may be required by the Department of
49 Health and Human Services as a condition of any locality's receiving its initial allocation of
50 child care funds appropriated by this act unless federal law requires a match. If the Department
51

1 reallocates additional funds above twenty-five thousand dollars (\$25,000) to local purchasing
2 agencies beyond their initial allocation, local purchasing agencies must provide a twenty
3 percent (20%) local match to receive the reallocated funds. Matching requirements shall not
4 apply when funds are allocated because of an emergency as defined in G.S. 166A-19.3(6).
5

6 **CHILD CARE REVOLVING LOAN**

7 **SECTION 12B.5.** Notwithstanding any law to the contrary, funds budgeted for the
8 Child Care Revolving Loan Fund may be transferred to and invested by the financial institution
9 contracted to operate the Fund. The principal and any income to the Fund may be used to make
10 loans, reduce loan interest to borrowers, serve as collateral for borrowers, pay the contractor's
11 cost of operating the Fund, or pay the Department's cost of administering the program.
12

13 **ADMINISTRATIVE ALLOWANCE FOR COUNTY DEPARTMENTS OF SOCIAL** 14 **SERVICES/USE OF SUBSIDY FUNDS FOR FRAUD DETECTION**

15 **SECTION 12B.6.(a)** The Department of Health and Human Services, Division of
16 Child Development and Early Education, shall fund the allowance that county departments of
17 social services may use for administrative costs at four percent (4%) of the county's total child
18 care subsidy funds allocated in the Child Care and Development Fund Block Grant plan or
19 eighty thousand dollars (\$80,000), whichever is greater.

20 **SECTION 12B.6.(b)** Each county department of social services may use up to two
21 percent (2%) of child care subsidy funds allocated to the county for fraud detection and
22 investigation initiatives.

23 **SECTION 12B.6.(c)** The Division of Child Development and Early Education may
24 adjust the allocations in the Child Care and Development Fund Block Grant under Section
25 121.1 of this act according to (i) the final allocations for local departments of social services
26 under subsection (a) of this section and (ii) the funds allocated for fraud detection and
27 investigation initiatives under subsection (b) of this section. The Division shall submit a report
28 on the final adjustments to the allocations of the four percent (4%) administrative costs to the
29 Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research
30 Division no later than September 30 of each year.
31

32 **EARLY CHILDHOOD EDUCATION AND DEVELOPMENT INITIATIVES** 33 **ENHANCEMENTS**

34 **SECTION 12B.7.(a)** Policies. – The North Carolina Partnership for Children, Inc.,
35 and its Board shall ensure policies focus on the North Carolina Partnership for Children, Inc.'s
36 mission of improving child care quality in North Carolina for children from birth to five years
37 of age. North Carolina Partnership for Children, Inc.-funded activities shall include assisting
38 child care facilities with (i) improving quality, including helping one-, two-, and
39 three-star-rated facilities increase their star ratings and (ii) implementing prekindergarten
40 programs. State funding for local partnerships shall also be used for evidence-based or
41 evidence-informed programs for children from birth to five years of age that do the following:

- 42 (1) Increase children's literacy.
- 43 (2) Increase the parents' ability to raise healthy, successful children.
- 44 (3) Improve children's health.
- 45 (4) Assist four- and five-star-rated facilities in improving and maintaining
46 quality.

47 **SECTION 12B.7.(b)** Administration. – Beginning fiscal year 2015-2016,
48 administrative costs for central administration shall be equivalent to not more than three and
49 twenty-five hundredths percent (3.25%). Administrative costs shall be equivalent to, on an
50 average statewide basis for all local partnerships, not more than seven and seventy-five
51 hundredths percent (7.75%) of the total statewide allocation to all local partnerships for the

1 2015-2016 fiscal year and beginning fiscal year 2016-2017, equivalent to not more than seven
2 and five-tenths percent (7.5%) of the total statewide allocation to all local partnerships. For
3 purposes of this subsection, administrative costs shall include costs associated with partnership
4 oversight, business and financial management, general accounting, human resources,
5 budgeting, purchasing, contracting, and information systems management. The North Carolina
6 Partnership for Children, Inc., shall continue using a single statewide contract management
7 system that incorporates features of the required standard fiscal accountability plan described in
8 G.S. 143B-168.12(a)(4). All local partnerships are required to participate in the contract
9 management system and, directed by the North Carolina Partnership for Children, Inc., to
10 collaborate, to the fullest extent possible, with other local partnerships to increase efficiency
11 and effectiveness.

12 **SECTION 12B.7.(c) Salaries.** – The salary schedule developed and implemented
13 by the North Carolina Partnership for Children, Inc., shall set the maximum amount of State
14 funds that may be used for the salary of the Executive Director of the North Carolina
15 Partnership for Children, Inc., and the directors of the local partnerships. The North Carolina
16 Partnership for Children, Inc., shall base the schedule on the following criteria:

- 17 (1) The population of the area serviced by a local partnership.
- 18 (2) The amount of State funds administered.
- 19 (3) The amount of total funds administered.
- 20 (4) The professional experience of the individual to be compensated.
- 21 (5) Any other relevant factors pertaining to salary, as determined by the North
22 Carolina Partnership for Children, Inc.

23 The salary schedule shall be used only to determine the maximum amount of State
24 funds that may be used for compensation. Nothing in this subsection shall be construed to
25 prohibit a local partnership from using non-State funds to supplement an individual's salary in
26 excess of the amount set by the salary schedule established under this subsection.

27 **SECTION 12B.7.(d) Match Requirements.** – The North Carolina Partnership for
28 Children, Inc., and all local partnerships shall, in the aggregate, be required to match one
29 hundred percent (100%) of the total amount budgeted for the program in each fiscal year of the
30 2015-2017 biennium. Of the funds the North Carolina Partnership for Children, Inc., and the
31 local partnerships are required to match, contributions of cash shall be equal to at least twelve
32 percent (12%) and in-kind donated resources shall be equal to no more than five percent (5%)
33 for a total match requirement of seventeen percent (17%) for the 2015-2016 fiscal year; and
34 contributions of cash shall be equal to at least thirteen percent (13%) and in-kind donated
35 resources shall be equal to no more than six percent (6%) for a total match requirement of
36 nineteen percent (19%) for the 2016-2017 fiscal year. The North Carolina Partnership for
37 Children, Inc., may carry forward any amount in excess of the required match for a fiscal year
38 in order to meet the match requirement of the succeeding fiscal year. Only in-kind
39 contributions that are quantifiable shall be applied to the in-kind match requirement. Volunteer
40 services may be treated as an in-kind contribution for the purpose of the match requirement of
41 this subsection. Volunteer services that qualify as professional services shall be valued at the
42 fair market value of those services. All other volunteer service hours shall be valued at the
43 statewide average wage rate as calculated from data compiled by the Division of Employment
44 Security of the Department of Commerce in the Employment and Wages in North Carolina
45 Annual Report for the most recent period for which data are available. Expenses, including
46 both those paid by cash and in-kind contributions, incurred by other participating non-State
47 entities contracting with the North Carolina Partnership for Children, Inc., or the local
48 partnerships, also may be considered resources available to meet the required private match. In
49 order to qualify to meet the required private match, the expenses shall:

- 50 (1) Be verifiable from the contractor's records.

- (2) If in-kind, other than volunteer services, be quantifiable in accordance with generally accepted accounting principles for nonprofit organizations.
- (3) Not include expenses funded by State funds.
- (4) Be supplemental to and not supplant preexisting resources for related program activities.
- (5) Be incurred as a direct result of the Early Childhood Initiatives Program and be necessary and reasonable for the proper and efficient accomplishment of the Program's objectives.
- (6) Be otherwise allowable under federal or State law.
- (7) Be required and described in the contractual agreements approved by the North Carolina Partnership for Children, Inc., or the local partnership.
- (8) Be reported to the North Carolina Partnership for Children, Inc., or the local partnership by the contractor in the same manner as reimbursable expenses.

Failure to obtain a seventeen-percent (17%) match by June 30 of the 2015-2016 fiscal year and a nineteen-percent (19%) match by June 30 of the 2016-2017 fiscal year shall result in a dollar-for-dollar reduction in the appropriation for the Program for a subsequent fiscal year. The North Carolina Partnership for Children, Inc., shall be responsible for compiling information on the private cash and in-kind contributions into a report that is submitted to the Joint Legislative Oversight Committee on Health and Human Services in a format that allows verification by the Department of Revenue. The same match requirements shall apply to any expansion funds appropriated by the General Assembly.

SECTION 12B.7.(e) Bidding. – The North Carolina Partnership for Children, Inc., and all local partnerships shall use competitive bidding practices in contracting for goods and services on contract amounts as follows:

- (1) For amounts of five thousand dollars (\$5,000) or less, the procedures specified by a written policy as developed by the Board of Directors of the North Carolina Partnership for Children, Inc.
- (2) For amounts greater than five thousand dollars (\$5,000), but less than fifteen thousand dollars (\$15,000), three written quotes.
- (3) For amounts of fifteen thousand dollars (\$15,000) or more, but less than forty thousand dollars (\$40,000), a request for proposal process.
- (4) For amounts of forty thousand dollars (\$40,000) or more, a request for proposal process and advertising in a major newspaper.

SECTION 12B.7.(f) Allocations. – The North Carolina Partnership for Children, Inc., shall not reduce the allocation for counties with less than 35,000 in population below the 2012-2013 funding level.

SECTION 12B.7.(g) Performance-Based Evaluation. – The Department of Health and Human Services shall continue to implement the performance-based evaluation system.

SECTION 12B.7.(h) Expenditure Restrictions. – The Department of Health and Human Services and the North Carolina Partnership for Children, Inc., shall ensure that the allocation of funds for Early Childhood Education and Development Initiatives for the 2015-2017 fiscal biennium shall be administered and distributed in the following manner:

- (1) Capital expenditures are prohibited for the 2015-2017 fiscal biennium. For the purposes of this section, "capital expenditures" means expenditures for capital improvements as defined in G.S. 143C-1-1(d)(5).
- (2) Expenditures of State funds for advertising and promotional activities are prohibited for the 2015-2017 fiscal biennium.

For the 2015-2017 fiscal biennium, local partnerships shall not spend any State funds on marketing campaigns, advertising, or any associated materials. Local partnerships may spend any private funds the local partnerships receive on those activities.

1 **PLAN FOR MERGER OF EARLY EDUCATION AND FAMILY SUPPORT**
2 **PROGRAMS**

3 **SECTION 12B.8.** The Joint Legislative Program Evaluation Oversight Committee
4 shall include in the 2015-2017 Work Plan a directive for the Program Evaluation Division to
5 plan a merger of the Child Care Subsidy, NC Prekindergarten (NC Pre-K), and Smart Start
6 programs. The Director of the Program Evaluation Division shall recommend a firm for
7 approval by the Legislative Services Commission to prepare the plan under the supervision of
8 the Program Evaluation Division. The sum of three hundred thousand dollars (\$300,000) is
9 hereby appropriated to the Legislative Services Commission from the General Fund for the
10 2015-2016 fiscal year in nonrecurring funds to pay for the contract. The Program Evaluation
11 Division shall submit the merger plan prepared by the contractor to the Joint Legislative
12 Program Evaluation Oversight Committee, the Joint Legislative Oversight Committee on
13 Health and Human Services, the Joint Legislative Education Oversight Committee, and the
14 Fiscal Research Division no later than March 1, 2016.

15
16 **U.S. DEPARTMENT OF DEFENSE-CERTIFIED CHILD CARE FACILITIES**
17 **PARTICIPATION IN STATE-SUBSIDIZED CHILD CARE PROGRAM**

18 **SECTION 12B.9.(a)** Article 7 of Chapter 110 of the General Statutes is amended
19 by adding a new section to read:

20 **"§ 110-106.2. Department of Defense-certified child care facilities.**

21 **(a) As used in this section, the phrase "Department of Defense-certified child care**
22 **facility" shall include child development centers, family child care homes, and school-aged**
23 **child care facilities operated aboard a military installation under the authorization of the United**
24 **States Department of Defense (Department of Defense) certified by the Department of Defense.**

25 **(b) Procedure Regarding Department of Defense-Certified Child Care Facilities. –**

26 **(1) Department of Defense-certified child care facilities shall file with the**
27 **Department a notice of intent to operate a child care facility in a form**
28 **determined by the Department of Defense.**

29 **(2) As part of its notice, each Department of Defense-certified child care facility**
30 **shall file a report to the Department indicating that it meets the minimum**
31 **standards for child care facilities as provided by the Department of Defense.**

32 **(3) Department of Defense-certified child care facilities that meet all the**
33 **requirements of this section shall be exempt from all other requirements of**
34 **this Article and shall not be subject to licensure.**

35 **(4) For purposes of the North Carolina Subsidized Child Care Program,**
36 **Department of Defense-certified child care facilities shall be reimbursed as**
37 **follows:**

38 **a. Department of Defense-certified child care facilities that are**
39 **accredited by the National Association for the Education of Young**
40 **Children (NAEYC) shall be reimbursed at the five-star-rated license**
41 **rate.**

42 **b. All other Department of Defense-certified child care facilities shall**
43 **be reimbursed at the four-star-rated license rate."**

44 **SECTION 12B.9.(b)** G.S. 143B-168.15(g) reads as rewritten:

45 **"(g)** Not less than thirty percent (30%) of the funds spent in each year of each local
46 partnership's direct services allocation shall be used to expand child care subsidies. To the
47 extent practicable, these funds shall be used to enhance the affordability, availability, and
48 quality of child care services as described in this section. The North Carolina Partnership may
49 increase this percentage requirement up to a maximum of fifty percent (50%) when, based upon
50 a significant local waiting list for subsidized child care, the North Carolina Partnership
51 determines a higher percentage is justified. Local partnerships shall spend an amount for child

1 care subsidies that provides at least fifty-two million dollars (\$52,000,000) for the Temporary
2 Assistance to Needy Families (TANF) maintenance of effort requirement and the Child Care
3 Development Fund and Block Grant match requirement. Funds allocated under this section
4 shall supplement and not supplant any federal or State funds allocated to Department of
5 Defense-certified child care facilities licensed under G.S. 110-106.2."

6 **SECTION 12B.9.(c)** Department of Defense-certified child care facilities licensed
7 pursuant to G.S. 110-106.2, as enacted in subsection (a) of this section, may participate in the
8 State-subsidized child care program that provides for the purchase of care in child care facilities
9 for minor children in needy families; provided, that funds allocated from the State-subsidized
10 child care program to Department of Defense-certified child care facilities shall supplement and
11 not supplant funds allocated in accordance with G.S. 143B-168.15(g). Payment rates and fees
12 for military families who choose Department of Defense-certified child care facilities and who
13 are eligible to receive subsidized child care shall be as set forth in Section 12B.2 of this act.

14 **SECTION 12B.9.(d)** This section becomes effective January 1, 2016.

15

16 **SUBPART XII-C. DIVISION OF SOCIAL SERVICES**

17

18 **TANF BENEFIT IMPLEMENTATION**

19 **SECTION 12C.1.(a)** The General Assembly approves the plan titled "North
20 Carolina Temporary Assistance for Needy Families State Plan FY 2013-2016," prepared by the
21 Department of Health and Human Services and presented to the General Assembly. The North
22 Carolina Temporary Assistance for Needy Families State Plan covers the period October 1,
23 2013, through September 30, 2016. The Department shall submit the State Plan, as revised in
24 accordance with subsection (b) of this section, to the United States Department of Health and
25 Human Services.

26 **SECTION 12C.1.(b)** The counties approved as Electing Counties in the North
27 Carolina Temporary Assistance for Needy Families State Plan FY 2013-2016, as approved by
28 this section, are Beaufort, Caldwell, Catawba, Lenoir, Lincoln, Macon, and Wilson.

29 **SECTION 12C.1.(c)** Counties that submitted the letter of intent to remain as an
30 Electing County or to be redesignated as an Electing County and the accompanying county plan
31 for years 2013 through 2016, pursuant to G.S. 108A-27(e), shall operate under the Electing
32 County budget requirements effective July 1, 2015. For programmatic purposes, all counties
33 referred to in this subsection shall remain under their current county designation through
34 September 30, 2016.

35 **SECTION 12C.1.(d)** For each year of the 2015-2017 fiscal biennium, Electing
36 Counties shall be held harmless to their Work First Family Assistance allocations for the
37 2014-2015 fiscal year, provided that remaining funds allocated for Work First Family
38 Assistance and Work First Diversion Assistance are sufficient for payments made by the
39 Department on behalf of Standard Counties pursuant to G.S. 108A-27.11(b).

40 **SECTION 12C.1.(e)** In the event that departmental projections of Work First
41 Family Assistance and Work First Diversion Assistance for the 2015-2016 fiscal year or the
42 2016-2017 fiscal year indicate that remaining funds are insufficient for Work First Family
43 Assistance and Work First Diversion Assistance payments to be made on behalf of Standard
44 Counties, the Department is authorized to deallocate funds, of those allocated to Electing
45 Counties for Work First Family Assistance in excess of the sums set forth in G.S. 108A-27.11,
46 up to the requisite amount for payments in Standard Counties. Prior to deallocation, the
47 Department shall obtain approval by the Office of State Budget and Management. If the
48 Department adjusts the allocation set forth in subsection (d) of this section, then a report shall
49 be made to the Joint Legislative Oversight Committee on Health and Human Services and the
50 Fiscal Research Division.

51

1 **INTENSIVE FAMILY PRESERVATION SERVICES FUNDING AND**
2 **PERFORMANCE ENHANCEMENTS**

3 **SECTION 12C.2.(a)** Notwithstanding the provisions of G.S. 143B-150.6, the
4 Intensive Family Preservation Services (IFPS) Program shall provide intensive services to
5 children and families in cases of abuse, neglect, and dependency where a child is at imminent
6 risk of removal from the home and to children and families in cases of abuse where a child is
7 not at imminent risk of removal. The Program shall be developed and implemented statewide
8 on a regional basis. The IFPS shall ensure the application of standardized assessment criteria
9 for determining imminent risk and clear criteria for determining out-of-home placement.

10 **SECTION 12C.2.(b)** The Department of Health and Human Services shall require
11 that any program or entity that receives State, federal, or other funding for the purpose of IFPS
12 shall provide information and data that allows for the following:

- 13 (1) An established follow-up system with a minimum of six months of
14 follow-up services.
- 15 (2) Detailed information on the specific interventions applied, including
16 utilization indicators and performance measurement.
- 17 (3) Cost-benefit data.
- 18 (4) Data on long-term benefits associated with IFPS. This data shall be obtained
19 by tracking families through the intervention process.
- 20 (5) The number of families remaining intact and the associated interventions
21 while in IFPS and 12 months thereafter.
- 22 (6) The number and percentage, by race, of children who received IFPS
23 compared to the ratio of their distribution in the general population involved
24 with Child Protective Services.

25 **SECTION 12C.2.(c)** The Department shall establish a performance-based funding
26 protocol and shall only provide funding to those programs and entities providing the required
27 information specified in subsection (b) of this section. The amount of funding shall be based on
28 the individual performance of each program.

29
30 **CHILD CARING INSTITUTIONS**

31 **SECTION 12C.3.** Until the Social Services Commission adopts rules setting
32 standardized rates for child caring institutions as authorized under G.S. 143B-153(8), the
33 maximum reimbursement for child caring institutions shall not exceed the rate established for
34 the specific child caring institution by the Department of Health and Human Services, Office of
35 the Controller. In determining the maximum reimbursement, the State shall include county and
36 IV-E reimbursements.

37
38 **USE OF FOSTER CARE BUDGET FOR GUARDIANSHIP ASSISTANCE PROGRAM**

39 **SECTION 12C.4.** Of the funds available for the provision of foster care services,
40 the Department of Health and Human Services, Division of Social Services, may provide for
41 the financial support of children who are deemed to be (i) in a permanent family placement
42 setting, (ii) eligible for legal guardianship, and (iii) otherwise unlikely to receive permanency.
43 The Division of Social Services shall design the Guardianship Assistance Program (GAP) to
44 include provisions for extending guardianship services for individuals who have attained the
45 age of 18 years and opt to continue to receive guardianship services until reaching 21 years of
46 age if the individual is (i) completing secondary education or a program leading to an
47 equivalent credential, (ii) enrolled in an institution that provides postsecondary or vocational
48 education, (iii) participating in a program or activity designed to promote, or remove barriers
49 to, employment, (iv) employed for at least 80 hours per month, or (v) incapable of completing
50 the educational or employment requirements of this section due to a medical condition or
51 disability. The Guardianship Assistance Program rates shall reimburse the legal guardian for

1 room and board and be set at the same rate as the foster care room and board rates in
2 accordance with rates established under G.S. 108A-49.1. The Social Services Board shall adopt
3 rules establishing a Guardianship Assistance Program to implement this section, including
4 defining the phrase "legal guardian" as used in this section.
5

6 **CHILD WELFARE POSTSECONDARY SUPPORT PROGRAM (NC REACH)**

7 **SECTION 12C.5.(a)** Funds appropriated from the General Fund to the Department
8 of Health and Human Services for the child welfare postsecondary support program shall be
9 used to continue providing assistance with the "cost of attendance" as that term is defined in 20
10 U.S.C. § 108711 for the educational needs of foster youth aging out of the foster care system
11 and special needs children adopted from foster care after age 12. These funds shall be allocated
12 by the State Education Assistance Authority.

13 **SECTION 12C.5.(b)** Of the funds appropriated from the General Fund to the
14 Department of Health and Human Services, the sum of fifty thousand dollars (\$50,000) for the
15 2015-2016 fiscal year and the sum of fifty thousand dollars (\$50,000) for the 2016-2017 fiscal
16 year shall be allocated to the North Carolina State Education Assistance Authority (SEAA).
17 The SEAA shall use these funds only to perform administrative functions necessary to manage
18 and distribute scholarship funds under the child welfare postsecondary support program.

19 **SECTION 12C.5.(c)** Of the funds appropriated from the General Fund to the
20 Department of Health and Human Services, the sum of three hundred thirty-nine thousand four
21 hundred ninety-three dollars (\$339,493) for the 2015-2016 fiscal year and the sum of three
22 hundred thirty-nine thousand four hundred ninety-three dollars (\$339,493) for the 2016-2017
23 fiscal year shall be used to contract with an entity to administer the child welfare postsecondary
24 support program described under subsection (a) of this section, which administration shall
25 include the performance of case management services.

26 **SECTION 12C.5.(d)** Funds appropriated to the Department of Health and Human
27 Services for the child welfare postsecondary support program shall be used only for students
28 attending public institutions of higher education in this State.
29

30 **FEDERAL CHILD SUPPORT INCENTIVE PAYMENTS**

31 **SECTION 12C.7.(a)** Centralized Services. – The North Carolina Child Support
32 Services Section (NCCSS) of the Department of Health and Human Services, Division of
33 Social Services, shall retain up to fifteen percent (15%) of the annual federal incentive
34 payments it receives from the federal government to enhance centralized child support services.
35 To accomplish this requirement, NCCSS shall do the following:

- 36 (1) In consultation with representatives from county child support services
37 programs, identify how federal incentive funding could improve centralized
38 services.
- 39 (2) Use federal incentive funds to improve the effectiveness of the State's
40 centralized child support services by supplementing and not supplanting
41 State expenditures for those services.
- 42 (3) Develop and implement rules that explain the State process for calculating
43 and distributing federal incentive funding to county child support services
44 programs.

45 **SECTION 12C.7.(b)** County Child Support Services Programs. – NCCSS shall
46 allocate no less than eighty-five percent (85%) of the annual federal incentive payments it
47 receives from the federal government to county child support services programs to improve
48 effectiveness and efficiency using the federal performance measures. To that end, NCCSS shall
49 do the following:

- 50 (1) In consultation with representatives from county child support services
51 programs, examine the current methodology for distributing federal

1 incentive funding to the county programs and determine whether an
2 alternative formula would be appropriate. NCCSS shall use its current
3 formula for distributing federal incentive funding until an alternative
4 formula is adopted.

- 5 (2) Upon adopting an alternative formula, develop a process to phase-in the
6 alternative formula for distributing federal incentive funding over a
7 four-year period.

8 **SECTION 12C.7.(c)** Reporting by County Child Support Services Programs. –
9 NCCSS shall establish guidelines that identify appropriate uses for federal incentive funding.
10 To ensure those guidelines are properly followed, NCCSS shall require county child support
11 services programs to comply with each of the following:

- 12 (1) Submit an annual plan describing how federal incentive funding would
13 improve program effectiveness and efficiency as a condition of receiving
14 federal incentive funding.
15 (2) Report annually on: (i) how federal incentive funding has improved program
16 effectiveness and efficiency and been reinvested into their programs, (ii)
17 provide documentation that the funds were spent according to their annual
18 plans, and (iii) explain any deviations from their plans.

19 **SECTION 12C.7.(d)** Plan/Report by NCCSS. – The NCCSS shall develop a plan
20 to implement the requirements of this section. Prior to implementing the plan, NCCSS shall
21 submit a progress report on the plan to the Joint Legislative Oversight Committee on Health
22 and Human Services and the Fiscal Research Division by November 1, 2015.

23 After implementing the plan, NCCSS shall submit a report on federal child support
24 incentive funding to the Joint Legislative Oversight Committee on Health and Human Services
25 and the Fiscal Research Division by November 1 of each year. The report shall describe how
26 federal incentive funds enhanced centralized child support services to benefit county child
27 support services programs and improved the effectiveness and efficiency of county child
28 support services programs. The report shall further include any changes to the State process the
29 NCCSS used in calculating and distributing federal incentive funding to county child support
30 services programs and any recommendations for further changes.

31
32 **CHILD PROTECTIVE SERVICES IMPROVEMENT INITIATIVE/REVISE**
33 **STATEWIDE EVALUATION REPORT DATE**

34 **SECTION 12C.8.** The Department of Health and Human Services, Division of
35 Social Services, shall report on the findings and recommendations from the comprehensive,
36 statewide evaluation of the State's child protective services system required by Section 12C.1(f)
37 of S.L. 2014-100 to the Joint Legislative Oversight Committee on Health and Human Services
38 on or before March 1, 2016.

39
40 **FOSTERING SUCCESS/EXTEND FOSTER CARE TO 21 YEARS OF AGE**

41 **SECTION 12C.9.(a)** G.S. 108A-48 reads as rewritten:

42 **"§ 108A-48. State Foster Care Benefits Program.**

43 (a) The Department is authorized to establish a State Foster Care Benefits Program with
44 appropriations by the General Assembly for the purpose of providing assistance to children
45 who are placed in foster care facilities by county departments of social services in accordance
46 with the rules and regulations of the Social Services Commission. Such appropriations, together
47 with county contributions for this purpose, shall be expended to provide for the costs of
48 keeping children in foster care facilities.

49 (b) ~~No benefits provided by this section shall be granted to any individual who has~~
50 ~~passed his eighteenth birthday unless he is less than 21 years of age and is a full-time student or~~
51 ~~has been accepted for enrollment as a full-time student for the next school term pursuing a high~~

1 school diploma or its equivalent; a course of study at the college level; or a course of vocational
2 or technical training designed to fit him for gainful employment.

3 (c) The Department may continue to provide benefits pursuant to this section to an
4 individual who has attained the age of 18 years and chosen to continue receiving foster care
5 services until reaching 21 years of age if the individual is (i) completing secondary education or
6 a program leading to an equivalent credential, (ii) enrolled in an institution that provides
7 postsecondary or vocational education, (iii) participating in a program or activity designed to
8 promote, or remove barriers to, employment, (iv) employed for at least 80 hours per month, or
9 (v) incapable of completing the educational or employment requirements of this subsection due
10 to a medical condition or disability.

11 (d) With monthly supervision and oversight by the director of the county department of
12 social services or a supervising agency, an individual receiving benefits pursuant to subsection
13 (c) of this section may reside outside a foster care facility in a college or university dormitory
14 or other semi-supervised housing arrangement approved by the director of the county
15 department of social services and continue to receive benefits pursuant to this section."

16 **SECTION 12C.9.(b)** G.S. 108A-49 is amended by adding a new subsection to
17 read:

18 "(e) If all other eligibility criteria are met, adoption assistance payments may continue
19 until the beneficiary reaches the age of 21 if the beneficiary was adopted after reaching the age
20 of 16 but prior to reaching the age of 18."

21 **SECTION 12C.9.(c)** G.S. 108A-49.1 reads as rewritten:

22 "**§ 108A-49.1. Foster care and adoption assistance payment rates.**

23 (a) The maximum rates for State participation in the foster care assistance program are
24 established on a graduated scale as follows:

- 25 (1) \$475.00 per child per month for children from birth through five years of
26 age.
- 27 (2) \$581.00 per child per month for children six through 12 years of age.
- 28 (3) \$634.00 per child per month for children at least 13 through 18 but less than
29 21 years of age.

30 (b) The maximum rates for the State adoption assistance program are established
31 consistent with the foster care rates as follows:

- 32 (1) \$475.00 per child per month for children from birth through five years of
33 age.
- 34 (2) \$581.00 per child per month for children six through 12 years of age.
- 35 (3) \$634.00 per child per month for children at least 13 through 18 but less than
36 21 years of age.

37 (c) The maximum rates for the State participation in human immunodeficiency virus
38 (HIV) foster care and adoption assistance are established on a graduated scale as follows:

- 39 (1) \$800.00 per child per month with indeterminate HIV status.
- 40 (2) \$1,000 per child per month with confirmed HIV infection, asymptomatic.
- 41 (3) \$1,200 per child per month with confirmed HIV infection, symptomatic.
- 42 (4) \$1,600 per child per month when the child is terminally ill with complex
43 care needs.

44 In addition to providing board payments to foster and adoptive families of HIV-infected
45 children, any additional funds remaining that are appropriated for purposes described in this
46 subsection shall be used to provide medical training in avoiding HIV transmission in the home.

47 (d) The State and a county participating in foster care and adoption assistance shall each
48 contribute fifty percent (50%) of the nonfederal share of the cost of care for a child placed by a
49 county department of social services or child-placing agency in a family foster home or
50 residential child care facility. A county shall be held harmless from contributing fifty percent
51 (50%) of the nonfederal share of the cost for a child placed in a family foster home or

1 residential child care facility under an agreement with that provider as of October 31, 2008,
2 until the child leaves foster care or experiences a placement change.

3 (e) A county shall be held harmless from contributing fifty percent (50%) of the
4 nonfederal share of the cost for an individual receiving benefits pursuant to G.S. 108A-48(c)."

5 **SECTION 12C.9.(d)** G.S. 131D-10.2 reads as rewritten:

6 **"§ 131D-10.2. Definitions.**

7 For purposes of this Article, unless the context clearly implies otherwise:

8 ...

9 (3) "Child" means an individual less than ~~18-21~~ years of age, who has not been
10 emancipated under the provisions of Article 35 of Chapter 7B of the General
11 Statutes.

12 ...

13 (9a) "Foster Parent" means any individual who is ~~18-21~~ years of age or older who
14 is licensed by the State to provide foster care.

15"

16 **SECTION 12C.9.(e)** Part 1 of Article 1A of Chapter 131D of the General Statutes
17 is amended by adding a new section to read:

18 **"§ 131D-10.2A. Foster care until 21 years of age.**

19 (a) A child placed in foster care who has attained the age of 18 years may continue
20 receiving foster care services until reaching 21 years of age as provided by law. A child who
21 initially chooses to opt out of foster care upon attaining the age of 18 years may opt to receive
22 foster care services at a later date until reaching 21 years of age.

23 (b) A child who has attained the age of 18 years and chosen to continue receiving foster
24 care services until reaching 21 years of age may continue to receive benefits pursuant to Part 4
25 of Article 2 of Chapter 108A of the General Statutes upon meeting the requirements under
26 G.S. 108A-48(c)."

27 **SECTION 12C.9.(f)** G.S. 131D-10.5 reads as rewritten:

28 **"§ 131D-10.5. Powers and duties of the Commission.**

29 In addition to other powers and duties prescribed by law, the Commission shall exercise the
30 following powers and duties:

31 (1) Adopt, amend and repeal rules consistent with the laws of this State and the
32 laws and regulations of the federal government to implement the provisions
33 and purposes of this ~~Article;~~Article.

34 (2) Issue declaratory rulings as may be needed to implement the provisions and
35 purposes of this ~~Article;~~Article.

36 (3) Adopt rules governing procedures to appeal Department decisions pursuant
37 to this Article granting, denying, suspending or revoking ~~licenses;~~licenses.

38 (4) Adopt criteria for waiver of licensing rules adopted pursuant to this
39 ~~Article;~~Article.

40 (5) Adopt rules on documenting the use of physical restraint in residential
41 child-care ~~facilities;~~facilities.

42 (6) Adopt rules establishing personnel and training requirements related to the
43 use of physical restraints and time-out for staff employed in residential
44 child-care ~~facilities;~~and facilities.

45 (7) Adopt rules establishing educational requirements, minimum age, relevant
46 experience, and criminal record status for executive directors and staff
47 employed by child placing agencies and residential child care facilities.

48 (8) Adopt any rules necessary for the expansion of foster care for individuals
49 who have attained the age of 18 years and chosen to continue receiving
50 foster care services to 21 years of age in accordance with G.S. 131D-10.2A."

1 **SECTION 12C.9.(g)** Article 9 of Chapter 7B of the General Statutes is amended
2 by adding a new section to read:

3 **"§ 7B-910.1. Review of voluntary foster care placements with young adults.**

4 (a) The court shall review the placement of a young adult in foster care authorized by
5 G.S. 108A-48(c) when the director of social services and a young adult who was in foster care
6 as a juvenile enter into a voluntary placement agreement. The review hearing shall be held not
7 more than 90 days from the date the agreement was executed, and the court shall make findings
8 from evidence presented at this review hearing with regard to all of the following:

9 (1) Whether the placement is in the best interest of the young adult in foster
10 care.

11 (2) The services that have been or should be provided to the young adult in
12 foster care to improve the placement.

13 (3) The services that have been or should be provided to the young adult in
14 foster care to further the young adult's educational or vocational ambitions, if
15 relevant.

16 (b) Upon written request of the young adult or the director of social services, the court
17 may schedule additional hearings to monitor the placement and progress toward the young
18 adult's educational or vocational ambitions.

19 (c) No guardian ad litem under G.S. 7B-601 will be appointed to represent the young
20 adult in the initial or any subsequent hearing.

21 (d) The clerk shall give written notice of the initial and any subsequent review hearings
22 to the young adult and foster care and the director of social services at least 15 days prior to the
23 date of the hearing."

24 **SECTION 12C.9.(h)** G.S. 7B-401.1 is amended by adding a new subsection to
25 read:

26 "(i) Young Adult in Foster Care. – In proceedings held pursuant to G.S. 7B-910.1, the
27 young adult in foster care and the director of the department of social services are parties."

28 **SECTION 12C.9.(i)** The Department of Health and Human Services, Division of
29 Social Services (Division), shall develop a plan for the expansion of foster care services for
30 individuals who have attained the age of 18 years and opt to continue receiving foster care
31 services until reaching 21 years of age. The Division shall report on the plan to the Joint
32 Legislative Oversight Committee on Health and Human Services and the Fiscal Research
33 Division by October 1, 2015. The Division shall report on the plan as implemented to the Joint
34 Legislative Oversight Committee on Health and Human Services and the Fiscal Research
35 Division by November 1, 2016.

36 **SECTION 12C.9.(j)** No later than 60 days after the Department implements the
37 plan for the expansion of foster care services as required under subsection (i) of this section, the
38 Division shall submit a State plan amendment to the U.S. Department of Health and Human
39 Services Administration for Children and Families to make federal payments for foster care and
40 adoption assistance, as applicable, under Title IV-E, available to a person meeting the
41 requirements of G.S. 108A-48(c), as enacted in subsection (a) of this section.

42 **SECTION 12C.9.(k)** Any agreement entered into pursuant to G.S. 108A-48(b)
43 prior to the effective date of subsection (a) of this section shall remain in full force and effect,
44 and no provision of this section shall be construed to affect or alter such an agreement.

45 **SECTION 12C.9.(l)** Subsection (a) of this section becomes effective August 1,
46 2016, and applies to agreements entered into on or after that date. Subsections (i), (j), and (k) of
47 this section are effective when they become law. The remainder of this section becomes
48 effective August 1, 2016.

49
50 **REQUIRE TRANSFER OF CERTAIN SERVICES TO EASTERN BAND OF**
51 **CHEROKEE INDIANS**

1 **SECTION 12C.10.(a)** G.S. 108A-25 reads as rewritten:

2 "**§ 108A-25. Creation of programs; assumption by federally recognized tribe of**
3 **programs.**

4 ...

5 (e) When any federally recognized Native American tribe within the State assumes
6 responsibility for any social services, Medicaid and NC Health Choice healthcare benefit
7 programs, and ancillary services, including Medicaid administrative and service functions, that
8 are otherwise the responsibility of a county under State law, then, notwithstanding any other
9 provision of law, the county shall be relieved of the legal responsibility related to the tribe's
10 assumption of those services. With respect to a tribe's assumption of any responsibilities for
11 administration of any aspects of the NC Medicaid program, NC Health Choice, and the
12 Supplemental Nutrition Assistance Program (SNAP), the State and the tribe shall execute an
13 agreement to set forth the general terms, definitions, and conditions by which the parties shall
14 operate. Upon the execution of the agreement, to allow the tribe to assume certain duties and
15 responsibilities for the administration of the NC Medicaid program, NC Health Choice, and
16 SNAP, the agreement between the State and the tribe shall require the tribe to accept the
17 oversight authority of the State and the Department of Health and Human Services
18 (Department) in the administration and supervision of these programs. In addition to the other
19 necessary terms and conditions, the agreement shall include the following conditions:

20 (1) All requirements as prescribed by federal law, as well as the tribe and State's
21 responsibilities in complying with federal law, including, but not limited to,
22 any specific provisions pertaining to accounting and auditing compliance,
23 maintenance of liability insurance, confidentiality, reporting requirements,
24 indemnity, waiver of immunity, or due process.

25 (2) As the Department is the federally recognized single State agency for the NC
26 Medicaid program, NC Health Choice, and SNAP, provisions stating the
27 Department retains ultimate administrative discretion in the administration
28 and supervision of the program, including, but not limited to, issuance and
29 interpretation of all applicable policies, rules, and regulations regarding
30 application processing, eligibility determinations and redeterminations, and
31 other functions related to the eligibility process.

32 (3) Provisions by the tribe to ensure that individuals who will be responsible for
33 the tribe's duties and responsibilities under this agreement shall be employed
34 under standards equivalent to current standards for a Merit System of
35 Personnel Administration or any standards later prescribed by the Office of
36 Personnel Management under section 208 of the Intergovernmental
37 Personnel Act of 1970 and shall provide the Department with information
38 for verification of this condition.

39 (4) Either party may terminate the agreement without cause with at least 30
40 days' notice prior to the date the terminating party seeks to terminate the
41 agreement. The Department may terminate all or part of the agreement when
42 federal or State funding becomes unavailable for any reason.

43 (f) With respect to programs federally administered by the Administration for Children
44 and Families (ACF), the Department shall maintain oversight authority for all federal
45 protections to individuals living on federal reservations held in trust by the United States until
46 such time as ACF has approved the Eastern Band of Cherokee Indians to administer these
47 programs."

48 **SECTION 12C.10.(b)** G.S. 108A-87(c) reads as rewritten:

49 "(c) Notwithstanding subsections (a) and (b) of this section, when the Eastern Band of
50 Cherokee Indians assumes responsibility for a program described under G.S. 108A-25(e), the
51 following shall occur:

1 (1) Nonfederal matching funds designated to Jackson and Swain counties to
2 serve the Eastern Band of Cherokee Indians for that program previously
3 borne by the State shall be allocated directly to the Eastern Band of
4 Cherokee Indians rather than to those ~~counties~~ counties and shall not exceed
5 the amount expended by the State for fiscal year 2014-2015 for programs or
6 services assumed by the Eastern Band of Cherokee Indians, as applicable,
7 plus the growth rate equal to the growth in State-funded nonfederal share for
8 all counties.

9 (2) Any portion of nonfederal matching funds borne by counties for public
10 assistance and social services programs and related administrative costs shall
11 be borne by the Eastern Band of Cherokee Indians."

12 **SECTION 12C.10.(c)** Of the funds appropriated in this act from the General Fund
13 to the Department of Health and Human Services, Division of Social Services, the sum of three
14 hundred sixty thousand dollars (\$360,000) in recurring funds for fiscal year 2015-2016 and the
15 sum of three million two hundred thousand dollars (\$3,200,000) in nonrecurring funds for
16 fiscal year 2015-2016 shall be deposited in the Department's information technology budget
17 code to be used for ongoing operation and maintenance pursuant to implementing the
18 provisions of this section.

19 **SECTION 12C.10.(d)** Approval for the tribe to administer the eligibility process
20 for Medicaid and NC Health Choice is contingent upon federal approval of a state plan
21 amendment and Medicaid waivers by the Centers for Medicare and Medicaid Services (CMS).
22 The Department of Health and Human Services, Division of Medical Assistance, shall make
23 any necessary amendments to its previous SPA 14-001, including amendment of its effective
24 date. The new effective date shall be October 1, 2016. If CMS does not approve the SPA, the
25 counties shall continue serving individuals living on the federal lands held in trust by the
26 United States.

27 **SECTION 12C.10.(e)** Within 30 days of CMS approval of the amended SPA
28 14-001, the Department of Health and Human Services shall submit an Advanced Planning
29 Document Update (APDU) to CMS, the United States Department of Agriculture (USDA), and
30 the Administration for Children and Families (ACF). If CMS, USDA, and ACF do not approve
31 the APDU, the counties shall continue serving individuals living on the federal lands held in
32 trust by the United States.

33 **SECTION 12C.10.(f)** Upon CMS, USDA, and ACF approval of the APDU, the
34 Department of Health and Human Services (Department) shall begin functional and detailed
35 design, development, testing, and training of NC FAST, NCTracks, and legacy systems to
36 allow the Eastern Band of Cherokee Indians to assume certain administrative duties consistent
37 with approval given by federal funding partners and any agreements between the Eastern Band
38 of Cherokee Indians and the Department.

39 **SECTION 12C.10.(g)** If federal law allows the Eastern Band of Cherokee Indians
40 to assume responsibility for the NC Medicaid program, NC Health Choice, or SNAP, the
41 Eastern Band of Cherokee Indians shall be allowed to assume responsibility for those programs
42 if they choose to assume such responsibility.

43 44 **CHILD PROTECTIVE SERVICES PILOT PROJECT**

45 **SECTION 12C.11.(a)** Of the funds appropriated in this act to the Department of
46 Health and Human Services, Division of Social Services, the sum of three hundred thousand
47 dollars (\$300,000) shall be used for the continuation of the Child Protective Services Pilot
48 Project established by Section 12C.1(e) of S.L. 2014-100. The Division shall continue to
49 collaborate with the Government Data Analytics Center (GDAC) and shall utilize the funds to
50 support and enhance the Pilot by doing the following:

51 (1) Developing a dashboard linking the family to the child.

1 (2) Integrating additional Department of Health and Human Services and other
2 State department data sources to build a more comprehensive view of the
3 child and family, including (i) matching the child to the caretaker; (ii)
4 linking child, family, and address information; and (iii) integrating Criminal
5 Justice Law Enforcement Automated Data Services (CJLEADS) data to
6 determine if the caretaker or someone living in the house is a sex offender or
7 has a criminal history.

8 (3) Developing a comprehensive profile of a child that includes demographic
9 and caretaker information and indicators or flags of other services, including,
10 but not limited to, prior assessments of the child, eligibility for food and
11 nutrition programs, Medicaid, and subsidized child care.

12 **SECTION 12C.11.(b)** The Division of Social Services shall interface the work
13 product from the Child Protective Services Pilot Program with the statewide child welfare case
14 management system operated by the Department of Health and Human Services by utilizing
15 resources and subject matter expertise available through existing public-private partnerships
16 within the GDAC for the purposes of analyzing risk and improving outcomes for children. The
17 Division of Social Services shall submit its findings and recommendations in a final report on
18 the Child Protective Services Pilot Program to the Joint Legislative Oversight Committee on
19 Health and Human Services no later than March 1, 2016.

20 21 FOSTER CARE FAMILY ACT

22 **SECTION 12C.12.(a)** This section shall be known and may be cited as the "Foster
23 Care Family Act."

24 **SECTION 12C.12.(b)** Part 1 of Article 1A of Chapter 131D of the General
25 Statutes is amended by adding a new section to read:

26 **"§ 131D-10.2A. Reasonable and prudent parenting standard.**

27 (a) The reasonable and prudent parenting standard is characterized by careful and
28 sensible parental decisions that maintain a child's health, safety, and best interests while
29 encouraging the child's emotional and developmental growth.

30 (b) Every child care institution shall designate an on-site official who is authorized to
31 apply the reasonable and prudent parenting standard pursuant to this section.

32 (c) A caregiver, including the child's foster parent, whether the child is in a family
33 foster home or a therapeutic foster home, the designated official at a child care institution
34 where the child is placed, or the county department of social services, must use the reasonable
35 and prudent parenting standard when determining whether to allow a child in foster care to
36 participate in extracurricular, enrichment, and social activities.

37 (d) A caregiver, including the child's foster parent, whether the child is in a family
38 foster home or a therapeutic foster home, the designated official at a child care institution
39 where the child is placed, the county department of social services, or the Department of Health
40 and Human Services with custody of or placement authority over a child in foster care shall not
41 be held liable for an act or omission of the child if the caregiver or county department of social
42 services is acting in accordance with the reasonable and prudent parenting standard under this
43 section.

44 (e) Unless otherwise ordered by a court with jurisdiction pursuant to G.S. 7B-200, a
45 caregiver, including the child's foster parent, whether the child is in a family foster home or a
46 therapeutic foster home, exercising the reasonable and prudent parenting standard has the
47 authority to provide or withhold permission, without prior approval of the court or a county
48 department of social services, allowing a child in foster care, in the custody of a county
49 department of social services, or under the placement authority of a county department of social
50 services through a voluntary placement agreement, to participate in normal childhood activities.
51 Normal childhood activities shall include, but are not limited to, extracurricular, enrichment,

1 and social activities and may include overnight activities outside the direct supervision of the
2 caregiver for periods of over 24 hours and up to 72 hours.

3 (f) The caregiver, including the child's foster parent, whether the child is in a family
4 foster home or a therapeutic foster home, the designated official at a child care institution
5 where the child is placed, the county department of social services, or the Department of Health
6 and Human Services, shall not be liable for injuries to the child that occur as a result of the
7 reasonable and prudent parenting standard. The burden of proof with respect to a breach of the
8 reasonable and prudent parenting standard shall be by clear and convincing evidence.

9 (g) The caregiver, including the child's foster parent, whether the child is in a family
10 foster home or a therapeutic foster home, the designated official at a child care institution
11 where the child is placed, the county department of social services, or the Department of Health
12 and Human Services, shall be liable for any action or inaction of gross negligence, willful and
13 wanton conduct, or intentional wrongdoing that results in the injury to the child."

14 **SECTION 12C.12.(c)** G.S. 7B-505(b) reads as rewritten:

15 "(b) The court shall order the Department to make diligent efforts to notify relatives and
16 any custodial parents of the juvenile's siblings that the juvenile is in nonsecure custody and of
17 any hearings scheduled to occur pursuant to G.S. 7B-506, unless the court finds such
18 notification would be contrary to the best interests of the juvenile. In placing a juvenile in
19 nonsecure custody under this section, the court shall first consider whether a relative of the
20 juvenile is willing and able to provide proper care and supervision of the juvenile in a safe
21 home. If the court finds that the relative is willing and able to provide proper care and
22 supervision in a safe home, then the court shall order placement of the juvenile with the relative
23 unless the court finds that placement with the relative would be contrary to the best interests of
24 the juvenile."

25 **SECTION 12C.12.(d)** G.S. 7B-800.1(a)(4) reads as rewritten:

26 "(a) Prior to the adjudicatory hearing, the court shall consider the following:

27 ...

28 (4) Whether relatives or parents with custody of a sibling of the juvenile have
29 been identified and notified as potential resources for placement or support."

30 **SECTION 12C.12.(e)** G.S. 7B-901 reads as rewritten:

31 **"§ 7B-901. Dispositional hearing.**

32 The dispositional hearing shall take place immediately following the adjudicatory hearing
33 and shall be concluded within 30 days of the conclusion of the adjudicatory hearing. The
34 dispositional hearing may be informal and the court may consider written reports or other
35 evidence concerning the needs of the juvenile. The juvenile and the juvenile's parent, guardian,
36 or custodian shall have the right to present evidence, and they may advise the court concerning
37 the disposition they believe to be in the best interests of the juvenile. The court may consider
38 any evidence, including hearsay evidence as defined in G.S. 8C-1, Rule 801, including
39 testimony or evidence from any person who is not a party, that the court finds to be relevant,
40 reliable, and necessary to determine the needs of the juvenile and the most appropriate
41 disposition. The court may exclude the public from the hearing unless the juvenile moves that
42 the hearing be open, which motion shall be granted.

43 At the dispositional hearing, the court shall inquire as to the identity and location of any
44 missing parent and whether paternity is at issue. The court shall include findings of the efforts
45 undertaken to locate the missing parent and to serve that parent and efforts undertaken to
46 establish paternity when paternity is an issue. The order may provide for specific efforts in
47 determining the identity and location of any missing parent and specific efforts in establishing
48 paternity. The court shall also inquire about efforts made to identify and notify relatives
49 relatives or parents with custody of a sibling of the juvenile, as potential resources for
50 placement or support."

1 **SECTION 12C.12.(f)** Article 9 of Chapter 7B of the General Statutes is amended
2 by adding the following new sections to read:

3 **"§ 7B-903.1. Juvenile placed in custody of a county department of social services.**

4 (a) To the extent authorized by federal law, a county department of social services with
5 custody of a juvenile is authorized to make decisions about matters not addressed in this section
6 that are generally made by a juvenile's custodian including, but not limited to, educational
7 decisions and consenting to the sharing of the juvenile's information. The county department of
8 social services may delegate any part of this authority to the juvenile's parent, foster parent, or
9 another individual.

10 (b) When a juvenile is in the custody or placement responsibility of a county
11 department of social services, the placement provider may, in accordance with
12 G.S. 131D-10.2A, provide or withhold permission, without prior approval of the court or
13 county department of social services, allowing a juvenile to participate in normal childhood
14 activities. If such authorization is not in the juvenile's best interest, the court shall set forth
15 alternative parameters for approving normal childhood activities.

16 **"§ 7B-912. Juveniles 14 years of age and older; Another Planned Permanent Living**
17 **Arrangement.**

18 (a) In addition to the permanency planning requirements under G.S. 7B-906.1, at every
19 permanency planning hearing for a juvenile in the custody of a county department of social
20 services who has attained the age of 14 years, the court shall inquire and make written findings
21 regarding each of the following:

- 22 (1) The services provided to assist the juvenile in making a transition to
23 adulthood.
- 24 (2) The steps the county department of social services is taking to ensure that
25 the foster family or other licensed placement provider follows the reasonable
26 and prudent parenting standard as provided in G.S. 131D-10.2A.
- 27 (3) Whether the juvenile has regular opportunities to engage in age-appropriate
28 or developmentally appropriate activities.

29 (b) At or before the last scheduled permanency planning hearing, but at least 90 days
30 before a juvenile attains 18 years of age, the court shall (i) inquire as to whether the juvenile
31 has a copy of the juvenile's birth certificate, Social Security card, health insurance information,
32 drivers license or other identification card, and any educational or medical records the juvenile
33 requests and (ii) determine the person or entity that should assist the juvenile in obtaining these
34 documents before the juvenile attains the age of 18 years.

35 (c) If the court finds each of the following conditions applies, the court shall approve
36 Another Planned Permanent Living Arrangement (APPLA) as the juvenile's primary permanent
37 plan:

- 38 (1) The juvenile is 16 or 17 years old.
- 39 (2) The county department of social services has made diligent efforts to place
40 the juvenile permanently with a parent or relative or in a guardianship or
41 adoptive placement.
- 42 (3) Compelling reasons exist that it is not in the best interest of the juvenile to
43 be placed permanently with a parent or relative or in a guardianship or
44 adoptive placement.
- 45 (4) APPLA is the best permanency plan for the juvenile.

46 (d) If the court approves APPLA as the juvenile's permanent plan, the court shall, after
47 questioning the juvenile, make written findings addressing the juvenile's desired permanency
48 outcome."

49 **SECTION 12C.12.(g)** Article 36 of Chapter 58 of the General Statutes is amended
50 by adding a new section to read:

1 **"§ 58-36-44. Development of policy form or endorsement for personal liability insurance**
2 **for foster parents.**

3 (a) The Rate Bureau shall develop an optional policy form or endorsement to be filed
4 with the Commissioner for approval no later than May 1, 2016, that provides liability insurance
5 for foster parents licensed under Article 1A of Chapter 131D of the General Statutes to provide
6 foster care in a family foster home or therapeutic foster home. The policy form or endorsement
7 shall provide coverage for acts or omissions of the foster parent while the parent is acting in his
8 or her capacity as a foster parent in a licensed family foster home or therapeutic foster home
9 licensed under Article 1A of Chapter 131D of the General Statutes.

10 (b) Nothing in this section is intended to require that the liability insurance policy or
11 endorsement required by this section cover an act or omission that results from any action or
12 inaction of gross negligence, willful and wanton conduct, or intentional wrongdoing that results
13 in injury to the child."

14 **SECTION 12C.12.(h)** Article 1 of Chapter 48A of the General Statutes is amended
15 by adding a new section to read:

16 **"§ 48A-4. Certain minors competent to contract.**

17 A minor who is 16 years of age or older and who is in the legal custody of the county
18 department of social services shall be qualified and competent to contract for the purchase of an
19 automobile insurance policy with the consent of the court with continuing jurisdiction over the
20 minor's placement under G.S. 7B-1000(b). The minor shall be responsible for paying the costs
21 of the insurance premiums and shall be liable for damages caused by the minor's negligent
22 operation of a motor vehicle. No State or local government agency, foster parent, or entity
23 providing services to the minor under contract or at the direction of a State or local government
24 agency shall be responsible for paying any insurance premiums or liable for damages of any
25 kind as a result of the operation of a motor vehicle by the minor."

26 **SECTION 12C.12.(i)** G.S. 20-11(i) reads as rewritten:

27 "(i) Application. — An application for a permit or license authorized by this section
28 must be signed by both the applicant and another person. That person must be:

- 29 (1) The applicant's parent or guardian;
- 30 (2) A person approved by the applicant's parent or guardian; or
- 31 (3) A person approved by the Division.
- 32 (4) With respect to minors in the legal custody of the county department of
33 social services, any of the following:

34 a. A guardian ad litem or attorney advocate appointed to advocate for
35 the minor.

36 b. The director or his or her designee or other type of caseworker
37 assigned to work with the minor.

38 c. If no person listed in sub-subdivision a. or b. of this subdivision is
39 available, the court with continuing jurisdiction over the minor's
40 placement under G.S. 7B-1000(b)."

41 **SECTION 12C.12.(j)** G.S. 20-309 is amended by adding a new subsection to read:

42 "(a2) Notwithstanding any other provision of this Chapter, an owner's policy of liability
43 insurance issued to a foster parent or parents, which policy includes an endorsement excluding
44 coverage for one or more foster children residing in the foster parent's or parents' household,
45 may be certified as proof of financial responsibility, provided that each foster child for whom
46 coverage is excluded is insured in an amount equal to or greater than the minimum limits
47 required by G.S. 20-279.21 under some other owner's policy of liability insurance or a named
48 nonowner's policy of liability insurance. The North Carolina Rate Bureau shall establish, with
49 the approval of the Commissioner of Insurance, a named driver exclusion endorsement or
50 endorsements for foster children as described herein."

51 **SECTION 12C.12.(k)** G.S. 20-279.21(b) reads as rewritten:

1 "~~Such~~ Except as provided in G.S. 20-309(a2), such owner's policy of liability
2 insurance:

3 "

4 **SECTION 12C.12.(l)** The Department of Health and Human Services, Division of
5 Medical Assistance, shall design and draft, but not submit, a 1915(c) Medicaid waiver to serve
6 children with Serious Emotional Disturbance (SED) in home and community-based settings.
7 The Department may submit drafts of the waiver to the Centers for Medicare and Medicaid
8 Services (CMS) to solicit feedback but shall not submit the waiver for CMS approval until
9 authorized by the General Assembly.

10 **SECTION 12C.12.(m)** The Department shall report, on the draft waiver required
11 by subsection (l) of this section, other findings and any other options or recommendations to
12 best serve children with SED to the Joint Legislative Oversight Committee on Health and
13 Human Services by December 1, 2015. Specifically, the report shall provide an in-depth
14 analysis of the cost per slot, including an analysis of the estimated number of waiver recipients
15 who would be transitioned from a facility to a home and community-based setting and the
16 estimated number of waiver recipients who would avoid placement in a facility.

17 **SECTION 12C.12.(n)** Subsections (b) through (f) and (h) through (k) of this
18 section become effective October 1, 2015. The remainder of this section is effective when this
19 act becomes law.

20 21 **SUBPART XII-D. DIVISION OF AGING AND ADULT SERVICES**

22 23 **STATE-COUNTY SPECIAL ASSISTANCE RATES**

24 **SECTION 12D.1.(a)** For each year of the 2015-2017 fiscal biennium, the
25 maximum monthly rate for residents in adult care home facilities shall be one thousand one
26 hundred eighty-two dollars (\$1,182) per month per resident.

27 **SECTION 12D.1.(b)** For each year of the 2015-2017 fiscal biennium, the
28 maximum monthly rate for residents in Alzheimer's/Dementia special care units shall be one
29 thousand five hundred fifteen dollars (\$1,515) per month per resident.

30 31 **SUBPART XII-E. DIVISION OF PUBLIC HEALTH**

32 33 **FUNDS FOR SCHOOL NURSES**

34 **SECTION 12E.1.(a)** Funds appropriated in this act for the School Nurse Funding
35 Initiative shall be used to supplement and not supplant other State, local, or federal funds
36 appropriated or allocated for this purpose. Communities shall maintain their current level of
37 effort and funding for school nurses. These funds shall not be used to fund nurses for State
38 agencies. These funds shall be distributed to local health departments according to a formula
39 that includes all of the following:

- 40 (1) School nurse-to-student ratio.
- 41 (2) Percentage of students eligible for free or reduced-price meals.
- 42 (3) Percentage of children in poverty.
- 43 (4) Per capita income.
- 44 (5) Eligibility as a low-wealth county.
- 45 (6) Mortality rates for children between one and 19 years of age.
- 46 (7) Percentage of students with chronic illnesses.
- 47 (8) Percentage of county population consisting of minority persons.

48 **SECTION 12E.1.(b)** The Division of Public Health shall ensure that school nurses
49 funded with State funds (i) do not assist in any instructional or administrative duties associated
50 with a school's curriculum and (ii) perform all of the following with respect to school health
51 programs:

- 1 (1) Serve as the coordinator of the health services program and provide nursing
- 2 care.
- 3 (2) Provide health education to students, staff, and parents.
- 4 (3) Identify health and safety concerns in the school environment and promote a
- 5 nurturing school environment.
- 6 (4) Support healthy food services programs.
- 7 (5) Promote healthy physical education, sports policies, and practices.
- 8 (6) Provide health counseling, assess mental health needs, provide interventions,
- 9 and refer students to appropriate school staff or community agencies.
- 10 (7) Promote community involvement in assuring a healthy school and serve as
- 11 school liaison to a health advisory committee.
- 12 (8) Provide health education and counseling and promote healthy activities and
- 13 a healthy environment for school staff.
- 14 (9) Be available to assist the county health department during a public health
- 15 emergency.
- 16

17 AIDS DRUG ASSISTANCE PROGRAM (ADAP)

18 **SECTION 12E.2.** The Department of Health and Human Services shall work with
 19 the Department of Public Safety (DPS) to use DPS funds to purchase pharmaceuticals for the
 20 treatment of individuals in the custody of DPS who have been diagnosed with Human
 21 Immunodeficiency Virus or Acquired Immune Deficiency Syndrome (HIV/AIDS) in a manner
 22 that allows these funds to be accounted for as State matching funds in the Department of Health
 23 and Human Services drawdown of federal Ryan White funds earmarked for the AIDS Drug
 24 Assistance Program (ADAP).

26 APPOINTMENT, MANDATORY TRAINING, AND REVOCATION OF 27 APPOINTMENT OF COUNTY MEDICAL EXAMINERS

28 **SECTION 12E.4.(a)** G.S. 130A-382 reads as rewritten:

29 "**§ 130A-382. County medical examiners; appointment; term of office;**
 30 **vacancies; vacancies; training requirements; revocation for cause.**

31 (a) The Chief Medical Examiner shall appoint ~~one~~ two or more county medical
 32 examiners for each county for a three-year term. In appointing medical examiners for each
 33 county, the Chief Medical Examiner shall give preference to physicians licensed to practice
 34 medicine in this State but may also appoint licensed physician assistants, nurse practitioners,
 35 nurses, ~~examiners~~, or emergency medical technician paramedics. A medical examiner may serve
 36 more than one county. The Chief Medical Examiner may take jurisdiction in any case or
 37 appoint another medical examiner to do so.

38 (b) County medical examiners shall complete annual continuing education training as
 39 directed by the Office of the Chief Medical Examiner and based upon established and
 40 published guidelines for conducting death investigations. The continuing education training
 41 shall include training regarding sudden unexplained death in epilepsy. The Office of the Chief
 42 Medical Examiner shall annually update and publish these guidelines on its Internet Web site.
 43 Newly appointed county medical examiners shall complete mandatory orientation training as
 44 directed by the Office of the Chief Medical Examiner within 90 days of their appointment.

45 (c) The Chief Medical Examiner may revoke a county medical examiner's appointment
 46 for failure to adequately perform the duties of the office after providing the county medical
 47 examiner with written notice of the basis for the revocation and an opportunity to respond."

48 **SECTION 12E.4.(b)** This section becomes effective January 1, 2016.

50 INCREASE IN NORTH CAROLINA MEDICAL EXAMINER AUTOPSY FEE

51 **SECTION 12E.5.(a)** G.S. 130A-389(a) reads as rewritten:

1 "(a) If, in the opinion of the medical examiner investigating the case or of the Chief
2 Medical Examiner, it is advisable and in the public interest that an autopsy or other study be
3 made; or, if an autopsy or other study is requested by the district attorney of the county or by
4 any superior court judge, an autopsy or other study shall be made by the Chief Medical
5 Examiner or by a competent pathologist designated by the Chief Medical Examiner. A
6 complete autopsy report of findings and interpretations, prepared on forms designated for the
7 purpose, shall be submitted promptly to the Chief Medical Examiner. Subject to the limitations
8 of G.S. 130A-389.1 relating to photographs and video or audio recordings of an autopsy, a
9 copy of the report shall be furnished to any person upon request. A fee for the autopsy or other
10 study shall be paid by the State. However, if the deceased is a resident of the county in which
11 the death or fatal injury occurred, that county shall pay the fee. The fee shall be ~~one thousand~~
12 ~~two hundred fifty dollars (\$1,250)~~ two thousand eight hundred dollars (\$2,800)."

13 **SECTION 12E.5.(b)** Subsection (a) of this section applies to fees imposed for
14 autopsies performed on or after July 1, 2015.

15 **SECTION 12E.5.(c)** Funds appropriated in this act to the Department of Health
16 and Human Services, Division of Public Health, Office of the Chief Medical Examiner, shall
17 not be used to provide a supplement to counties to offset any portion of the autopsy fee
18 authorized in G.S. 130A-389(a), as amended by subsection (a) of this section.

20 **INCREASE IN NORTH CAROLINA MEDICAL EXAMINER FEE**

21 **SECTION 12E.6.(a)** G.S. 130A-387 reads as rewritten:

22 **"§ 130A-387. Fees.**

23 For each investigation and prompt filing of the required report, the medical examiner shall
24 receive a fee paid by the State. However, if the deceased is a resident of the county in which the
25 death or fatal injury occurred, that county shall pay the fee. The fee shall be ~~one hundred~~
26 ~~dollars (\$100.00)~~ two hundred fifty dollars (\$250.00)."

27 **SECTION 12E.6.(b)** Subsection (a) of this section becomes effective July 1, 2015,
28 and applies to fees imposed for investigations and reports filed on or after that date.

30 **INCREASE IN TRANSPORTATION RATE FOR DEATH INVESTIGATIONS AND** 31 **AUTOPSIES**

32 **SECTION 12E.7.** Of the funds appropriated in this act to the Department of Health
33 and Human Services, Division of Public Health, Office of the Chief Medical Examiner, the
34 sum of four hundred thousand dollars (\$400,000) for the 2015-2016 fiscal year and the sum of
35 four hundred thousand dollars (\$400,000) for the 2016-2017 fiscal year shall be used to
36 increase the current base contract rate paid by the Department to transport bodies for death
37 investigations or autopsies to one hundred ninety dollars (\$190.00) for the first 40 miles and
38 then one dollar (\$1.00) per mile after the first 40 miles.

40 **TRANSFER OF FUNCTIONS OF OFFICE OF MINORITY HEALTH**

41 **SECTION 12E.8.** The Office of Minority Health of the Department of Health and
42 Human Services is hereby eliminated. The Department of Health and Human Services,
43 Division of Central Management, shall assume responsibility for establishing and administering
44 a competitive grants process in accordance with Section 12A.8(d) of this act for evidence-based
45 programs that are scientifically proven to eliminate or reduce health disparities among minority
46 populations in this State.

48 **TRANSFER OF FUNCTIONS OF PHYSICAL ACTIVITY AND NUTRITION** 49 **PROGRAM TO DIVISION OF CENTRAL MANAGEMENT AND SUPPORT**

50 **SECTION 12E.9.** The Physical Activity and Nutrition Program within the
51 Department of Health and Human Services, Division of Public Health, Chronic Disease and

1 Injury Section, is hereby eliminated. The Department of Health and Human Services, Central
2 Management and Support Division, shall assume responsibility for establishing and
3 administering a competitive grants process in accordance with Section 12A.8(c) of this act for
4 evidence-based programs that are scientifically proven to improve physical health and nutrition
5 across the State.
6

7 **RENAMING AND TRANSFER OF OFFICE OF RURAL HEALTH AND** 8 **COMMUNITY CARE TO DIVISION OF PUBLIC HEALTH**

9 **SECTION 12E.10.(a)** The Office of Rural Health and Community Care is hereby
10 transferred from the Department of Health and Human Services, Division of Central
11 Management and Support, to the Department of Health and Human Services, Division of
12 Public Health, by a Type I transfer, as defined in G.S. 143A-6, and renamed the Rural Health
13 Section.

14 **SECTION 12E.10.(b)** Consistent with subsection (a) of this section, the Revisor of
15 Statutes may conform names and titles changed by this section, and may correct statutory
16 references as required by this section, throughout the General Statutes. In making the changes
17 authorized by this section, the Revisor may also adjust subject and verb agreement and the
18 placement of conjunctions.
19

20 **SUBPART XII-F. DIVISION OF MH/DD/SAS AND STATE OPERATED** 21 **HEALTHCARE FACILITIES**

22 **FUNDS FOR LOCAL INPATIENT PSYCHIATRIC BEDS OR BED DAYS**

23 **SECTION 12F.1.(a)** Use of Funds. – Of the funds appropriated in Section 2.1 of
24 this act to the Department of Health and Human Services, Division of Mental Health,
25 Developmental Disabilities and Substance Abuse Services, for crisis services, the sum of
26 forty-three million forty-nine thousand one hundred forty-four dollars (\$43,049,144) for the
27 2015-2016 fiscal year and the sum of forty-three million forty-nine thousand one hundred
28 forty-four dollars (\$43,049,144) for the 2016-2017 fiscal year shall be used to purchase
29 additional local inpatient psychiatric beds or bed days not currently funded by or through
30 LME/MCOs. The Department shall continue to implement a two-tiered system of payment for
31 purchasing these local inpatient psychiatric beds or bed days based on acuity level with an
32 enhanced rate of payment for inpatient psychiatric beds or bed days for individuals with higher
33 acuity levels, as defined by the Department. The enhanced rate of payment for inpatient
34 psychiatric beds or bed days for individuals with higher acuity levels shall not exceed the
35 lowest average cost per patient bed day among the State psychiatric hospitals. In addition, at
36 the discretion of the Secretary of Health and Human Services, existing funds allocated to
37 LME/MCOs for community-based mental health, developmental disabilities, and substance
38 abuse services may be used to purchase additional local inpatient psychiatric beds or bed days.
39 Funds designated in this subsection for the purchase of local inpatient psychiatric beds or bed
40 days shall not be used to supplant other funds appropriated or otherwise available to the
41 Department for the purchase of inpatient psychiatric services through contracts with local
42 hospitals.
43

44 **SECTION 12F.1.(b)** Distribution and Management of Beds or Bed Days. – The
45 Department shall work to ensure that any local inpatient psychiatric beds or bed days purchased
46 in accordance with this section are utilized solely for individuals who are medically indigent,
47 defined as uninsured persons who (i) are financially unable to obtain private insurance
48 coverage as determined by the Department and (ii) are not eligible for government-funded
49 health coverage such as Medicare or Medicaid; and distributed across the State in LME/MCO
50 catchment areas and according to need as determined by the Department. The Department shall
51 ensure that beds or bed days for individuals with higher acuity levels are distributed across the

1 State in LME catchment areas, including any catchment areas served by managed care
2 organizations, and according to greatest need based on hospital bed utilization data. The
3 Department shall enter into contracts with LME/MCOs and local hospitals for the management
4 of these beds or bed days. The Department shall work to ensure that these contracts are
5 awarded equitably around all regions of the State. LME/MCOs shall manage and control these
6 local inpatient psychiatric beds or bed days, including the determination of the specific local
7 hospital or State psychiatric hospital to which an individual should be admitted pursuant to an
8 involuntary commitment order.

9 **SECTION 12F.1.(c)** Funds to Be Held in Statewide Reserve. – Funds appropriated
10 to the Department for the purchase of local inpatient psychiatric beds or bed days shall not be
11 allocated to LME/MCOs but shall be held in a statewide reserve at the Division of Mental
12 Health, Developmental Disabilities and Substance Abuse Services, to pay for services
13 authorized by the LME/MCOs and billed by the hospitals through the LME/MCOs.
14 LME/MCOs shall remit claims for payment to the Department within 15 working days after
15 receipt of a clean claim from the hospital and shall pay the hospital within 30 working days
16 after receipt of payment from the Department.

17 **SECTION 12F.1.(d)** Ineffective LME/MCO Management of Beds or Bed Days. –
18 If the Department determines that (i) an LME/MCO is not effectively managing the beds or bed
19 days for which it has responsibility, as evidenced by beds or bed days in the local hospital not
20 being utilized while demand for services at the State psychiatric hospitals has not reduced, or
21 (ii) the LME/MCO has failed to comply with the prompt payment provisions of subsection (c)
22 of this section, the Department may contract with another LME/MCO to manage the beds or
23 bed days or, notwithstanding any other provision of law to the contrary, may pay the hospital
24 directly.

25 **SECTION 12F.1.(e)** Reporting by LME/MCOs. – The Department shall establish
26 reporting requirements for LME/MCOs regarding the utilization of these beds or bed days.

27 **SECTION 12F.1.(f)** Reporting by Department. – By no later than December 1,
28 2016, and by no later than December 1, 2017, the Department shall report to the Joint
29 Legislative Oversight Committee on Health and Human Services and the Fiscal Research
30 Division on all of the following:

- 31 (1) A uniform system for beds or bed days purchased during the preceding fiscal
32 year from (i) funds appropriated in this act that are designated for this
33 purpose in subsection (a) of this section, (ii) existing State appropriations,
34 and (iii) local funds.
- 35 (2) Other Department initiatives funded by State appropriations to reduce State
36 psychiatric hospital use.

37 38 **SINGLE STREAM FUNDING FOR MH/DD/SAS COMMUNITY SERVICES**

39 **SECTION 12F.2.(a)** For the purpose of mitigating cash flow problems that many
40 LME/MCOs experience at the beginning of each fiscal year relative to single stream funding,
41 the Department of Health and Human Services, Division of Mental Health, Developmental
42 Disabilities, and Substance Abuse Services (Division), shall distribute not less than one-twelfth
43 of each LME/MCO's continuation allocation at the beginning of the fiscal year and subtract the
44 amount of that distribution from the LME/MCO's total reimbursements for the fiscal year.

45 **SECTION 12F.2.(b)** The Division is directed to reduce its allocation for single
46 stream funding by one hundred eighty-five million six hundred four thousand six hundred
47 fifty-three dollars (\$185,604,653) in nonrecurring funds for the 2015-2016 fiscal year and by
48 one hundred eighty-five million six hundred four thousand six hundred fifty-three dollars
49 (\$185,604,653) for the 2016-2017 fiscal year. The Division is directed to allocate this reduction
50 among the LME/MCOs based on the percentage of the total single stream funding allocated to
51 each LME/MCO for the 2014-2015 fiscal year. During each year of the 2015-2017 fiscal

1 biennium, each LME/MCO shall use its cash reserves to provide at least the same level of
2 services paid for by single stream funding during the 2014-2015 fiscal year.

3 4 **FUNDS FOR THE NORTH CAROLINA CHILD TREATMENT PROGRAM**

5 **SECTION 12F.3.(a)** Recurring funds appropriated in this act to the Department of
6 Health and Human Services, Division of Mental Health, Developmental Disabilities, and
7 Substance Abuse Services, for the 2015-2017 fiscal biennium for the North Carolina Child
8 Treatment Program (NC CTP) shall be used for the following purposes:

- 9 (1) To continue to provide clinical training and coaching to licensed clinicians
10 on an array of evidence-based treatments and to provide a statewide platform
11 to assure accountability and outcomes.
- 12 (2) To maintain and manage a public roster of program graduates, linking
13 high-quality clinicians with children, families, and professionals.
- 14 (3) To partner with State, LME/MCO, and private sector leadership to bring
15 effective mental health treatment to children in juvenile justice and mental
16 health facilities.

17 **SECTION 12F.3.(b)** All data, including any entered or stored in the State-funded
18 secure database developed for the NC CTP to track individual-level and aggregate-level data
19 with interface capability to work with existing networks within State agencies, is and remains
20 the sole property of the State.

21 22 **TRAUMATIC BRAIN INJURY FUNDING**

23 **SECTION 12F.6.** Of the funds appropriated in this act to the Department of Health
24 and Human Services, Division of Mental Health, Developmental Disabilities, and Substance
25 Abuse Services, for the 2015-2016 fiscal year, the sum of two million three hundred
26 seventy-three thousand eighty-six dollars (\$2,373,086) shall be used exclusively to support
27 traumatic brain injury (TBI) services as follows:

- 28 (1) The sum of three hundred fifty-nine thousand two hundred eighteen dollars
29 (\$359,218) shall be used to fund contracts with the Brain Injury Association
30 of North Carolina, Carolinas Rehabilitation, or other appropriate service
31 providers.
- 32 (2) The sum of seven hundred ninety-six thousand nine hundred thirty-four
33 dollars (\$796,934) shall be used to support residential programs across the
34 State that are specifically designed to serve individuals with TBI.
- 35 (3) The sum of one million two hundred sixteen thousand nine hundred
36 thirty-four dollars (\$1,216,934) shall be used to support requests submitted
37 by individual consumers for assistance with residential support services,
38 home modifications, transportation, and other requests deemed necessary by
39 the consumer's local management entity and primary care physician.

40 41 **CREATION OF SEPARATE DOROTHEA DIX HOSPITAL PROPERTY FUND 42 WITHIN THE MENTAL HEALTH TRUST FUND**

43 **SECTION 12F.6A.(a)** G.S. 143C-9-2 is amended by adding a new subsection to
44 read:

45 "(b1) The Dorothea Dix Hospital Property Fund is established as a separate fund within
46 the Trust Fund. The fund is established to receive the net proceeds from the sale of the
47 Dorothea Dix Hospital property. Moneys in the Dorothea Dix Hospital Property Fund shall be
48 allocated or expended only upon an act of appropriation by the General Assembly and shall not
49 be subject to the limitations of the moneys in the Trust Fund for Mental Health, Developmental
50 Disabilities, and Substance Abuse Services and Bridge Funding Needs as described in
51 subsection (b) of this section."

1 **SECTION 12F.6A.(b)** Notwithstanding G.S. 146-30 or any other provision of law,
2 the net proceeds of the sale of the Dorothea Dix Hospital property shall be deposited into the
3 Dorothea Dix Hospital Property Fund established in G.S. 143C-9-2(b1), as enacted by
4 subsection (a) of this section.
5

6 **JOINT STUDY OF JUSTICE AND PUBLIC SAFETY AND BEHAVIORAL HEALTH**

7 **SECTION 12F.10.** The Joint Legislative Oversight Committee on Health and
8 Human Services and the Joint Legislative Oversight Committee on Justice and Public Safety
9 shall each appoint a subcommittee to study the intersection of Justice and Public Safety and
10 behavioral health and report their findings and recommendations to their respective
11 Committees. The subcommittees shall meet jointly to study and report on the following issues:

- 12 (1) The impact of the Justice Reinvestment Act on the State's behavioral health
13 system, including the following:
14 a. The impact of the Justice Reinvestment Act on the demand for
15 community-based behavioral health services available through local
16 management entities/managed care organizations (LME/MCOs).
17 b. The change in the number of criminal offenders referred to the
18 Treatment Accountability for Safer Communities (TASC) program
19 since 2010 and other demands on the TASC program that have arisen
20 since that time.
21 c. The sources and amounts of funding available to serve this
22 population, as well as any other support or resources that are
23 provided by the Department of Public Safety to the Department of
24 Health and Human Services or the LME/MCOs.
25 d. An analysis of the supply and demand for behavioral health providers
26 who serve this population.
27 (2) The impact of mental illness and substance abuse on county law
28 enforcement agencies, including the following:
29 a. The number of people with mental illness and substance abuse issues
30 held in county jails.
31 b. The impact on local law enforcement agencies, particularly with
32 respect to their budgets and personnel.
33 (3) The impact of judicial decisions on the State's behavioral health and social
34 services system, including the following:
35 a. The role and impact of family court decisions on the demand for and
36 delivery of county social services.
37 b. The role and impact of decisions by drug treatment courts, veterans'
38 mental health courts, and driving while impaired courts.
39 c. The impact of judicial decisions on the availability of beds in
40 State-operated psychiatric facilities as a result of involuntary
41 commitment orders and incapacity to proceed decisions.
42 (4) Any other relevant issues the subcommittees jointly deem appropriate.
43

44 **LME/MCO USE OF FUNDS TO PURCHASE INPATIENT ALCOHOL AND** 45 **SUBSTANCE ABUSE TREATMENT SERVICES**

46 **SECTION 12F.12.(a)** It is the intent of the General Assembly to terminate all
47 direct State appropriations for State-operated alcohol and drug abuse treatment centers
48 (ADATCs) beginning with the 2015-2016 fiscal year and instead appropriate funds to the
49 Department of Health and Human Services, Division of Mental Health, Developmental
50 Disabilities and Substance Abuse Services, for community services in order to allow local
51 management entities/managed care organizations (LME/MCOs) to assume responsibility for

1 managing the full array of publicly funded substance abuse services, including inpatient
2 services delivered through the ADATCs. To this end and notwithstanding any other provision
3 of law, on the effective date of this section all direct State appropriations for ADATCs are
4 terminated and the ADATCs shall be one hundred percent receipt-supported.

5 **SECTION 12F.12.(b)** From funds appropriated in this act to the Department of
6 Health and Human Services, Division of Mental Health, Developmental Disabilities and
7 Substance Abuse Services, to be allocated to LME/MCOs for the purchase of inpatient alcohol
8 and substance abuse treatment services, the LME/MCOs shall use their respective fund
9 allocations for individuals within their respective catchment areas as follows:

10 (1) During the 2015-2016 fiscal year, a minimum of one hundred percent
11 (100%) of the allocation shall be used exclusively to purchase inpatient
12 alcohol and substance abuse treatment services from the ADATCs.

13 (2) During the 2016-2017 fiscal year, a minimum of ninety percent (90%) of the
14 allocation shall be used exclusively to purchase inpatient alcohol and
15 substance abuse treatment services from the ADATCs. The LME/MCOs
16 shall use the remaining ten percent (10%) of their respective allocations to
17 purchase inpatient alcohol and substance abuse treatment services from any
18 qualified provider.

19 **SECTION 12F.12.(c)** By March 1, 2016, the Department of Health and Human
20 Services shall develop and report to the Joint Legislative Oversight Committee on Health and
21 Human Services and the Fiscal Research Division a plan to allow the ADATCs to remain one
22 hundred percent (100%) receipt-supported. The report shall include an evaluation of (i) other
23 community-based and residential services that could be provided by the ADATCs and (ii)
24 potential funding sources other than payments from the LME/MCOs, including funding
25 available from estimated receipts from Medicare, Medicaid, insurance, and self-pay.

26 **CLOSURE OF WRIGHT SCHOOL**

27 **SECTION 12F.13.(a)** The Department of Health and Human Services shall not
28 allow any new admissions or readmissions to the Wright School after June 30, 2015. The
29 Department shall, in consultation with local management entities/managed care organizations,
30 develop a plan to transition all students enrolled at the Wright School to other appropriate
31 educational and treatment settings.

32 **SECTION 12F.13.(b)** By September 30, 2015, the Department shall permanently
33 cease operations at the Wright School.

34 **SECTION 12F.13.(c)** G.S. 122C-181(a)(5)b. is repealed effective October 1, 2015.
35

36 **REPORT ON MULTIPLICATIVE AUDITING AND MONITORING OF CERTAIN 37 SERVICE PROVIDERS**

38 **SECTION 12F.14.** No later than December 1, 2015, the Department of Health and
39 Human Services shall report to the Joint Legislative Oversight Committee on Health and
40 Human Services and the Fiscal Research Division on the status of multiplicative auditing and
41 monitoring of all provider agencies under the Division of Mental Health, Developmental
42 Disabilities and Substance Abuse Services, that have been nationally accredited through a
43 recognized national accrediting body. The report shall include (i) all group home facilities
44 licensed under Chapter 122C of the General Statutes, (ii) a complete list of all auditing and
45 monitoring activities to which these service providers are subject, and (iii) recommendations on
46 the removal of all unnecessary regulatory duplication to enhance efficiency.
47

48 **FUNDS FOR DRUG OVERDOSE MEDICATIONS**

49 **SECTION 12F.15.** Funds appropriated in this act to the Department of Health and
50 Human Services, Division of Mental Health, Developmental Disabilities and Substance Abuse
51

1 Services, for the 2015-2016 fiscal year for the purchase of opioid antagonists as defined in
2 G.S. 90-106.2, shall be used as follows:

- 3 (1) Twenty-five thousand dollars (\$25,000) shall be used to purchase opioid
4 antagonists to be distributed at no charge to the North Carolina Harm
5 Reduction Coalition to serve individuals at risk of experiencing an
6 opioid-related drug overdose or to the friends and family members of an
7 at-risk individual.
- 8 (2) Twenty-five thousand dollars (\$25,000) shall be used to purchase opioid
9 antagonists to be distributed at no charge to North Carolina law enforcement
10 agencies.

11 12 **STRENGTHENING OF CONTROLLED SUBSTANCES MONITORING**

13 14 **STATEWIDE OPIOID PRESCRIBING GUIDELINES**

15
16 **SECTION 12F.16.(a)** By July 1, 2016, the following State health officials and
17 health care provider licensing boards shall adopt the North Carolina Medical Board's Policy for
18 the Use of Opiates for the Treatment of Pain:

- 19 (1) The Director of the Division of Public Health of the Department of Health
20 and Human Services (DHHS).
- 21 (2) The Director of the Division of Medical Assistance, DHHS.
- 22 (3) The Director of the Division of Mental Health, Developmental Disabilities,
23 and Substance Abuse Services, DHHS.
- 24 (4) The directors of medical, dental, and mental health services within the
25 Department of Public Safety.
- 26 (5) North Carolina State Board of Dental Examiners.
- 27 (6) North Carolina Board of Nursing.
- 28 (7) North Carolina Board of Podiatry Examiners.

29 30 **CONTINUING EDUCATION REQUIREMENTS**

31
32 **SECTION 12F.16.(b).** The following health care provider occupational licensing
33 boards shall require continuing education on the abuse of controlled substances as a condition
34 of license renewal for health care providers who prescribe controlled substances:

- 35 (1) North Carolina Board of Dental Examiners.
- 36 (2) North Carolina Board of Nursing.
- 37 (3) North Carolina Board of Podiatry Examiners.
- 38 (4) North Carolina Medical Board.

39 **SECTION 12F.16.(c).** In establishing the continuing education standards, the
40 boards listed in subsection (b) of this section shall require that at least one hour of the total
41 required continuing education hours consists of a course designed specifically to address
42 prescribing practices. The course shall include, but not be limited to, instruction on controlled
43 substance prescribing practices and controlled substance prescribing for chronic pain
44 management.

45 46 **IMPROVE CONTROLLED SUBSTANCES REPORTING SYSTEM ACCESS AND** 47 **UTILIZATION**

48
49 **SECTION 12F.16.(d).** G.S. 90-113.74 reads as rewritten:
50 **"§ 90-113.74. Confidentiality.**

1 (a) Prescription information submitted to the Department is privileged and confidential,
2 is not a public record pursuant to G.S. 132-1, is not subject to subpoena or discovery or any
3 other use in civil proceedings, and except as otherwise provided below may only be used (i) for
4 investigative or evidentiary purposes related to violations of State or federal ~~law and law~~, (ii)
5 for regulatory activities, activities, or (iii) to inform medical records or clinical care. Except as
6 otherwise provided by this section, prescription information shall not be disclosed or
7 disseminated to any person or entity by any person or entity authorized to review prescription
8 information.

9 ...

10 (c) The Department shall release data in the controlled substances reporting system to
11 the following persons only:

12 ...

13 (8) Any county medical examiner appointed by the Chief Medical Examiner
14 pursuant to G.S. 130A-382 and the Chief Medical Examiner, for the purpose
15 of investigating the death of an individual.

16 (9) The federal Drug Enforcement Administration's Office of Diversion Control.

17 (10) The North Carolina Health Information Exchange Authority (NC HIE
18 Authority), established under Article 29A of this Chapter, through
19 Web-service calls.

20"

21 **SECTION 12F.16.(e).** The Department of Health and Human Services shall adopt
22 appropriate policies and procedures documenting and supporting the additional functionality
23 and expanded access added by subsection (d) of this section for the Controlled Substances
24 Reporting System (CSRS) for the entities added to G.S. 90-113.74(c) by subsection (d) of this
25 section and shall amend its contract with the vendor that operates the CSRS to support the
26 additional functionality and expanded access to the CSRS.

27 **IMPROVE CONTROLLED SUBSTANCES REPORTING SYSTEM CONTRACT**

28
29
30 **SECTION 12F.16.(f).** The Department of Health and Human Services (DHHS)
31 shall modify the contract for the Controlled Substances Reporting System (CSRS) to improve
32 performance, establish user access controls, establish data security protocols, and ensure
33 availability of data for advanced analytics. Specifically, the contract shall be modified to
34 include the following:

35 (1) A connection to the North Carolina Health Information Exchange Authority
36 (NC HIE Authority).

37 (2) The establishment of interstate connectivity.

38 (3) Data security protocols that meet or exceed the Federal Information
39 Processing Standards (FIPS) established by the National Institute of
40 Standards and Technology (NIST).

41 **SECTION 12F.16.(g).** DHHS shall complete the contract modifications required
42 by subsection (f) of this section by December 31, 2015. DHHS shall report by November 15,
43 2015, to the Joint Legislative Program Evaluation Oversight Committee and the Joint
44 Legislative Oversight Committee on Health and Human Services regarding the progress to
45 modify the contract.

46 **SECTION 12F.16.(h).** DHHS shall apply for grant funding from the National
47 Association of Boards of Pharmacy to establish the connection to PMP InterConnect. The
48 Department shall request forty thousand thirty-five dollars (\$40,035) to establish the initial
49 interface for PMP InterConnect and thirty thousand dollars (\$30,000) for two years of ongoing
50 service, maintenance, and support for PMP InterConnect in order to create interstate

1 connectivity for the drug monitoring program as required by subdivision (2) of subsection (f) of
2 this section.

3 **SECTION 12F.16.(i).** Funds appropriated in this act to the Department of Health
4 and Human Services, Division of Mental Health, Developmental Disabilities, and Substance
5 Abuse Services, for the CSRS shall be used as follows:

- 6 (1) For the 2015-2016 fiscal year, the sum of forty thousand thirty-five dollars
7 (\$40,035) shall be used to connect the CSRS and the NC HIE Authority, as
8 required by subdivision (1) of subsection (f) of this section.
- 9 (2) For the 2015-2016 fiscal year and for the 2016-2017 fiscal year, the sum of
10 fifteen thousand dollars (\$15,000) shall be used to maintain a connection
11 between the CSRS and the NC HIE Authority, as required by subdivision (1)
12 of subsection (f) of this section.
- 13 (3) For the 2015-2016 fiscal year, the sum of forty thousand thirty-five dollars
14 (\$40,035) shall be used to establish the initial interface for PMP
15 InterConnect, as required by subdivision (2) of subsection (f) of this section.
16 This amount shall be adjusted or eliminated if DHHS is successful in
17 obtaining grant awards or identifying other allowable receipts for this
18 purpose. If receipts are used for this purpose, this nonrecurring appropriation
19 shall revert to the General Fund.
- 20 (4) For the 2015-2016 fiscal year, the sum of fifteen thousand dollars (\$15,000)
21 shall be used for the cost of annual service fees for the interstate connection
22 for the drug monitoring program, as required by subdivision (2) of
23 subsection (f) of this section. This amount shall be adjusted or eliminated if
24 DHHS is successful in obtaining grant awards or identifying other allowable
25 receipts for this purpose. If receipts are used for this purpose, this
26 nonrecurring appropriation shall revert to the General Fund.

27 28 **EXPAND MONITORING CAPACITY**

29
30 **SECTION 12F.16.(j).** The North Carolina Controlled Substances Reporting
31 System shall expand its monitoring capacity by establishing data use agreements with the
32 Prescription Behavior Surveillance System. In order to participate, the CSRS shall establish a
33 data use agreement with the Center of Excellence at Brandeis University no later than January
34 1, 2016.

35 **SECTION 12F.16.(k)** Beginning September 1, 2016, and every two years
36 thereafter, the Division of Mental Health, Developmental Disabilities, and Substance Abuse
37 Services of the Department of Health and Human Services shall report on its participation with
38 the Prescription Behavior Surveillance System to the Joint Legislative Oversight Committee on
39 Health and Human Services and the Joint Legislative Oversight Committee on Justice and
40 Public Safety.

41 42 **MEDICAID LOCK-IN PROGRAM**

43
44 **SECTION 12F.16.(l).** The Division of Medical Assistance of the Department of
45 Health and Human Services (DMA) shall take the following steps to improve the effectiveness
46 and efficiency of the Medicaid lock-in program:

- 47 (1) Establish written procedures for the operation of the lock-in program,
48 including specifying the responsibilities of DMA and the program
49 contractor.
- 50 (2) Establish procedures for the sharing of bulk data with the Controlled
51 Substances Regulatory Branch.

- 1 (3) In consultation with the Physicians Advisory Group, extend lock-in duration
2 to two years and revise program eligibility criteria to align the program with
3 the statewide strategic goals for preventing prescription drug abuse. DMA
4 shall report an estimate of the cost-savings from the revisions to the
5 eligibility criteria to the Joint Legislative Program Evaluation Oversight
6 Committee and the Joint Legislative Oversight Committee on Health and
7 Human Services within one year of the lock-in program again becoming
8 operational.
- 9 (4) Develop a Web site and communication materials to inform lock-in
10 enrollees, prescribers, pharmacists, and emergency room health care
11 providers about the program.
- 12 (5) Increase program capacity to ensure that all individuals who meet program
13 criteria are locked in.
- 14 (6) Conduct an audit of the lock-in program within six months after the effective
15 date of this act in order to evaluate the effectiveness of program restrictions
16 in preventing overutilization of controlled substances, identify any program
17 vulnerabilities, and address whether there is evidence of any fraud or abuse
18 within the program.

19 DMA shall report to the Joint Legislative Program Evaluation Oversight Committee by
20 September 30, 2015, on its progress toward implementing all items included in this section.
21

22 STATEWIDE STRATEGIC PLAN

23
24 **SECTION 12F.16.(m).** There is hereby created the Prescription Drug Abuse
25 Advisory Committee, to be housed in and staffed by the Department of Health and Human
26 Services (DHHS). The Committee shall develop and, through its members, implement a
27 statewide strategic plan to combat the problem of prescription drug abuse. The Committee shall
28 include representatives from the following, as well as any other persons designated by the
29 Secretary of Health and Human Services:

- 30 (1) The Division of Medical Assistance, DHHS.
31 (2) The Division of Mental Health, Developmental Disabilities, and Substance
32 Abuse Services, DHHS.
33 (3) The Division of Public Health, DHHS.
34 (4) The Rural Health Section of the Division of Public Health, DHHS.
35 (5) The State Bureau of Investigation.
36 (6) The Attorney General's Office.
37 (7) The following health care regulatory boards with oversight of prescribers
38 and dispensers of prescription drugs:
39 a. North Carolina Board of Dental Examiners.
40 b. North Carolina Board of Nursing.
41 c. North Carolina Board of Podiatry Examiners.
42 d. North Carolina Medical Board.
43 e. North Carolina Board of Pharmacy.
44 (8) The UNC Injury Prevention Research Center.
45 (9) The substance abuse treatment community.
46 (10) Governor's Institute on Substance Abuse, Inc.
47 (11) The Department of Insurance's drug take-back program.

48 After developing the strategic plan, the Committee shall be the State's steering committee to
49 monitor achievement of strategic objectives and receive regular reports on progress made
50 toward reducing prescription drug abuse in North Carolina.

1 (b) In developing the statewide strategic plan to combat the problem of
2 prescription drug abuse, the Prescription Drug Abuse Advisory Committee shall, at a
3 minimum, complete the following steps:

4 (1) Identify a mission and vision for North Carolina's system to reduce and
5 prevent prescription drug abuse.

6 (2) Scan the internal and external environment for the system's strengths,
7 weaknesses, opportunities, and challenges (a SWOC analysis).

8 (3) Compare threats and opportunities to the system's ability to meet challenges
9 and seize opportunities (a GAP analysis).

10 (4) Identify strategic issues based on SWOC and GAP analyses.

11 (5) Formulate strategies and resources for addressing these issues.

12 (c) The strategic plan for reducing prescription drug abuse shall include three to
13 five strategic goals that are outcome-oriented and measurable. Each goal must be connected
14 with objectives supported by the following five mechanisms of the system:

15 (1) Oversight and regulation of prescribers and dispensers by State health care
16 regulatory boards.

17 (2) Operation of the Controlled Substances Reporting System.

18 (3) Operation of the Medicaid lock-in program to review behavior of patients
19 with high use of prescribed controlled substances.

20 (4) Enforcement of State laws for the misuse and diversion of controlled
21 substances.

22 (5) Any other appropriate mechanism identified by the Committee.

23 (d) DHHS, in consultation with the Prescription Drug Abuse Advisory
24 Committee, shall develop and implement a formalized performance management system that
25 connects the goals and objectives identified in the statewide strategic plan to operations of the
26 Controlled Substances Reporting System and Medicaid lock-in program, law enforcement
27 activities, and oversight of prescribers and dispensers. The performance management system
28 must be designed to monitor progress toward achieving goals and objectives and must
29 recommend actions to be taken when performance falls short.

30 (e) Beginning on December 1, 2016, and annually thereafter, DHHS shall
31 submit an annual report on the performance of North Carolina's system for monitoring
32 prescription drug abuse to the Joint Legislative Oversight Committee on Health and Human
33 Services and the Joint Legislative Oversight Committee on Justice and Public Safety.

34 35 **EFFECTIVE DATE**

36
37 **SECTION 12F.16.(n).** Subdivision (f)(1) of this section becomes effective upon
38 the establishment of the North Carolina Health Information Exchange Authority pursuant to
39 Section 12A.5 of this act. The remainder of this section is effective when it becomes law.

40 41 **ELIMINATE PUBLICATION/ACCESS NORTH CAROLINA TRAVEL GUIDE**

42 **SECTION 12F.17.** G.S. 168-2 is repealed.

43 44 **SUBPART XII-G. DIVISION OF HEALTH SERVICE REGULATION**

45 46 **MORATORIUM ON SPECIAL CARE UNIT LICENSES**

47 **SECTION 12G.2.(a)** Section 12G.1(a) of S.L. 2013-360, as amended by Section
48 12G.5 of S.L. 2014-100, reads as rewritten:

49 "**SECTION 12G.1.(a)** For the period beginning July 31, 2013, and ending ~~June 30,~~
50 ~~2016, June 30, 2017,~~ the Department of Health and Human Services, Division of Health Service
51 Regulation (Department), shall not issue any licenses for special care units as defined in

1 G.S. 131D-4.6 and G.S. 131E-114. This prohibition shall not restrict the Department from
2 doing any of the following:

- 3 (1) Issuing a license to a facility that is acquiring an existing special care unit.
- 4 (2) Issuing a license for a special care unit in any area of the State upon a
5 determination by the Secretary of the Department of Health and Human
6 Services that increased access to this type of care is necessary in that area
7 during the moratorium imposed by this section.
- 8 (3) Processing all completed applications for special care unit licenses received
9 by the Division of Health Service Regulation along with the applicable
10 license fee prior to June 1, 2013.
- 11 (4) Issuing a license to a facility that was in possession of a certificate of need as
12 of July 31, 2013, that included authorization to operate special care unit
13 beds."

14 **SECTION 12G.2.(a1)** The Department shall submit a report to the Joint
15 Legislative Oversight Committee on Health and Human Services by March 1, 2016, containing
16 at least the following information:

- 17 (1) The number of licensed special care units in the State.
- 18 (2) The capacity of the currently licensed special care units to serve people in
19 need of their services.
- 20 (3) The anticipated growth in the number of people who will need the services
21 of a licensed special care unit.
- 22 (4) The number of applications received from special care units seeking
23 licensure as permitted by this section, and the number of those applications
24 that were not approved.

25 **SECTION 12G.2.(b)** This section is effective when this act becomes law.

26
27 **PHASED CERTIFICATE OF NEED REPEAL**

28 **SECTION 12G.5.(a)** It is the intent of the General Assembly to repeal the
29 certificate of need laws set forth in Article 9 of Chapter 131E of the General Statutes in three
30 phases as set forth in subsections (b) and (c) of this section.

31 **SECTION 12G.5.(b)** Phase 1. – Effective January 1, 2016, the certificate of need
32 laws will not apply to the following health service facilities and activities:

- 33 (1) The establishment of beds or a change in bed capacity at any of the
34 following health service facilities:
 - 35 a. Acute care hospitals.
 - 36 b. Inpatient psychiatric hospitals.
 - 37 c. Inpatient rehabilitation hospitals.
 - 38 d. Kidney disease treatment centers.
 - 39 e. ICFMRs.
 - 40 f. Chemical dependency treatment facilities.
- 41 (2) The offering of any of the following services:
 - 42 a. Bone marrow transplantation.
 - 43 b. Burn intensive care services.
 - 44 c. Open heart surgery services.
 - 45 d. Solid organ transplantation.
- 46 (3) The acquisition of any of the following equipment:
 - 47 a. Gamma knife equipment.
 - 48 b. Heart-lung bypass machine.
 - 49 c. Lithotripter.

- (4) The construction, development, establishment, increase in the number, or relocation of an operating room or gastrointestinal endoscopy room in a licensed health service facility.

SECTION 12G.5.(c) Phase 2. – Effective August 1, 2017, the certificate of need laws will not apply to the establishment of beds or a change in bed capacity at any of the following health service facilities:

- (1) Diagnostic centers.
- (2) Ambulatory surgical facilities.

SECTION 12G.5.(d) Phase 3. – Effective January 1, 2019, the certificate of need laws will not apply to the following health service facilities and activities:

- (1) Nursing homes.
- (2) Hospice programs.
- (3) Hospice inpatient facilities.
- (4) Hospice residential care facilities.
- (5) Long-term care hospitals.
- (6) The offering of cardiac catheterization services.
- (7) The acquisition of any of the following equipment:
 - a. Cardiac catheterization equipment.
 - b. Linear accelerator.
 - c. Magnetic resonance imaging scanner.
 - d. Positron emission tomography scanner.
 - e. Simulator.

REPEAL CERTIFICATE OF PUBLIC ADVANTAGE LAWS

SECTION 12G.6.(a) Article 1E of Chapter 90 and Article 9A of Chapter 131E of the General Statutes are repealed.

SECTION 12G.6.(b) All existing certificates of public advantage (COPAs) granted pursuant to Article 1E of Chapter 90 and Article 9A of Chapter 131E of the General Statutes, as defined in these Articles, are cancelled effective January 1, 2016. By delaying the effective date of the cancellation of COPAs to January 1, 2016, it is the intent of the General Assembly to provide parties to existing cooperative agreements, as defined in G.S. 90-21.25 and G.S. 131E-192.2, with sufficient time to review their cooperative agreements for compliance with State and federal laws and to take whatever action the parties deem necessary.

SECTION 12G.6.(c) This section is effective when it becomes law.

SUBPART XII-H. DIVISION OF MEDICAL ASSISTANCE (MEDICAID)

MEDICAID ELIGIBILITY

SECTION 12H.2.(a) Families and children who are categorically and medically needy are eligible for Medicaid, subject to the following annual income levels:

Family Size	Categorically Needy Income Level	Medically Needy Income Level
1	\$ 5,208	\$ 2,904
2	6,828	3,804
3	8,004	4,404
4	8,928	4,800
5	9,888	5,196
6	10,812	5,604
7	11,700	6,000
8	12,432	6,300

1 The Department of Health and Human Services shall provide Medicaid coverage to 19- and
2 20-year-olds under this subsection in accordance with federal rules and regulations. Medicaid
3 enrollment of categorically needy families with children shall be continuous for one year
4 without regard to changes in income or assets.

5 **SECTION 12H.2.(b)** For the following Medicaid eligibility classifications for
6 which the federal poverty guidelines are used as income limits for eligibility determinations,
7 the income limits will be updated each April 1 immediately following publication of federal
8 poverty guidelines. The Department of Health and Human Services, Division of Medical
9 Assistance, shall provide Medicaid coverage to the following:

- 10 (1) All elderly, blind, and disabled people who have incomes equal to or less
11 than one hundred percent (100%) of the federal poverty guidelines.
- 12 (2) Pregnant women with incomes equal to or less than one hundred ninety-six
13 percent (196%) of the federal poverty guidelines and without regard to
14 resources. Services to pregnant women eligible under this subsection
15 continue throughout the pregnancy but include only those related to
16 pregnancy and to those other conditions determined by the Department as
17 conditions that may complicate pregnancy.
- 18 (3) Infants under the age of one with family incomes equal to or less than two
19 hundred ten percent (210%) of the federal poverty guidelines and without
20 regard to resources.
- 21 (4) Children aged one through five with family incomes equal to or less than
22 two hundred ten percent (210%) of the federal poverty guidelines and
23 without regard to resources.
- 24 (5) Children aged six through 18 with family incomes equal to or less than one
25 hundred thirty-three percent (133%) of the federal poverty guidelines and
26 without regard to resources.
- 27 (6) Workers with disabilities described in G.S. 108A-66A with unearned income
28 equal to or less than one hundred fifty percent (150%) of the federal poverty
29 guidelines.

30 The Department of Health and Human Services, Division of Medical Assistance, shall also
31 provide family planning services to men and women of childbearing age with family incomes
32 equal to or less than one hundred ninety-five percent (195%) of the federal poverty guidelines
33 and without regard to resources.

34 **SECTION 12H.2.(c)** The Department of Health and Human Services, Division of
35 Medical Assistance, shall provide Medicaid coverage to adoptive children with special or
36 rehabilitative needs, regardless of the adoptive family's income.

37 **SECTION 12H.2.(d)** The Department of Health and Human Services, Division of
38 Medical Assistance, shall provide Medicaid coverage to "independent foster care adolescents,"
39 ages 18, 19, and 20, as defined in section 1905(w)(1) of the Social Security Act (42 U.S.C. §
40 1396d(w)(1)), without regard to the adolescent's assets, resources, or income levels.

41 **SECTION 12H.2.(e)** The Department of Health and Human Services, Division of
42 Medical Assistance, shall provide Medicaid coverage to women who need treatment for breast
43 or cervical cancer and who are defined in 42 U.S.C. § 1396a(a)(10)(A)(ii)(XVIII).

44 **SECTION 12H.2.(f)** G.S. 108A-70.21 reads as rewritten:

45 **"§ 108A-70.21. Program eligibility; benefits; enrollment fee and other cost-sharing;
46 coverage from private plans; purchase of extended coverage.**

47 (a) Eligibility. – The Department may enroll eligible children based on availability of
48 funds. Following are eligibility and other requirements for participation in the Program:

- 49 (1) Children must:
 - 50 a. Be between the ages of 6 through 18;

- 1 b. Be ineligible for Medicaid, Medicare, or other federal
2 government-sponsored health insurance;
3 c. Be uninsured;
4 d. Be in a family whose family income is above one hundred
5 thirty-three percent (133%) ~~through and less than or equal to two~~
6 hundred ~~eleven percent (200%)(211%)~~ of the federal poverty level;
7 e. Be a resident of this State and eligible under federal law; and
8 f. Have paid the Program enrollment fee required under this Part.

9 ...

10 (b) Benefits. – All health benefits changes of the Program shall meet the coverage
11 requirements set forth in this subsection. Except as otherwise provided for eligibility, fees,
12 deductibles, copayments, and other cost sharing charges, health benefits coverage provided to
13 children eligible under the Program shall be equivalent to coverage provided for dependents
14 under North Carolina Medicaid Program except for the following:

- 15 (1) No services for long-term care.
16 (2) No nonemergency medical transportation.
17 (3) No EPSDT.
18 (4) Dental services shall be provided on a restricted basis in accordance with
19 criteria adopted by the Department to implement this subsection.

20 In addition to the benefits provided under the North Carolina Medicaid Program, the
21 following services and supplies are covered under the Health Insurance Program for Children
22 established under this Part:

- 23 (1), (1a) Repealed by Session Laws 2011-145, s. 10.41(b), effective July 1, 2011.
24 (2) Vision: Scheduled routine eye examinations once every 12 months, eyeglass
25 lenses or contact lenses once every 12 months, routine replacement of
26 eyeglass frames once every 24 months, and optical supplies and solutions
27 when needed. NCHC recipients must obtain optical services, supplies, and
28 solutions from NCHC enrolled, licensed or certified ophthalmologists,
29 optometrists, or opticians. In accordance with G.S. 148-134, NCHC
30 providers must order complete eyeglasses, eyeglass lenses, and ophthalmic
31 frames through Nash Optical Plant. Eyeglass lenses are limited to
32 NCHC-approved single vision, bifocal, trifocal, or other complex lenses
33 necessary for a Plan enrollee's visual welfare. Coverage for oversized lenses
34 and frames, designer frames, photosensitive lenses, tinted contact lenses,
35 blended lenses, progressive multifocal lenses, coated lenses, and laminated
36 lenses is limited to the coverage for single vision, bifocal, trifocal, or other
37 complex lenses provided by this subsection. Eyeglass frames are limited to
38 NCHC-approved frames made of zylonite, metal, or a combination of
39 zylonite and metal. All visual aids covered by this subsection require prior
40 approval. Requests for medically necessary complete eyeglasses, eyeglass
41 lenses, and ophthalmic frames outside of the NCHC-approved selection
42 require prior approval. Requests for medically necessary fabrication of
43 complete eyeglasses or eyeglass lenses outside of Nash Optical Plant require
44 prior approval. Upon prior approval refractions may be covered more often
45 than once every 12 months.
46 (3) Under the North Carolina Health Choice Program for Children, the
47 co-payment for nonemergency visits to the emergency room for children
48 whose family income is ~~at or below~~ less than or equal to one hundred
49 fifty-fifty-nine percent (150%)(159%) of the federal poverty level is ten
50 dollars (\$10.00). The co-payment for children whose family income is
51 ~~between above one hundred fifty-one~~ fifty-fifty-nine percent (151%)(159%) and

1 less than or equal to two hundred eleven percent (200%)(211%) of the
2 federal poverty level is twenty-five dollars (\$25.00).

3 ...

4 (c) Annual Enrollment Fee. – There shall be no enrollment fee for Program coverage
5 for enrollees whose family income is ~~at or below~~ less than or equal to one hundred fifty
6 fifty-nine percent (150%)(159%) of the federal poverty level. The enrollment fee for Program
7 coverage for enrollees whose family income is above one hundred ~~fifty~~ fifty-nine percent
8 (150%)(159%) ~~through~~ and less than or equal to two hundred eleven percent (200%)(211%) of
9 the federal poverty level shall be fifty dollars (\$50.00) per year per child with a maximum
10 annual enrollment fee of one hundred dollars (\$100.00) for two or more children. The
11 enrollment fee shall be collected by the county department of social services and retained to
12 cover the cost of determining eligibility for services under the Program. County departments of
13 social services shall establish procedures for the collection of enrollment fees.

14 (d) Cost-Sharing. – There shall be no deductibles, copayments, or other cost-sharing
15 charges for families covered under the Program whose family income is ~~at or below~~ less than or
16 equal to one hundred fifty fifty-nine percent (150%)(159%) of the federal poverty level, except
17 that fees for outpatient prescription drugs are applicable and shall be one dollar (\$1.00) for each
18 outpatient generic prescription drug, for each outpatient brand-name prescription drug for
19 which there is no generic substitution available, and for each covered over-the-counter
20 medication. The fee for each outpatient brand-name prescription drug for which there is a
21 generic substitution available is three dollars (\$3.00). Families covered under the Program
22 whose family income is above one hundred ~~fifty~~ fifty-nine percent (150%)(159%) of the
23 federal poverty level shall be responsible for copayments to providers as follows:

- 24 (1) Five dollars (\$5.00) per child for each visit to a provider, except that there
25 shall be no copayment required for well-baby, well-child, or age-appropriate
26 immunization services;
- 27 (2) Five dollars (\$5.00) per child for each outpatient hospital visit;
- 28 (3) A one dollar (\$1.00) fee for each outpatient generic prescription drug, for
29 each outpatient brand-name prescription drug for which there is no generic
30 substitution available, and for each covered over-the-counter medication.
31 The fee for each outpatient brand-name prescription drug for which there is a
32 generic substitution available is ten dollars (\$10.00).
- 33 (4) Twenty dollars (\$20.00) for each emergency room visit unless:
- 34 a. The child is admitted to the hospital, or
- 35 b. No other reasonable care was available as determined by the
36 Department.

37 ..."

38 39 LME/MCO OUT-OF-NETWORK AGREEMENTS

40 **SECTION 12H.3.(a)** The Department of Health and Human Services (Department)
41 shall ensure that local management entities/managed care organizations (LME/MCOs) utilize
42 an out-of-network agreement that contains standardized elements developed in consultation
43 with LME/MCOs. The out-of-network agreement shall be a streamlined agreement between a
44 single provider of behavioral health or intellectual/developmental disability (IDD) services and
45 an LME/MCO to ensure access to care in accordance with 42 C.F.R. 438.206(b)(4), reduce
46 administrative burden on the provider, and comply with all requirements of State and federal
47 laws and regulations. Beginning July 1, 2015, LME/MCOs shall use the out-of-network
48 agreement in lieu of a comprehensive provider contract when all of the following conditions are
49 met:

- 50 (1) The services requested are medically necessary and cannot be provided by
51 an in-network provider.

- 1 (2) The behavioral health or IDD provider's site of service delivery is located
2 outside of the geographical catchment area of the LME/MCO, and the
3 LME/MCO is not accepting applications or the provider does not wish to
4 apply for membership in the LME/MCO closed network.
- 5 (3) The behavioral health or IDD provider is not excluded from participation in
6 the Medicaid program, the NC Health Choice program or other State or
7 federal health care program.
- 8 (4) The behavioral health or IDD provider is serving no more than two enrollees
9 of the LME/MCO, unless the agreement is for inpatient hospitalization, in
10 which case the LME/MCO may, but shall not be required to, enter into more
11 than five such out-of-network agreements with a single hospital or health
12 system in any 12-month period.

13 **SECTION 12H.3.(b)** Medicaid providers providing services pursuant to an
14 out-of-network agreement shall be considered a network provider for purposes of Chapter
15 108D of the General Statutes only as it relates to enrollee grievances and appeals.
16

17 **PROVIDER APPLICATION AND RECREDENTIALING FEE**

18 **SECTION 12H.4.** The Department of Health and Human Services, Division of
19 Medical Assistance, shall charge an application fee of one hundred dollars (\$100.00), and the
20 amount federally required, to each provider enrolling in the Medicaid Program for the first
21 time. The fee shall be charged to all providers at recredentialing every three years.
22

23 **REIMBURSEMENT FOR IMMUNIZING PHARMACIST SERVICES**

24 **SECTION 12H.5.(a)** Effective January 1, 2016, the Department of Health and
25 Human Services, Division of Medical Assistance (Department), shall provide Medicaid and NC
26 Health Choice reimbursement for the administration of covered vaccinations or immunizations
27 provided by immunizing pharmacists in accordance with G.S. 90-85.15B.

28 **SECTION 12H.5.(b)** In order to implement the requirements of subsection (a) of
29 this section, the Department shall enroll immunizing pharmacists as providers.

30 **SECTION 12H.5.(c)** The Department shall submit any State plan amendments
31 necessary to accomplish the requirements of this section.
32

33 **TRAUMATIC BRAIN INJURY MEDICAID WAIVER**

34 **SECTION 12H.6.(a)** The Department of Health and Human Services, Division of
35 Medical Assistance and Division of Mental Health, Developmental Disabilities, and Substance
36 Abuse Services (Department), shall submit to the Centers for Medicare and Medicaid Services
37 a request for approval of the 1915(c) waiver for individuals with traumatic brain injury (TBI)
38 that the Department designed pursuant to Section 12H.6 of S.L. 2014-100, which the Joint
39 Legislative Oversight Committee on Health and Human Services recommended as part of its
40 December 2014 report to the General Assembly, and which is further described in the
41 Department's February 1, 2015, report to the General Assembly.

42 **SECTION 12H.6.(b)** The Department shall report to the Joint Legislative
43 Oversight Committee on Health and Human Services on the status of the Medicaid TBI waiver
44 request and the plan for implementation no later than December 1, 2015. The Department shall
45 submit an updated report by March 1, 2016. Each report shall include the following:

- 46 (1) The number of individuals who are being served under the waiver and the
47 total number of individuals expected to be served.
- 48 (2) The expenditures to date and a forecast of future expenditures.
- 49 (3) Any recommendations regarding expansion of the waiver.

50 **SECTION 12H.6.(c)** Of the funds appropriated to the Department of Health and
51 Human Services, Division of Medical Assistance, two million dollars (\$2,000,000) for fiscal

1 year 2015-2016 and two million dollars (\$2,000,000) for fiscal year 2016-2017 shall be used to
2 fund the Medicaid TBI waiver.

3 4 **STUDY MEDICAID COVERAGE FOR VISUAL AIDS**

5 **SECTION 12H.6A.** The Department of Health and Human Services, Division of
6 Medical Assistance, in consultation with the Department of Public Safety, shall submit a report
7 to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal
8 Research Division by October 1, 2015, containing an analysis of the fiscal impact to the State
9 of reinstating Medicaid coverage for visual aids for adults utilizing a contract with the
10 Department of Public Safety for fabrication of the eyeglasses at Nash Optical Plant Optical
11 Laboratory. The report shall also analyze the cost of reinstating Medicaid coverage for routine
12 eye examinations for adults in addition to the coverage for visual aids.

13 14 **ASSESSMENTS**

15 **SECTION 12H.7.** G.S. 108A-122(b) reads as rewritten:

16 "(b) Allowable Cost. – An assessment paid under this Article may be included as
17 allowable costs of a hospital for purposes of any applicable Medicaid reimbursement ~~formula.~~
18 formula; assessments paid under this Article shall be excluded from cost settlement. An
19 assessment imposed under this Article may not be added as a surtax or assessment on a patient's
20 bill."

21 22 **LME/MCO TRANSFER OF FUNDS TO RISK RESERVE**

23 **SECTION 12H.8.(a)** After the local management entities/managed care
24 organizations (LME/MCOs) have allocated funds to cover the reduction in single stream
25 funding required by Section 12F.2 of this act, the Department of Health and Human Services,
26 Division of Medical Assistance, shall require LME/MCOs to transfer funds from their
27 operating cash reserves to their contractually-required risk reserve account in an amount
28 sufficient so that the funds in the risk reserve account equal fifteen percent (15%) of annual
29 premiums. The Department shall not require LME/MCOs to transfer from their operating cash
30 reserves the amount needed to make up the difference between the current month's claims
31 payments and the capitation payment received for the month.

32 **SECTION 12H.8.(b)** The Department shall discontinue paying the two percent
33 (2%) added to the administrative payment of an LME/MCO when the amount in the
34 LME/MCO's risk reserve account reaches fifteen percent (15%) of annual premiums.

35 **SECTION 12H.8.(c)** The Department shall work with LME/MCOs to consolidate
36 their multiple existing reserve accounts so that each LME/MCO has only one reserve account.

37 38 **ADMINISTRATIVE HEARINGS FUNDING**

39 **SECTION 12H.9.** Of the funds appropriated to the Department of Health and
40 Human Services, Division of Medical Assistance, for administrative contracts and interagency
41 transfers, the Department of Health and Human Services (Department) shall transfer the sum of
42 one million dollars (\$1,000,000) for the 2015-2016 fiscal year and the sum of one million
43 dollars (\$1,000,000) for the 2016-2017 fiscal year to the Office of Administrative Hearings
44 (OAH). These funds shall be allocated by the OAH for mediation services provided for
45 Medicaid applicant and recipient appeals and to contract for other services necessary to conduct
46 the appeals process. OAH shall continue the Memorandum of Agreement (MOA) with the
47 Department for mediation services provided for Medicaid recipient appeals and contracted
48 services necessary to conduct the appeals process. The MOA will facilitate the Department's
49 ability to draw down federal Medicaid funds to support this administrative function. Upon
50 receipt of invoices from OAH for covered services rendered in accordance with the MOA, the
51 Department shall transfer the federal share of Medicaid funds drawn down for this purpose.

ACCOUNTING FOR MEDICAID RECEIVABLES AS NONTAX REVENUE

SECTION 12H.10.(a) Receivables reserved at the end of the 2015-2016 and 2016-2017 fiscal years shall, when received, be accounted for as nontax revenue for each of those fiscal years.

SECTION 12H.10.(b) For the 2015-2016 fiscal year, the Department of Health and Human Services shall deposit from its revenues one hundred thirty-nine million dollars (\$139,000,000) with the Department of State Treasurer to be accounted for as nontax revenue. For the 2016-2017 fiscal year, the Department of Health and Human Services shall deposit from its revenues one hundred thirty-nine million dollars (\$139,000,000) with the Department of State Treasurer to be accounted for as nontax revenue. These deposits shall represent the return of General Fund appropriations, nonfederal revenue, fund balances, or other resources from State-owned and State-operated hospitals which are used to provide indigent and nonindigent care services. The return from State-owned and State-operated hospitals to DHHS will be made from nonfederal resources in an amount equal to the amount of the payments from the Division of Medical Assistance for uncompensated care. The treatment of any revenue derived from federal programs shall be in accordance with the requirements specified in the Code of Federal Regulations, Title 2, Part 225.

MEDICAID SPECIAL FUND TRANSFER

SECTION 12H.11. Of the funds transferred to the Department of Health and Human Services for Medicaid programs pursuant to G.S. 143C-9-1, there is appropriated from the Medicaid Special Fund to the Department of Health and Human Services the sum of forty-three million dollars (\$43,000,000) for the 2015-2016 fiscal year and the sum of forty-three million dollars (\$43,000,000) for the 2016-2017 fiscal year. These funds shall be allocated as prescribed by G.S. 143C-9-1(b) for Medicaid programs. Notwithstanding the prescription in G.S. 143C-9-1(b) that these funds not reduce State general revenue funding, these funds shall replace the reduction in general revenue funding effected in this act.

MISCELLANEOUS MEDICAID PROVISIONS

SECTION 12H.12.(a) Volume Purchase Plans and Single Source Procurement. – The Department of Health and Human Services, Division of Medical Assistance, may, subject to the approval of a change in the State Medicaid Plan, contract for services, medical equipment, supplies, and appliances by implementation of volume purchase plans, single source procurement, or other contracting processes in order to improve cost containment.

SECTION 12H.12.(b) Cost Containment Programs. – The Department of Health and Human Services, Division of Medical Assistance, may undertake cost containment programs, including contracting for services, preadmissions to hospitals, and prior approval for certain outpatient surgeries before they may be performed in an inpatient setting.

SECTION 12H.12.(c) Medicaid Identification Cards. – The Department shall issue Medicaid identification cards to recipients on an annual basis with updates as needed.

MISCELLANEOUS HEALTH CHOICE PROVISIONS

SECTION 12H.14.(a) G.S. 108A-70.18(4a) is repealed.

SECTION 12H.14.(b) G.S. 108A-70.20 reads as rewritten:

"§ 108A-70.20. Program established.

The Health Insurance Program for Children is established. The Program shall be known as North Carolina Health Choice for Children, and it shall be administered by the Department of Health and Human Services in accordance with this Part and as required under Title XXI and related federal rules and regulations. Administration of Program benefits and claims processing

1 shall be as provided under Part 5 of Article 3 of Chapter 135 of the General Statutes described
2 in 42 C.F.R. § 447.45(d)(1)."

3 **SECTION 12H.14.(c)** Subsections (g) and (h) of G.S. 108A-70.21 are repealed.

4 **SECTION 12H.14.(d)** G.S. 108A-70.21(i) reads as rewritten:

5 "(i) ~~No Lifetime Maximum Benefit Limit.~~—Benefits provided to an enrollee in the
6 Program shall not be subject to a maximum lifetime limit. may be subject to lifetime maximum
7 limits set forth in Medicaid and NC Health Choice medical coverage policies adopted pursuant
8 to G.S. 108A-54.2."

9 **SECTION 12H.14.(e)** G.S. 108A-70.27(c) is repealed.

10 **REINSTATE COST SETTLEMENT PURSUANT TO 1993 STATE AGREEMENT**

11 **SECTION 12H.17.** Effective July 1, 2015, the cost settlement for outpatient
12 Medicaid services performed by Vidant Medical Center, which was previously known as Pitt
13 County Memorial Hospital, shall be at one hundred percent (100%) of allowable costs.

14 **COVERED SERVICES AND PAYMENT FOR SERVICES**

15 **SECTION 12H.18.** Except as otherwise specifically provided in this act or another
16 act passed during the 2015 Regular Session, the authorized State plan services, co-pays,
17 reimbursement rates, and fees shall remain the same as those authorized as of June 30, 2015.

18 **DRUG REIMBURSEMENT USING AVERAGE ACQUISITION COST**

19 **SECTION 12H.19.(a)** The Department of Health and Human Services, Division of
20 Medical Assistance, (Department) shall adopt an average acquisition cost methodology for
21 brand and generic drug ingredient pricing to be effective beginning on January 1, 2016. The
22 drug ingredient pricing methodology shall be consistent with new federal requirements or, if
23 the new federal requirements have not yet been finalized by July 1, 2015, consistent with the
24 most recent draft federal requirements. In adopting a new drug ingredient pricing methodology,
25 the Department shall also do all of the following:

- 26 (1) Raise the average dispensing fee to a weighted average amount that does not
27 exceed twelve dollars (\$12.00).
- 28 (2) Set actual dispensing fees that maintain a higher dispensing fee for preferred
29 and generic drugs and a lower dispensing fee for brand and nonpreferred
30 drugs.
- 31 (3) Ensure that ingredient prices are updated at least monthly.

32 **SECTION 12H.19.(b)** In addition to the requirements in subsection (a) of this
33 section, the Department may also set tiered dispensing fees that establish a higher dispensing
34 fee for providers who dispense a lower volume of prescriptions and a lower dispensing fee for
35 providers who dispense a higher volume of prescriptions, as long as the weighted average
36 amount of all the tiered dispensing fees does not exceed twelve dollars (\$12.00).

37 **SECTION 12H.19.(c)** In order to implement this section, the Department shall
38 either amend the State plan amendment request submitted to the Centers for Medicare and
39 Medicaid Services (CMS) pursuant to Section 12H.8 of S.L. 2014-100 so that it conforms with
40 the requirements of this section or shall withdraw that State plan amendment and submit a new
41 State plan amendment request to CMS that conforms with the requirements of this section, in
42 accordance with the procedures set forth in G.S. 108A-54.1A.

43 **MEDICAID DENTAL SERVICE COST SETTLEMENT**

44 **SECTION 12H.20.** The Department of Health and Human Services, Division of
45 Medical Assistance, shall submit a State Plan Amendment request to the Centers for Medicare
46 and Medicaid Services to assure that all State-operated dental schools receive the same
47 reimbursement for dental services provided to North Carolina Medicaid beneficiaries.

MOBILE DENTAL PROVIDER ENROLLMENT

SECTION 12H.21. For mobile dental providers seeking enrollment as a Medicaid provider, and upon reenrollment of current Medicaid mobile dental providers, the Department of Health and Human Services, Division of Medicaid Assistance, shall require as a condition of enrollment or reenrollment that the mobile dental provider show proof of a contractual affiliation with dental practice that is not mobile, and the Department shall require the mobile dental provider to use the National Provider Identifier (NPI) of the non-mobile dental practice for purposes of filing claims.

INCREASE RATES FOR PRIVATE DUTY NURSING

SECTION 12H.22. Effective January 1, 2016, the Department of Health and Human Services, Division of Medical Assistance, shall increase by ten percent (10%) the rate paid for private duty nursing services provided pursuant to Clinical Coverage Policy 3G.

RESTRICTING GRADUATE MEDICAL PAYMENTS

SECTION 12H.23.(a) The Department of Health and Human Services shall submit a State Plan Amendment to modify Section 4.19-A of the Medicaid State Plan, such that, effective October 1, 2015, no Medicaid provider may receive reimbursement for Graduate Medical Education (GME) in addition to their DRG Unit Value (Base) rate under the methodology as defined in the current Medicaid State Plan.

SECTION 12H.23.(b) This modification shall be implemented upon approval by the Centers for Medicare and Medicaid Services (CMS).

SECTION 12H.23.(c) The Department of Health and Human Services, Division of Medical Assistance, shall be exempt from the 90-day prior submission requirement in G.S. 108A-54.1A in order to submit the State Plan amendment required to implement this section.

MEDICAID TRANSFORMATION AND REORGANIZATION

SECTION 12H.24.(a) Intent and Goals. – It is the intent of the General Assembly to transform the State's current Medicaid program to a program that provides budget predictability for the taxpayers of this State while ensuring quality care to those in need. The new Medicaid program shall be designed to achieve the following goals:

- (1) Ensure budget predictability through shared risk and accountability.
- (2) Ensure balanced quality, patient satisfaction, and financial measures.
- (3) Ensure efficient and cost-effective administrative systems and structures.
- (4) Ensure a sustainable delivery system.

SECTION 12H.24.(b) Structure of Delivery System. – The transformed Medicaid program described in subsection (a) of this section shall be organized according to the following principles and parameters:

- (1) The Health Benefits Authority (Authority), created in subsection (h1) of this section, shall have full budget and regulatory authority to manage the State's Medicaid and NC Health Choice programs, except the General Assembly shall determine eligibility categories and income thresholds.
- (2) Among its initial tasks, the Authority shall:
 - a. Determine the structural and financial qualifications required for managed care organizations (MCOs) and provider-led entities (PLEs). The majority of the members of a PLE's governing board shall be composed of providers as defined in G.S. 108C-2 or entities composed of providers.

1 b. Designate six regions within the State. Regions must be composed of
2 whole counties. Regions do not have to be contiguous, and it is not
3 the intent of the General Assembly to require that every county be
4 included in at least one of the six regions.

5 (3) The Authority shall enter into contractual relationships with MCOs and
6 PLEs for the delivery of all Medicaid health care items and services. All
7 contracts shall be the result of a request for proposals (RFP) issued by the
8 Authority and the submission of competitive bids by MCOs and PLEs. The
9 governing principles and minimum terms and conditions of the RFPs, bids,
10 and contracts are described in subsection (d) of this section.

11 (4) The number and nature of the contracts required under subdivision (3) of this
12 subsection shall be as follows:

13 a. Three contracts between the Authority and any combination of
14 individual MCOs and individual PLEs. Each of these contracts shall
15 provide statewide coverage for all Medicaid health care items and
16 services (statewide contracts).

17 b. Up to 12 contracts between the Authority and individual PLEs for
18 coverage of specified regions (regional contracts). Regional contracts
19 shall be in addition to the three statewide contracts required under
20 sub-subdivision a. of this subdivision. Each regional contract shall
21 provide coverage throughout the entire region for all Medicaid health
22 care items and services. A PLE may bid on more than one region.
23 The Authority shall have full discretion to enter into one, two, or no
24 regional contracts in any region.

25 (5) As a result of the contracts entered into by the Authority under subdivision
26 (3) of this subsection, a recipient shall have at least three, but no more than
27 five enrollment choices for the provision of all Medicaid health care items
28 and services. The Authority shall provide for annual open enrollment periods
29 and shall determine the process for assigning recipients who do not select a
30 MCO or PLE during the enrollment period.

31 **SECTION 12H.24.(c)** Time Line. – The following milestones for Medicaid
32 transformation shall occur no later than the following dates:

33 (1) When this act becomes law. -

34 a. The Health Benefits Authority is created pursuant to subsection (h1)
35 of this section and appointments to the Authority's Board shall be
36 made pursuant to G.S. 143B-1405.

37 b. The Joint Legislative Oversight Committee on the Health Benefits
38 Authority (LOC-HBA) is created pursuant to subsection (l) of this
39 section to oversee the Medicaid and NC Health Choice programs.

40 (2) September 1, 2015. – The Department of Health and Human Services
41 (Department) shall establish the Medicaid stabilization team pursuant to
42 subsection (g) of this section.

43 (3) October 1, 2015. -

44 a. The Authority is designated as the single state agency for the
45 administration of Medicaid and NC Health Choice.

46 b. The Department and the Authority shall enter into agreements
47 necessary for the Authority to supervise the Department's
48 administration of the Medicaid and NC Health Choice programs.

49 (4) February 1, 2016. – The Authority shall submit requests for waivers and
50 State Plan amendments to the Centers for Medicare and Medicaid Services
51 necessary to implement Medicaid transformation.

- 1 (5) March 1, 2016. – The Authority shall report recommended statutory changes
2 to the North Carolina General Statutes to the LOC-HBA.
3 (6) April 1, 2017. – The initial recipient enrollment period begins.
4 (7) August 1, 2017. – Capitated full-risk contracts begin.

5 **SECTION 12H.24.(d)** Requests for Proposals; Bids; Terms & Conditions of
6 Contracts. – The following shall be components of the initial RFPs, responsive bids to the
7 initial RFPs, and the initial contracts that are required under subsection (b) of this section.

- 8 (1) An RFP may solicit bids for a statewide contract, a regional contract, or
9 both, and may propose variable contract durations.
10 (2) RFPs must require at least all of the following:
11 a. Full-risk capitation for all Medicaid health care items and services.
12 b. Coverage for all program aid categories except the dual eligible
13 categories for which Medicaid only pays Medicare premiums.
14 c. All bidders meet solvency requirements established by the
15 Department of Insurance pursuant to subsection (k1) of this section.
16 d. All bidders meet the same standards and metrics for risk, outcomes,
17 and quality.
18 e. All bidders establish appropriate networks or providers to deliver
19 services.
20 f. All bidders subcontract with existing LME/MCOs for behavioral
21 health services for up to three years at a capitation rate that is no less
22 than the most recently negotiated rate for the then current scope of
23 benefits paid to LME/MCOs.
24 g. All bidders agree not to limit providers' ability to contract with other
25 MCOs and PLEs.
26 h. All bidders must connect to the Health Information Exchange
27 Network or any successor information technology entity or
28 architecture specified by the Authority in order to ensure effective
29 systems and connectivity to support clinical coordination of care,
30 exchange of information, and the availability of data to the Authority
31 to manage the Medicaid and NC Health Choice program for the
32 State.
33 i. All bidders ensure that their contracts with providers include
34 value-based payment systems that support the achievement of overall
35 performance, quality, and outcome measures.
36 (3) All bids must respond to the requirements of subdivision (2) of this
37 subsection and must also include at least all of the following:
38 a. For statewide contracts, a description of how the MCO or PLE will
39 ensure access to appropriate care throughout the State.
40 b. For regional contracts, a description of how the PLE will ensure
41 access to appropriate care throughout the region.
42 c. Proposed competitive medical loss ratios.
43 d. Proposed full-risk capitated rates based on Centers for Medicare and
44 Medicaid Services (CMS) actuarial soundness and industry standards
45 as well as risk adjusted rate ranges using claims data from fiscal year
46 2014-2015. Actuarial calculations must include utilization
47 assumptions consistent with industry and local standards.
48 e. Methods to ensure program integrity against provider fraud, waste,
49 and abuse at all levels.
50 (4) In addition to the requirements of subdivisions (1) through (3) of this
51 subsection, each contract must provide for all of the following:

- 1 a. Negotiated full-risk capitated rates, including a portion that is at risk
- 2 for achievement of quality and outcome measures.
- 3 b. Negotiated competitive medical loss ratios.
- 4 c. Compliance by the MCO or PLE with all CMS requirements for the
- 5 Medicaid and NC Health Choice programs.
- 6 d. Defined measures and goals for risk adjusted health outcomes,
- 7 quality of care, patient satisfaction, and cost. Each component must
- 8 be measured and monitored continually and reported at set intervals
- 9 as determined by the Authority. Each component shall be subject to
- 10 specific accountability measures, including penalties. The Authority
- 11 may use organizations such as National Committee for Quality
- 12 Assurance (NCQA), Physician Consortium for Performance
- 13 Improvement (PCPI), Healthcare Effectiveness Data and Information
- 14 Set (HEDIS), or any others necessary to develop effective measures
- 15 for outcomes and quality.
- 16 e. Acceptance of full responsibility by the MCO or PLE for all
- 17 grievance and appeals.
- 18 f. Ability of the MCO or PLE to exclude providers from networks
- 19 based on economic or quality standards.
- 20 g. Ability of the MCO or PLE to terminate the capitation rate required
- 21 under sub-subdivision f. of subdivision (2) of this subsection if
- 22 termination of the rate is mutually agreed to by the LME/MCO.
- 23 h. Agreement that covered benefits will not be reduced from the
- 24 covered services in effect on the date the contract is awarded except
- 25 in instances where the Authority reduces a covered service for all
- 26 recipients and for all contracts.

27 **SECTION 12H.24.(e)** Monthly Progress Report. – Beginning November 1, 2015,
28 and monthly thereafter until October 1, 2018, the Health Benefits Authority shall report to the
29 LOC-HBA and the Fiscal Research Division on the State's progress toward completing
30 Medicaid transformation. The March 1, 2016, report shall contain proposed changes to the
31 North Carolina General Statutes that are necessary to implement Medicaid transformation.

32 **SECTION 12H.24.(f)** Maintain Funding Mechanisms. – In developing the waivers
33 and State Plan amendments necessary to implement this section, the Authority shall work with
34 the Centers for Medicare & Medicaid Services (CMS) to attempt to preserve existing levels of
35 funding generated from Medicaid-specific funding streams, such as assessments, to the extent
36 that the levels of funding may be preserved. If such Medicaid-specific funding cannot be
37 maintained as currently implemented, then the Authority shall advise the LOC-HBA created in
38 subsection (h1) of this section of any modifications necessary to maintain as much revenue as
39 possible within the context of Medicaid transformation. If such Medicaid-specific funding
40 streams cannot be preserved through the transformation process or if revenue would decrease, it
41 is the intent of the General Assembly to modify such funding streams so that any supplemental
42 payments to providers are more closely aligned to improving health outcomes and achieving
43 overall Medicaid goals.

44 **SECTION 12H.24.(g)** DHHS Role in Medicaid Transformation. – During
45 Medicaid transformation, the Department of Health and Human Services, Division of Medical
46 Assistance (Division), shall cooperate with the Authority to ensure a smooth transition of the
47 Medicaid and NC Health Choice programs and shall perform all of the following functions:

- 48 (1) The Department and the Authority shall enter into agreements necessary for
- 49 the Authority to supervise the Department's administration of the Medicaid
- 50 and NC Health Choice programs until the transformed Medicaid program is
- 51 completed.

- 1 (2) The Department of Health and Human Services, Office of the Secretary,
2 (Office of the Secretary) shall organize a Medicaid stabilization team to do
3 the following:
- 4 a. Maintain the Medicaid and NC Health Choice programs until
5 Medicaid transformation has been completed.
 - 6 b. Work with the Authority during the transition.
 - 7 c. Develop strategies to successfully complete the requirements of
8 sub-subdivisions a. and b. of this subdivision.
 - 9 d. Make recommendations to the LOC-HBA on any additional
10 authorization or funding necessary to successfully complete the
11 requirements of sub-subdivisions a. and b. of this subdivision.
 - 12 e. With assistance from the Office of State Human Resources, conduct
13 interviews and meetings with designated essential employees of the
14 Division to explain the transition process, including options for the
15 employees and the bonus payment system established under this
16 subsection.
 - 17 f. No later than September 1, 2015, report to the LOC-HBA on the plan
18 to communicate to employees, as required by sub-subdivision e. of
19 this subdivision.
- 20 (3) The Office of the Secretary shall identify the key managers, leaders, and
21 decision makers to be part of the stabilization team and, no later than
22 September 1, 2015, shall submit a list of these people and their roles to the
23 Authority and the LOC-HBA.
- 24 (4) No later than September 1, 2015, the Secretary of Health and Human
25 Services (Secretary) shall identify and designate "essential positions"
26 throughout the Department without which the Medicaid and NC Health
27 Choice programs could not operate on a day-to-day basis. Such positions
28 designated by the Secretary may include any position, whether subject to or
29 exempt from the State Personnel Act or whether supervisory or
30 nonsupervisory, as long as the position is essential to the operation of
31 Medicaid or NC Health Choice. Because the designation is based on the
32 functions to be performed and because of the nature of the bonuses provided
33 under this subsection, the designation of a position as essential may not be
34 revoked, and the Secretary may designate both open and filled positions.
- 35 (5) In order to encourage employees to remain in their positions working on
36 Medicaid and NC Health Choice within the Department, employees serving
37 in positions designated as essential positions under this subsection shall be
38 eligible for the following benefits:
- 39 a. Effective August 1, 2015, any employee working in a designated
40 essential position within the Division shall receive a bonus at each
41 pay period that is equal to five percent (5%) of the employee's
42 earnings for that period.
 - 43 b. Effective August 1, 2015, any employee working in a designated
44 essential position within the Department, but outside of the Division,
45 whose salary is paid with federal Medicaid funds shall also receive a
46 five percent (5%) bonus, paid in the same manner as bonuses are
47 paid under sub-subdivision a. of this subdivision. If such an
48 employee working outside of the Division does not work full-time on
49 Medicaid issues, then the amount of the bonus shall be calculated by
50 first multiplying the employee's earnings for that period by the

1 percentage of the employee's time spent on Medicaid issues and then
 2 multiplying that product by five percent (5%).

3 c. Any employee who received bonus payments under sub-subdivisions
 4 a. or b. of this subdivision who is still employed within the Division
 5 or within the Department as of July 31, 2017, or who is employed
 6 within the Authority, shall receive a final bonus payment equal to the
 7 sum of all the bonus payments that the employee had received since
 8 July 1, 2015, under sub-subdivision a. of this subdivision. No
 9 employee departing before July 31, 2017, shall be eligible to receive
 10 any portion of such a final bonus payment, and no property right is
 11 created by this subsection for employees that depart before July 31,
 12 2017.

13 d. The bonus payments paid under this subsection are made
 14 notwithstanding G.S. 126-4(2) or any other provision of law.
 15 Notwithstanding G.S. 135-1(7a), bonus payments paid under this
 16 subsection shall not count as "compensation" for purposes of the
 17 Retirement System for Teachers and State Employees, nor shall the
 18 Department of Health and Human Services be required to make
 19 payments to the Retirement System based on the amounts paid as
 20 bonuses. Additionally, bonus payments paid under this subsection
 21 shall not count as "compensation" or "salary" for calculating
 22 severance payments under G.S. 126-8.5 or calculating unemployment
 23 benefits.

24 (6) The Department shall not enter into any new contracts, or renew or extend
 25 any contracts that existed prior to the effective date of this subsection,
 26 related to the Medicaid or NC Health Choice programs without the express
 27 prior approval of the Board of the Authority. The Department and the
 28 Division shall ensure that any Medicaid-related or NC Health Choice-related
 29 State contract entered into after the effective date of this act contains a
 30 clause that allows the Department or the Division to terminate the contract
 31 without cause upon 30 days' notice. Any contract signed by the Department
 32 or the Division after the effective date of this act that lacks such a
 33 termination clause shall, nonetheless, be deemed to include such a clause
 34 and shall be cancellable without cause upon 30 days' notice.

35 **SECTION 12H.24.(h1)** Creation of Health Benefits Authority. – Effective when
 36 this act becomes law, the Health Benefits Authority as established in this section shall be a
 37 single, unified cabinet-level department. In accordance with the time line set out in subsection
 38 (c) of this section, the Health Benefits Authority shall administer and operate all functions,
 39 powers, duties, obligations, and services related to the Medicaid and NC Health Choice
 40 programs. In accordance with the time line set out in subsection (c) of this section, all
 41 functions, powers, duties, obligations, and services vested in the Department of Health and
 42 Human Services, Division of Medical Assistance, are vested in the Health Benefits Authority.

43 **SECTION 12H.24.(h2)** G.S. 143B-6 reads as rewritten:

44 **"§ 143B-6. Principal departments.**

45 In addition to the principal departments enumerated in the Executive Organization Act of
 46 1971, all executive and administrative powers, duties, and functions not including those of the
 47 General Assembly and its agencies, the General Court of Justice and the administrative
 48 agencies created pursuant to Article IV of the Constitution of North Carolina, and higher
 49 education previously vested by law in the several State agencies, are vested in the following
 50 principal departments:

51 ...

1 (12) Health Benefits Authority."

2 **SECTION 12H.24.(h3)** Chapter 143B of the General Statutes is amended by
3 adding a new Article to read:

4 "Article 14.

5 "Health Benefits Authority.

6 **"§ 143B-1400. Creation and organization.**

7 There is hereby established the Health Benefits Authority (Authority) to administer and
8 operate the Medicaid and NC Health Choice programs. The Authority shall be governed by a
9 board, which shall be responsible for ensuring quality health outcomes to eligible recipients at a
10 predictable cost to the taxpayers of this State. The Authority shall be the designated single State
11 agency for the administration and operation of the Medicaid and NC Health Choice programs.

12 **"§ 143B-1405. Board of the Health Benefits Authority.**

13 (a) The Board of the Health Benefits Authority shall consist of the following:

14 (1) Three members appointed by the Governor.

15 (2) Two members appointed by the General Assembly, on the recommendation
16 of the President Pro Tempore of the Senate.

17 (3) Two members appointed by the General Assembly, on the recommendation
18 of the Speaker of the House of Representatives.

19 (4) The Secretary of Health and Human Services or the Secretary's designee,
20 who shall serve as an ex officio nonvoting member of the Board.

21 (b) Each appointed member of the board shall have expertise from at least one of the
22 following areas:

23 (1) The administration of large health delivery systems.

24 (2) Health insurance.

25 (3) Health actuarial science.

26 (4) Health economics.

27 (5) Health law and policy.

28 In making appointments to the Board under this section, each appointing authority shall consult
29 with the other appointing authorities to ensure adequate representation from all of the areas of
30 expertise listed in this subsection.

31 (c) The following individuals may not serve on the Board:

32 (1) An individual who receives or has received Medicaid payments during the
33 six months prior to serving on the Board for providing health care or
34 services to enrollees of the North Carolina Medicaid or NC Health Choice
35 programs.

36 (2) An individual who is or has been during the six months prior to serving on
37 the Board a registered lobbyist for a provider, or association of providers,
38 receiving payments from the North Carolina Medicaid or NC Health Choice
39 programs, or an employee of such a lobbyist.

40 (3) An individual who has, within six months of appointment, been an officer or
41 employee of the State.

42 As used in this subsection, the term "provider" includes any parent, subsidiary, or affiliated
43 legal entity, and the term "provider" has the same meaning as defined under G.S. 108C-2.

44 (d) Board members appointed under subdivision (1) through (3) of subsection (a) of this
45 section shall serve for a term of four years. The Governor shall have the power to remove any
46 member of the Board from office for misfeasance, malfeasance, or nonfeasance in accordance
47 with the provisions of G.S. 143B-13 of the Executive Organization Act of 1973. Appointing
48 authorities shall fill any vacancies that arise to complete the term of the vacating Board
49 member.

50 (e) In making the initial appointments, the appointing authorities shall, in order to
51 stagger terms, designate one person appointed under subdivision (1) of subsection (a) of this

1 section, one person appointed under subdivision (2) of subsection (a) of this section, and one
2 person appointed under subdivision (3) of subsection (a) of this section to serve until June 30,
3 2017. The remaining four appointees shall serve until June 30, 2019. Future appointees shall
4 serve terms of four years, with staggered terms based on this section. Board members may
5 serve up to two consecutive terms, not including the abbreviated two-year terms that establish
6 staggered terms or terms of less than two years that result from the filling of a vacancy.

7 (f) The Governor shall designate a chair of the Board from among the appointed voting
8 members of the Board. The Board member designated as the chair shall serve as a chair at the
9 pleasure of the Governor. The chair shall serve on the Governor's Cabinet. If the Governor does
10 not appoint a chair, the Board may select a chair from among its voting members. The
11 Board-selected chair shall serve in that capacity until such time as the Governor appoints a
12 chair.

13 (g) The Board shall meet at least monthly until August 1, 2017, and at least quarterly
14 thereafter. The Board may also meet at the call of the chair or at the request of a majority of the
15 voting Board members. A majority of the voting Board members constitutes a quorum for
16 conducting business.

17 (h) The voting members of the Board are State officers and not State employees. No
18 voting member may serve on the Board while employed as a State employee.

19 (i) The voting members of the Board shall be compensated in an amount sufficient to
20 obtain quality professionals with experience managing large businesses, insurance programs,
21 and health systems. The initial compensation for voting Board members shall be established by
22 the Office of State Human Resources no later than October 1, 2015. Thereafter, the
23 compensation of voting Board members shall be set by the Board under G.S. 143B-1410(3) and
24 shall be comparable to compensation paid to the members of boards operating large health
25 insurance plans but shall not exceed the highest compensation paid to a member of the Council
26 of State. When adjusting members' compensation, the Board shall provide a justification to the
27 Office of State Human Resources based upon a survey of comparable health insurance plans.

28 **"§ 143B-1410. Powers and duties of the Board of the Health Benefits Authority.**

29 (a) The Board of the Health Benefits Authority shall have the following powers and
30 duties:

- 31 (1) Administer and operate the Medicaid and NC Health Choice programs.
32 None of the powers and duties enumerated in the other subdivisions of this
33 subsection shall be construed to limit the broad grant of authority to
34 administer and operate the Medicaid and NC Health Choice programs.
- 35 (2) Employ the Medicaid Director, who shall be responsible for the daily
36 operation of the Authority, and other staff, including legal staff. In hiring
37 staff, the Board may offer employment contracts for a term.
- 38 (3) Set compensation for the employees, including performance-based bonuses
39 based on meeting budget or other targets, and for the voting Board members.
- 40 (4) Procure office space for the Authority.
- 41 (5) Notwithstanding G.S. 143-64.20, enter into contracts for the administration
42 of the Medicaid and NC Health Choice programs, as well as manage such
43 contracts, including contracts of a consulting or advisory nature.
- 44 (6) Employ or contract for independent internal auditing staff that report directly
45 to the Board rather than to the Medicaid Director. Notwithstanding
46 subsection (b) of this section, this function may not be delegated.
- 47 (7) Pursuant to G.S. 108A-1, supervise the county departments of social services
48 in their administration of eligibility determinations. Pursuant to subdivision
49 (5) of this subsection, the Board may contract with the Department of Health
50 and Human Services or any other appropriate party to perform this task or a
51 portion of this task.

- 1 (8) Define and approve the following for the Authority and the programs
2 managed by the Authority:
3 a. Business policy.
4 b. Strategic plans, including desired health outcomes for the covered
5 populations, which shall do the following:
6 1. Be developed at a frequency of no less than every five years
7 with the input of stakeholders.
8 2. Identify key opportunities and challenges facing the
9 organization.
10 3. Identify the Authority's strengths and weaknesses to address
11 these opportunities and challenges.
12 4. Identify key goals for the Authority for this time period,
13 consistent with the reform goals identified by the General
14 Assembly.
15 5. Identify output and outcome performance measures to
16 quantify the Authority's progress toward these goals.
17 6. Identify strategies to reach these goals.
18 7. Be used as a guide for units within the Authority to establish
19 unit-specific operational plans at the same frequency.
20 c. Performance management system, including quantitative indicators
21 for goals and objectives, which shall do the following:
22 1. Be developed and implemented within the first year of the
23 creation of the Authority, and updated no less than annually
24 thereafter with available data.
25 2. Establish quantitative performance measures focusing on the
26 quality and efficiency of service delivery and administration,
27 using a nationally recognized quality improvement effort
28 allowing comparison of North Carolina to other states as
29 those developed by, but not limited to, the federal Medicaid
30 Quality Measurement Program and the Baldrige Quality
31 Program.
32 3. Establish measurable objectives for each goal identified in the
33 strategic plan, and performance updated annually.
34 4. Establish, for each objective, benchmark activities, including
35 an estimated date of completion, the area for which efforts are
36 attempting a change, a quantitative indicator of success for
37 the area, and quarterly milestones allowing Authority
38 managers and employees to monitor progress throughout the
39 year.
40 5. Establish mechanisms for obtaining data necessary for the
41 collection and public distribution of performance information.
42 d. Program and policy changes.
43 e. Operational budget and assumptions.
44 (9) Establish and adjust all program components, except for eligibility, of the
45 Medicaid and NC Health Choice programs within the appropriated and
46 allocated budget.
47 (10) Adopt rules related to the Medicaid and NC Health Choice programs.
48 (11) Develop midyear budget correction plans and strategies and then take
49 midyear budget corrective actions necessary to keep the Medicaid and NC
50 Health Choice programs within budget.

- 1 (12) Approve or disapprove and oversee all expenditures to be charged to or
2 allocated to the Medicaid and NC Health Choice programs by other State
3 departments or agencies.
- 4 (13) Develop and present to the Joint Legislative Oversight Committee on the
5 Health Benefits Authority and the Office of State Budget and Management
6 by January 1 of each year, beginning in 2016, the following information for
7 the Medicaid and NC Health Choice programs:
- 8 a. A detailed four-year forecast of expected changes to enrollment
9 growth and enrollment mix.
- 10 b. What program changes will be made by the Authority in order to stay
11 within the existing budget for the programs based on the next fiscal
12 year's forecasted enrollment growth and enrollment mix.
- 13 c. The cost to maintain the current level of services based on the next
14 fiscal year's forecasted enrollment growth and enrollment mix.
- 15 (14) Secure and pay for the services of the State Auditor's Office to conduct
16 annual audits of the financial accounts of the Authority.
- 17 (15) Publish the Annual Medicaid Report, which shall contain, at a minimum, the
18 following:
- 19 a. Details on the Authority's performance over the prior four years on
20 the following:
- 21 1. The identified quantitative measures from its strategic plan
22 and performance management system.
- 23 2. A comparison of the identified quantitative measures from its
24 strategic plan and performance management system and other
25 states participating in the quality improvement effort.
- 26 b. Annual audited financial statements.
- 27 (16) Publish in an electronic format, and update on at least a monthly basis, at
28 least the following information about the Medicaid and NC Health Choice
29 programs:
- 30 a. Enrollment by program aid category by county.
- 31 b. Per member per month spending by category of service.
- 32 c. Spending and receipts by fund along with a detailed variance
33 analysis.
- 34 d. A comparison of the above figures to the amounts forecasted and
35 budgeted for the corresponding time period.

36 (b) The Board may delegate any of its powers and duties to the Medicaid Director and
37 other staff of the Authority and, upon adoption of an annual budget, shall delegate to the
38 Medicaid Director its powers and duties pursuant to sub-subdivisions d. and e. of subdivision
39 (8) of subsection (a) of this section. In delegating powers or duties, however, the Board
40 maintains the responsibility for the performance of those powers or duties.

41 (c) Pursuant to G.S. 108E-2-1, the General Assembly retains the authority to determine
42 the eligibility categories and income thresholds for the Medicaid and NC Health Choice
43 programs.

44 **"§ 143B-1415. Variations from certain State laws.**

45 Although generally subject to the laws of this State, the following exemptions, limitations,
46 and modifications apply to the Health Benefits Authority, notwithstanding any other provision
47 of law:

- 48 (1) Employees of the Authority shall not be subject to the North Carolina
49 Human Resources Act, except as provided in G.S. 126-5(c1)(31).
- 50 (2) The Authority may retain private legal counsel and is not subject to
51 G.S. 114-2.3 or G.S. 147-17(a) through (c).

- 1 (3) The Authority's employment contracts offered pursuant to
2 G.S. 143B-1410(a)(2) are not subject to review and approval by the Office
3 of State Human Resources. The Authority's employment of supplementary
4 staff for temporary work is not subject to review and approval by the Office
5 of State Human Resources including the requirements of G.S. 126-6.3.
- 6 (4) If the Authority establishes alternative procedures for the review and
7 approval of contracts, then the Authority is exempt from State contract
8 review and approval requirements, but may still choose to utilize the State
9 contract review and approval procedures for particular contracts.
- 10 (5) The Board of the Authority may move into a closed session for any of the
11 reasons listed in G.S. 143-318.11, as well as for discussions on the
12 following:
- 13 a. Rates, contract amounts, or any other amounts to be paid to any
14 entity, including the amount of any transfers to any other State
15 agency or Division.
- 16 b. Audits and investigations.
- 17 c. Development of the annual budget forecast report for the General
18 Assembly, as required by G.S. 143B-1410(a)(14).
- 19 d. Development of a strategic plan.
- 20 e. Any report to be submitted to the General Assembly.
- 21 (6) Documents created for, or developed during, a closed session of the Board
22 for one of the reasons specifically listed in the sub-subdivisions of
23 subdivision (5) of this section, as well as any minutes from such a closed
24 session of the Board, that would otherwise become public record by
25 operation of Chapter 132 of the General Statutes, shall not become public
26 record until the item under discussion has been made public through the
27 publishing of the relevant rate or amount, findings from an audit or
28 investigation, the annual budget forecast report, the strategic plan, or a report
29 to the General Assembly.

30 **"§ 143B-216.1420. Cooling off period for certain Health Benefits Authority employees.**

31 (a) Ineligible Vendors. – The Board shall not contract for goods or services with a
32 vendor that employs or contracts with a person who is a former State Medicaid or NC Health
33 Choice employee and uses that person in the administration of a contract with the Authority.

34 (b) Vendor Certification. – The Medicaid Director shall require each vendor submitting
35 a bid or contract to certify that the vendor will not use a former Medicaid or NC Health Choice
36 employee in the administration of a contract with the Authority in violation of the provisions of
37 subsection (a) of this section. Any person who submits a certification required by this
38 subsection knowing the certification to be false shall be guilty of a Class I felony.

39 (c) A violation of the provisions of this section shall void the contract.

40 (d) Definitions. – As used in this section, the following terms mean:

41 (1) Administration of a contract. – Oversight of the performance of a contract,
42 authority to make decisions regarding a contract, interpretation of a contract,
43 or participation in the development of specifications or terms of a contract or
44 in the preparation or award of a contract.

45 (2) Former Medicaid or NC Health Choice employee. – A person who, for any
46 period within the preceding six months, was employed as an employee or
47 contract employee of the Authority, who in the six months immediately
48 preceding termination of State employment, participated personally in either
49 the award or management of an Authority contract with the vendor, or made
50 regulatory or licensing decisions that directly applied to the vendor.

51 **"§ 143B-216.1425. Medicaid Reserve Account.**

1 (a) The Medicaid Reserve Account is established as a nonreverting reserve in the
2 General Fund. The purpose of the Medicaid Reserve Account is to provide for unexpected
3 budgetary shortfalls within the Medicaid and NC Health Choice programs that result from
4 program expenditures in excess of the amount appropriated for the Medicaid and NC Health
5 Choice programs by the General Assembly and which continue to exist after the Health
6 Benefits Authority makes its best efforts to control costs through midyear budget corrections
7 under G.S. 143B-1410(a)(12).

8 (b) The Medicaid Reserve Account shall have the following minimum and maximum
9 target balances:

10 (1) Minimum target. – Five percent (5%) of a given fiscal year's General Fund
11 appropriations for capitation payments for both the Medicaid and NC Health
12 Choice programs.

13 (2) Maximum target. – Twelve percent (12%) of a given fiscal year's General
14 Fund appropriations for capitation payments for both the Medicaid and NC
15 Health Choice programs.

16 (c) Notwithstanding G.S. 143C-1-2(b), any funds appropriated to the Health Benefits
17 Authority for the Medicaid or NC Health Choice programs and that remain unencumbered at
18 the end of a fiscal year shall, rather than revert to the General Fund, be credited to the Medicaid
19 Reserve Account. Any funds to be deposited in the Medicaid Reserve Account that would
20 cause the fund balance to exceed the maximum target balance for the Medicaid Reserve
21 Account shall instead be credited to the General Fund.

22 (d) Medicaid Reserve Account funds may be disbursed by the Health Benefits
23 Authority to manage budgetary shortfalls in the Medicaid and NC Health Choice programs
24 only after all of the following occur:

25 (1) The Board of the Health Benefits Authority certifies that there is a projected
26 Medicaid shortfall in the current fiscal year.

27 (2) The Health Benefits Authority has already made midyear budget corrections
28 under G.S. 143B-1410(a)(12), but those midyear budget corrections have not
29 achieved the projected budget savings.

30 (3) The Health Benefits Authority reports to the Joint Legislative Commission
31 on Governmental Operations on its intent to disburse Medicaid Reserve
32 Account funds. The report shall include a detailed analysis of receipts,
33 payments, claims, and transfers, including an identification of and
34 explanation of the recurring and nonrecurring components of the shortfall.

35 Medicaid Reserve Account funds may be disbursed in accordance with this subsection even if it
36 results in the fund balance falling below the minimum target balance for the Medicaid Reserve
37 Account."

38 **SECTION 12H.24.(i) Board Start-Up.** – The following activities shall facilitate the
39 timely commencement of the Health Benefits Authority:

40 (1) The Board of the Health Benefits Authority may meet prior to October 1,
41 2015, in order to begin organizing and preparing to govern the Medicaid and
42 NC Health Choice programs. The Board may begin meeting as soon as a
43 majority of the appointments have been made and upon the call of the chair;
44 however, the initial meeting shall be no later than September 1, 2015. The
45 Division of Medical Assistance shall provide administrative support and
46 meeting space to the Board prior to November 1, 2015.

47 (2) If the Governor does not make initial appointments to the Board by
48 September 1, 2015, the Board members who have been appointed may select
49 a chair from among the appointed members and may conduct the business of
50 the Authority. Actions taken by the Board under this subdivision shall be

1 official actions of the Board, provided a majority of the appointed Board
2 members are present and approve the action.

- 3 (3) In order to set the initial compensation for the voting Board members, the
4 Office of State Human Resources shall survey the compensation paid to the
5 members of comparable large health insurance plans. The Office shall
6 complete the survey no later than September 1, 2015, and set the initial
7 compensation for voting Board members no later than October 1, 2015. A
8 voting Board member shall be eligible to receive compensation beginning on
9 the first business day following the effective date of the member's
10 appointment.

11 **SECTION 12H.24.(j)** Transfer of Rules. – Effective October 1, 2015, all rules and
12 policies exempted from rule making related to the Medicaid and NC Health Choice programs
13 shall transfer to the Health Benefits Authority. In its March 1, 2016, report to the Joint
14 Legislative Oversight Committee on the Health Benefits Authority, the Health Benefits
15 Authority shall include recommendations for additional exemptions from the rule-making
16 requirements and contested case provisions in Chapter 150B of the General Statutes.

17 **SECTION 12H.24.(k)** Legal Actions. – For any legal action involving the
18 Medicaid or NC Health Choice programs in which the Division of Medical Assistance or the
19 Department of Health and Human Services is named as a party, the Health Benefits Authority
20 may be joined as a party by reason of transfer of interest upon motion of any party pursuant to
21 Rule 25(d) of the North Carolina Rules of Civil Procedure. This subsection shall not be
22 construed to limit any other opportunities for joinder or intervention that are otherwise allowed
23 under the North Carolina Rules of Civil Procedure or elsewhere under law.

24 **SECTION 12H.24.(k1)** The Commissioner of Insurance shall establish solvency
25 requirements for MCOs and PLEs that contract with the Health Benefits Authority pursuant to
26 this section. The same requirements shall apply to and may be based on existing requirements
27 for similarly situated regulated entities. The Commissioner shall consult with the Authority in
28 developing the requirements. The Commissioner shall make recommendations, including any
29 statutory changes, to the Joint Legislative Oversight Committee on the Health Benefits
30 Authority by March 1, 2016.

31 **SECTION 12H.24.(l)** Legislative Oversight of Medicaid. – Chapter 120 of the
32 General Statutes is amended by adding the following new Article:

33 "Article 23B.

34 "Joint Legislative Oversight Committee on the Health Benefits Authority.

35 **"§ 120-209. Creation and membership of Joint Legislative Oversight Committee on the**
36 **Health Benefits Authority.**

37 (a) The Joint Legislative Oversight Committee on the Health Benefits Authority is
38 established. The Committee consists of 14 members as follows:

39 (1) Seven members of the Senate appointed by the President Pro Tempore of the
40 Senate, at least two of whom are members of the minority party.

41 (2) Seven members of the House of Representatives appointed by the Speaker of
42 the House of Representatives, at least two of whom are members of the
43 minority party.

44 (b) Terms on the Committee are for two years and begin on the convening of the
45 General Assembly in each odd-numbered year except initial appointments begin on the date of
46 appointment. Members may complete a term of service on the Committee even if they do not
47 seek reelection or are not reelected to the General Assembly, but resignation or removal from
48 service in the General Assembly constitutes resignation or removal from service on the
49 Committee.

50 (c) A member continues to serve until a successor is appointed. A vacancy shall be
51 filled within 30 days by the officer who made the original appointment.

1 **"§ 120-209.1. Purpose and powers of Committee.**

2 (a) The Joint Legislative Oversight Committee on the Health Benefits Authority shall
3 examine budgeting, financing, administrative, and operational issues related to the Medicaid
4 and NC Health Choice programs and to the Health Benefits Authority.

5 (b) The Committee may make periodic reports to the General Assembly on matters for
6 which it may report to a regular session of the General Assembly.

7 **"§ 120-209.2. Organization of Committee.**

8 (a) The President Pro Tempore of the Senate and the Speaker of the House of
9 Representatives shall each designate a cochair of the Joint Legislative Oversight Committee on
10 the Health Benefits Authority. The Committee shall meet upon the joint call of the cochairs.

11 (b) A quorum of the Committee is eight members. No action may be taken except by a
12 majority vote at a meeting at which a quorum is present.

13 (c) Members of the Committee receive subsistence and travel expenses, as provided in
14 G.S. 120-3.1. The Committee may contract for consultants or hire employees in accordance
15 with G.S. 120-32.02. The Legislative Services Commission, through the Legislative Services
16 Officer, shall assign professional staff to assist the Committee in its work. Upon the direction
17 of the Legislative Services Commission, the Directors of Legislative Assistants of the Senate
18 and of the House of Representatives shall assign clerical staff to the Committee. The expenses
19 for clerical employees shall be borne by the Committee.

20 (d) The Committee cochairs may establish subcommittees for the purpose of examining
21 issues relating to its Committee charge.

22 **"§ 120-209.3. Additional powers.**

23 The Joint Legislative Oversight Committee on the Health Benefits Authority, while in
24 discharge of official duties, shall have access to any paper or document, and may compel the
25 attendance of any State official or employee before the Committee or secure any evidence
26 under G.S. 120-19. In addition, G.S. 120-19.1 through G.S. 120-19.4 shall apply to the
27 proceedings of the Committee as if it were a joint committee of the General Assembly.

28 **"§ 120-209.4. Reports to Committee.**

29 Whenever the Health Benefits Authority is required by law to report to the General
30 Assembly or to any of its permanent, study, or oversight committees or subcommittees, the
31 Health Benefits Authority shall transmit a copy of the report to the cochairs of the Joint
32 Legislative Oversight Committee on the Health Benefits Authority."

33 **SECTION 12H.24.(m)** G.S. 120-208.1(a)(2)b. is repealed.

34 **SECTION 12H.24.(n)** Recodification; Technical and Conforming Changes. – The
35 Revisor of Statutes shall recodify existing law related to Medicaid and NC Health Choice,
36 including Parts 6, 6A, 7, and 8 of Article 2, Article 5, and Article 7 of Chapter 108A of the
37 General Statutes, as well as Chapters 108C and 108D of the General Statutes, into a new
38 Chapter 108E of the General Statutes to be entitled "Medicaid and NC Health Choice Health
39 Benefit Programs" and to have the following structure:

40 Article 1. Administration of the Medicaid and NC Health Choice Programs

41 Part 1. Establishment of the Medicaid Program

42 Part 2. Establishment of the NC Health Choice Program

43 Part 3. Administration by County Departments of Social Services

44 Article 2. Medicaid and NC Health Choice Eligibility

45 Part 1. In General

46 Part 2. Eligibility for Medicaid

47 Part 3. Eligibility for NC Health Choice

48 Article 3. Medicaid and NC Health Choice Benefits and Cost-Sharing

49 Part 1. In General

50 Part 2. Medicaid Benefits and Cost-Sharing

51 Part 3. NC Health Choice Benefits and Cost-Sharing

1 Article 4. Medicaid and NC Health Choice Provider Requirements

2 Part 1. Provider Enrollment

3 Part 2. Provider Reimbursement and Recovery

4 Part 3. Hospital Assessment Act

5 Part 4. Other

6 Article 5. Third-Party Liability

7 Part 1. In General

8 Part 2. Subrogation

9 Part 3. Insurance

10 Part 4. Estate Recovery

11 Article 6. Fraud and Criminal Activity

12 Article 7. Appeals

13 Part 1. Eligibility Appeals for Medicaid and NC Health Choice

14 Part 2. Benefit Appeals for Medicaid

15 Subpart 1. Generally

16 Subpart 2. Medicaid Managed Care for Behavioral Health Services

17 Appeals

18 Part 3. Benefit Reviews for NC Health Choice

19 Part 4. Provider Appeals

20 When recodifying, the Revisor is authorized to change all references to the North Carolina
 21 Department of Health and Human Services or to the Division of Medical Assistance to instead
 22 be references to the Health Benefits Authority. The Revisor may separate subsections of
 23 existing statutory sections into new sections and, when necessary to organize relevant law into
 24 its proper place in the above structure, may rearrange sentences that currently appear within
 25 subsections. The Revisor may modify statutory citations throughout the General Statutes, as
 26 appropriate, and may modify any references to statutory Divisions, such as "Chapter,"
 27 "Article," "Part," "section," or "subsection." Within Articles 4 and 5 of Chapter 108A of the
 28 General Statutes, the Revisor of Statutes shall append to each reference to the North Carolina
 29 Department of Health and Human Services or to the Secretary of the Department the language
 30 "and, with respect to Medicaid and NC Health Choice, the Health Benefits Authority." The
 31 Revisor of Statutes may conform names and titles changed by this subsection, and may correct
 32 statutory references as required by this subsection, throughout the General Statutes. In making
 33 the changes authorized by this subsection, the Revisor may also adjust subject and verb
 34 agreement and the placement of conjunctions. The Revisor shall consult with the Department of
 35 Health and Human Services and the new Health Benefits Authority on this recodification.

36 **SECTION 12H.24.(o)** G.S. 108A-1 reads as rewritten:

37 **"§ 108A-1. Creation.**

38 Every county shall have a board of social services or a consolidated human services board
 39 created pursuant to G.S. 153A-77(b) which shall establish county policies for the programs
 40 established by this Chapter in conformity with the rules and regulations of the Social Services
 41 Commission and under the supervision of the Department of Health and Human Services.
 42 Provided, however, county policies for the program of medical assistance shall be established
 43 in conformity with the rules and regulations of the ~~Department of Health and Human Services~~
 44 Health Benefits Authority."

45 **SECTION 12H.24.(p)** G.S. 108A-54.1A reads as rewritten:

46 **"§ 108A-54.1A. Amendments to Medicaid State Plan and Medicaid Waivers.**

47 (a) ~~No provision in the Medicaid State Plan or in a Medicaid Waiver may expand or~~
 48 ~~otherwise alter the scope or purpose of the Medicaid program from that authorized by law~~
 49 ~~enacted by the General Assembly. For purposes of this section, the term "amendments to the~~
 50 ~~State Plan" includes State Plan amendments, Waivers, and Waiver amendments.~~The Authority

1 is expressly authorized and required to take any and all necessary action to amend the State
2 Plan and waivers in order to keep the program within the certified budget.

3 ~~(b) The Department may submit amendments to the State Plan only as required under~~
4 ~~any of the following circumstances:~~

5 ~~(1) A law enacted by the General Assembly directs the Department to submit an~~
6 ~~amendment to the State Plan.~~

7 ~~(2) A law enacted by the General Assembly makes a change to the Medicaid~~
8 ~~Program that requires approval by the federal government.~~

9 ~~(3) A change in federal law, including regulatory law, or a change in the~~
10 ~~interpretation of federal law by the federal government requires an~~
11 ~~amendment to the State Plan.~~

12 ~~(4) A change made by the Department to the Medicaid Program requires an~~
13 ~~amendment to the State Plan, if the change was within the authority granted~~
14 ~~to the Department by State law.~~

15 ~~(5) An amendment to the State Plan is required in response to an order of a court~~
16 ~~of competent jurisdiction.~~

17 ~~(6) An amendment to the State Plan is required to ensure continued federal~~
18 ~~financial participation.~~

19 ~~(e) Amendments to the State Plan submitted to the federal government for approval~~
20 ~~shall contain only those changes that are allowed by the authority for submitting an amendment~~
21 ~~to the State Plan in subsection (b) of this section.~~

22 ~~(d) No fewer than 10 days prior to submitting an amendment to the State Plan to the~~
23 ~~federal government, the Department shall post the amendment on its Web site and notify the~~
24 ~~members of the Joint Legislative Oversight Committee on the Health Benefits Authority and~~
25 ~~the Fiscal Research Division that the amendment has been posted. This requirement shall not~~
26 ~~apply to draft or proposed amendments submitted to the federal government for comments but~~
27 ~~not submitted for approval. The amendment shall remain posted on the Department's Web site~~
28 ~~at least until the plan has been approved, rejected, or withdrawn. If the authority for submitting~~
29 ~~the amendment to the State Plan is pursuant to subdivision (3), (4), (5), or (6) of subsection (b)~~
30 ~~of this section, then, prior to submitting an amendment to the federal government, the~~
31 ~~Department shall submit to the General Assembly members receiving notice under this~~
32 ~~subsection and to the Fiscal Research Division an explanation of the amendment, the need for~~
33 ~~the amendment, and the federal time limits required for implementation of the amendment.~~

34 ~~(e) The Department shall submit an amendment to the State Plan to the federal~~
35 ~~government by a date sufficient to provide the federal government adequate time to review and~~
36 ~~approve the amendment so the amendment may be effective by the date required by the~~
37 ~~directing authority in subsection (b) of this section. Additionally, if a change is made to the~~
38 ~~Medicaid program by the General Assembly and that change requires an amendment to the~~
39 ~~State Plan, then the amendment shall be submitted at least 90 days prior to the effective date of~~
40 ~~the change as provided in the legislation.~~

41 ~~(f) Any public notice required under 42 C.F.R. 447.205 shall, in addition to any other~~
42 ~~posting requirements under federal law, be posted on the Department's Web site. Upon posting~~
43 ~~such a public notice, the Department shall notify the members of the Joint Legislative~~
44 ~~Oversight Committee on the Health Benefits Authority and the Fiscal Research Division that~~
45 ~~the public notice has been posted. Public notices shall remain posted on the Department's Web~~
46 ~~site."~~

47 **SECTION 12H.24.(q)** G.S. 108A-54.2(d) is repealed.

48 **SECTION 12H.24.(r)** Part 1 of Article 2 of Chapter 108E of the General Statutes,
49 created by the recodification process described in subsection (n) of this section, shall include
50 the following two new sections:

51 **"§ 108E-2-1. General Assembly sets eligibility categories.**

1 Eligibility categories and income thresholds are set by the General Assembly, and the
2 Authority shall not alter the eligibility categories and income thresholds from those authorized
3 by the General Assembly. The Authority is expressly authorized to adopt temporary and
4 permanent rules regarding eligibility requirements and determinations, to the extent that they
5 do not conflict with parameters set by the General Assembly.

6 **"§ 108E-2-2. Counties determine eligibility.**

7 Counties determine eligibility in accordance with Chapter 108A of the General Statutes."

8 **SECTION 12H.24.(s)** G.S. 126-5 is amended by adding a new subdivision to read:

9 **"§ 126-5. Employees subject to Chapter; exemptions.**

10 ...
11 (c1) Except as to the provisions of Articles 6 and 7 of this Chapter, the provisions of this
12 Chapter shall not apply to:

13 ...
14 (31) Employees of the Health Benefits Authority."

15 **SECTION 12H.24.(t)** G.S. 143B-153 reads as rewritten:

16 **"§ 143B-153. Social Services Commission – creation, powers and duties.**

17 There is hereby created the Social Services Commission of the Department of Health and
18 Human Services with the power and duty to adopt rules and regulations to be followed in the
19 conduct of the State's social service programs with the power and duty to adopt, amend, and
20 rescind rules and regulations under and not inconsistent with the laws of the State necessary to
21 carry out the provisions and purposes of this Article. Provided, however, the ~~Department of~~
22 ~~Health and Human Services~~ Health Benefits Authority shall have the power and duty to adopt
23 rules and regulations to be followed in the conduct of the State's medical assistance program.

24"

25 **SECTION 12H.24.(u)** G.S. 150B-1 reads as rewritten:

26 **"§ 150B-1. Policy and scope.**

27 ...
28 (d) Exemptions from Rule Making. – Article 2A of this Chapter does not apply to the
29 following:

30 ...
31 (9) ~~The Department of Health and Human Services~~ Health Benefits Authority in
32 adopting new or amending existing medical coverage policies for the State
33 Medicaid and NC Health Choice programs pursuant to G.S. 108A-54.2.

34 ...
35 (20) ~~The Department of Health and Human Services~~ Health Benefits Authority in
36 implementing, operating, or overseeing new 1915(b)/(c) Medicaid Waiver
37 programs or amendments to existing 1915(b)/(c) Medicaid Waiver
38 programs.

39 ...
40 (22) ~~The Department of Health and Human Services~~ Health Benefits Authority
41 with respect to the content of State Plans, State Plan Amendments, and
42 Waivers approved by the Centers for Medicare and Medicaid Services
43 (CMS) for the North Carolina Medicaid Program and the NC Health Choice
44 program.

45 ...
46 (e) Exemptions From Contested Case Provisions. – The contested case provisions of
47 this Chapter apply to all agencies and all proceedings not expressly exempted from the Chapter.
48 The contested case provisions of this Chapter do not apply to the following:

49 ...
50 (17) ~~The Department of Health and Human Services~~ Health Benefits Authority
51 with respect to the review of North Carolina Health Choice Program

1 determinations regarding delay, denial, reduction, suspension, or termination
2 of health services, in whole or in part, including a determination about the
3 type or level of services.

4"

5 **SECTION 12H.24.(v)** Appropriation. – Of the funds appropriated from the
6 General Fund to the Department of Health and Human Services, Division of Medical
7 Assistance, the sum of five million dollars (\$5,000,000) in recurring funds for the 2015-2016
8 and the 2016-2017 fiscal years shall be used to accomplish the Medicaid transformation
9 required by this section. These funds shall provide a State match for an estimated five million
10 dollars (\$5,000,000) in federal funds beginning in the 2015-2016 fiscal year. Upon request of
11 the Board, but no later than October 1, 2015, the Department shall transfer these funds to the
12 Health Benefits Authority to be used for Medicaid transformation.

13 **SECTION 12H.24.(w)** Medicaid Transformation Reserve Fund. – The Medicaid
14 Transformation Reserve Fund is established in the Office of State Budget and Management as a
15 nonreverting reserve in the General Fund. The purpose of the Medicaid Transformation
16 Reserve Fund is to provide funds for converting from a fee-for-services payment system to a
17 capitated payment system. Funds reserved in the Medicaid Transformation Reserve Fund shall
18 be available only upon an appropriation by act of the General Assembly and do not constitute
19 an "appropriation made by law," as that phrase is used in Section 7(1) of Article V of the North
20 Carolina Constitution. The sum of one hundred eighty-five million six hundred four thousand
21 six hundred fifty-three dollars (\$185,604,653) in nonrecurring funds for fiscal year 2015-2016
22 and the sum of one hundred eighty-five million six hundred four thousand six hundred
23 fifty-three dollars (\$185,604,653) in nonrecurring funds for fiscal year 2016-2017 are hereby
24 reserved in the Medicaid Transformation Reserve Fund.

25 **SECTION 12H.24.(x)** Effective Date. – Subsections (n) through (u) of this section
26 become effective October 1, 2015. The remainder of this section is effective when this act
27 becomes law.

28
29 **INCREASE RATES TO PRIMARY CARE PHYSICIANS AND DISCONTINUE**
30 **PRIMARY CARE CASE MANAGEMENT**

31 **SECTION 12H.25.(a)** Effective January 1, 2016, the current Medicaid and Health
32 Choice primary care case management (PCCM) program is discontinued. The Department of
33 Health and Human Services shall not renew or extend the contract for PCCM services with
34 North Carolina Community Care Networks, Inc. (NCCCN), beyond December 31, 2015.

35 **SECTION 12H.25.(b)** The Department of Health and Human Services shall take
36 all actions necessary to discontinue the current Medicaid and Health Choice PCCM program as
37 implemented by NCCCN. As soon as reasonably possible, but no later than October 1, 2015,
38 the Department shall submit to the Centers for Medicare and Medicaid Services (CMS) a
39 Medicaid State plan amendment eliminating the PCCM program. If CMS has not approved the
40 State plan amendment by January 1, 2016, the Department of Health and Human Services
41 nevertheless shall discontinue all payments related to the PCCM program beginning January 1,
42 2016, unless and until CMS denies the State plan amendment.

43 **SECTION 12H.25.(c)** This section shall not be construed to prohibit the
44 Department of Health and Human Services from developing or utilizing contracts for managed
45 care other than PCCM after January 1, 2016.

46 **SECTION 12H.25.(d)** Effective January 1, 2016, G.S. 108A-70.21(b) reads as
47 rewritten:

48 "(b) Benefits. – All health benefits changes of the Program shall meet the coverage
49 requirements set forth in this subsection. Except as otherwise provided for eligibility, fees,
50 deductibles, copayments, and other cost sharing charges, health benefits coverage provided to

1 children eligible under the Program shall be equivalent to coverage provided for dependents
2 under North Carolina Medicaid Program except for the following:

3 ...

4 No benefits are to be provided for services and materials under this subsection that do not
5 meet the standards accepted by the American Dental Association.

6 ~~The Department shall provide services to children enrolled in the NC Health Choice~~
7 ~~Program through Community Care of North Carolina (CCNC) and shall pay Community Care~~
8 ~~of North Carolina providers the per member, per month fees as allowed under Medicaid."~~

9 **SECTION 12H.25.(e)** Effective January 1, 2016, the rates paid to primary care
10 physicians shall be one hundred percent (100%) of Medicare rates. For purposes of this section,
11 the term primary care physicians refers to those physicians for whom the Affordable Care Act
12 required payment at one hundred percent (100%) of the Medicare rate until January 1, 2015,
13 and all OB/GYN physicians.

14 **SECTION 12H.25.(f)** Upon the discontinuation of the PCCM program, of the
15 funds previously used for the NCCCN contract, the Department shall use six million four
16 hundred seventy-five thousand dollars (\$6,475,000) in fiscal year 2015-2016 and twelve
17 million nine hundred fifty thousand dollars (\$12,950,000) in fiscal year 2016-2017 to directly
18 fund local health departments' continued services related to the Care Coordination for Children
19 (CC4C) program, which was previously funded through the contract with NCCCN.

20 21 **NC HEALTH CHOICE COST SETTLEMENT**

22 **SECTION 12H.26.** Effective July 1, 2015, hospital outpatient services covered by
23 NC Health Choice shall be cost settled at seventy percent (70%) of allowable costs, using the
24 same methodology that is used for Medicaid.

25 26 **BLOOD GLUCOSE TESTING EQUIPMENT AND SUPPLIES**

27 **SECTION 12H.27.(a)** Notwithstanding any other provision of law, the Department
28 of Health and Human Services, Division of Medical Assistance, (Department) is authorized to
29 use any reimbursement methodology or arrangement to provide Medicaid coverage for blood
30 glucose testing equipment and supplies, provided that the Department's total requirements, net
31 of rebates, for providing blood glucose testing equipment and supplies does not exceed one
32 million nine hundred thirty-three thousand three hundred fifty-seven dollars (\$1,933,357) in
33 fiscal year 2015-2016 and two million twenty thousand nine hundred seventy-four dollars
34 (\$2,020,974) in fiscal year 2016-2017.

35 **SECTION 12H.27.(b)** Any state plan amendment submitted to implement this
36 section shall not be subject to the 90-day prior submission requirement of G.S. 108A-54.1A(e).

37 38 **MEDICAID CONTINGENCY RESERVE**

39 **SECTION 12H.28.(a)** Funds in the Medicaid Contingency Reserve established by
40 Section 12H.38 of S.L. 2014-100 shall be used only for budget shortfalls in the Medicaid
41 Program that occur during the 2015-2016 fiscal year. These funds shall be available for
42 expenditure only upon an appropriation by act of the General Assembly.

43 **SECTION 12H.28.(b)** It is the intent of the General Assembly to appropriate funds
44 from the Medicaid Contingency Reserve only if:

- 45 (1) The Director of the Budget, after the State Controller has verified that
46 receipts are being used appropriately, has found that additional funds are
47 needed to cover a shortfall in the Medicaid budget for the State fiscal year.
- 48 (2) The Department of Health and Human Services or the Health Benefits
49 Authority created in Section 12H.24 of this act has submitted a State plan
50 amendment to the Centers for Medicare and Medicaid Services to delink
51 eligibility for Medicaid from eligibility for State-County Special Assistance,

1 to be effective 90 days after the date of submission of the State plan
 2 amendment. At least 45 days prior to submitting that State plan amendment,
 3 the Department of Health and Human Services or the Health Benefits
 4 Authority must have submitted a draft of that plan to the Joint Legislative
 5 Oversight Committee on the Health Benefits Authority and, if the General
 6 Assembly was not in session, must have consulted with the Committee on
 7 that draft.

8 (3) The Director of the Budget has reported immediately to the Fiscal Research
 9 Division on the amount of the shortfall found in accordance with subdivision
 10 (1) of this subsection. This report shall include an analysis of the causes of
 11 the shortfall, such as (i) unanticipated enrollment and mix of enrollment, (ii)
 12 unanticipated growth or utilization within particular service areas, (iii) errors
 13 in the data or analysis used to project the Medicaid budget, (iv) the failure of
 14 the program to achieve budgeted savings, (v) other factors and market trends
 15 that have impacted the price of or spending for services, (vi) variations in
 16 receipts from prior years or from assumptions used to prepare the Medicaid
 17 budget for the current fiscal year, or (vii) other factors. The report shall also
 18 include data in an electronic format that is adequate for the Fiscal Research
 19 Division to confirm the amount of the shortfall and its causes.

20 **SECTION 12H.28.(c)** Effective 90 days after the State plan amendment is
 21 submitted to the Centers for Medicare and Medicaid Services (CMS) or when CMS approves
 22 the State plan amendment, whichever occurs later, eligibility for Medicaid coverage is delinked
 23 from eligibility for State-County Special Assistance and recipients of State-County Special
 24 Assistance no longer automatically qualify for Medicaid coverage solely because of their
 25 receipt of State-County Special Assistance.

26 **SECTION 12H.28.(d)** Nothing in this section shall be construed to limit the
 27 authority of the Governor to carry out his duties under the Constitution.
 28

29 **SUBPART XII-I. DHHS BLOCK GRANTS**

30
 31 **DHHS BLOCK GRANTS**

32 **SECTION 12I.1.(a)** Except as otherwise provided, appropriations from federal
 33 block grant funds are made for each year of the fiscal biennium ending June 30, 2017,
 34 according to the following schedule:
 35

36 **TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF) FUNDS** **FY 2015-2016** **FY 2016-2017**

37
 38
 39 Local Program Expenditures

40
 41 Division of Social Services

42			
43	01.	Work First Family Assistance	\$57,167,454 \$57,167,454
44			
45	02.	Work First County Block Grants	80,093,566 78,073,437
46			
47	03.	Work First Electing Counties	2,378,213 2,378,213
48			
49	04.	Adoption Services – Special Children	
50		Adoption Fund	2,026,877 2,026,877
51			

1	05.	Child Protective Services – Child Welfare		
2		Workers for Local DSS	9,412,391	9,412,391
3				
4	06.	Child Welfare Collaborative	632,416	632,416
5				
6		Division of Child Development and Early Education		
7				
8	07.	Subsidized Child Care Program	35,248,910	37,419,801
9				
10	08.	Swap Child Care Subsidy	6,352,644	6,352,644
11				
12	09.	Pre-K Swap Out	16,829,306	12,333,981
13				
14		Division of Public Health		
15				
16	10.	Teen Pregnancy Prevention Initiatives	2,950,000	2,950,000
17				
18		DHHS Administration		
19				
20	11.	Division of Social Services	2,482,260	2,482,260
21				
22	12.	Office of the Secretary	34,042	34,042
23				
24	13.	Eligibility Systems – Operations and		
25		Maintenance	2,738,926	4,206,640
26				
27	14.	NC FAST Implementation	1,313,384	1,865,799
28				
29		Transfers to Other Block Grants		
30				
31		Division of Child Development and Early Education		
32				
33	15.	Transfer to the Child Care and		
34		Development Fund	71,773,001	71,773,001
35				
36		Division of Social Services		
37				
38	16.	Transfer to Social Services Block		
39		Grant for Child Protective Services –		
40		Training	1,300,000	1,300,000
41				
42	17.	Transfer to Social Services Block		
43		Grant for Child Protective Services	5,040,000	5,040,000
44				
45	18.	Transfer to Social Services Block		
46		Grant for County Departments of		
47		Social Services for Children's Services	4,148,001	4,148,001
48				
49	19.	Transfer to Social Services Block		
50		Grant – Foster Care Services	1,385,152	1,385,152
51				

1	TOTAL TEMPORARY ASSISTANCE FOR		
2	NEEDY FAMILIES (TANF) FUNDS	\$303,306,543	\$300,982,109
3			
4	TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF)		
5	EMERGENCY CONTINGENCY FUNDS		
6			
7	Local Program Expenditures		
8			
9	Division of Child Development and Early Education		
10			
11	01. Subsidized Child Care	29,033,340	28,600,000
12			
13	02. Subsidized Child Care Swap Out	4,547,023	0
14			
15	TOTAL TEMPORARY ASSISTANCE FOR		
16	NEEDY FAMILIES (TANF) EMERGENCY		
17	CONTINGENCY FUNDS	\$33,580,363	\$28,600,000
18			
19	SOCIAL SERVICES BLOCK GRANT		
20			
21	Local Program Expenditures		
22			
23	Divisions of Social Services and Aging and Adult Services		
24			
25	01. County Departments of Social Services		
26	(Transfer From TANF \$4,148,001)	\$27,427,015	\$27,165,668
27			
28	02. Child Protective Services		
29	(Transfer From TANF)	5,040,000	5,040,000
30			
31	03. State In-Home Services Fund	2,382,970	1,943,950
32			
33	04. Adult Protective Services	1,245,363	1,245,363
34			
35	05. State Adult Day Care Fund	1,994,084	1,994,084
36			
37	06. Child Protective Services/CPS		
38	Investigative Services – Child Medical		
39	Evaluation Program	563,868	563,868
40			
41	07. Special Children Adoption Incentive Fund	462,600	462,600
42			
43	08. Child Protective Services – Child		
44	Welfare Training for Counties		
45	(Transfer From TANF)	1,300,000	1,300,000
46			
47	09. Home and Community Care Block		
48	Grant (HCCBG)	1,696,888	1,696,888
49			
50	10. Child Advocacy Centers	375,000	375,000
51			

1	11.	Guardianship	3,978,360	3,978,360
2				
3	12.	Foster Care Services		
4		(Transfer From TANF)	1,385,152	1,385,152
5				
6		Division of Central Management and Support		
7				
8	13.	DHHS Competitive Block Grants		
9		for Nonprofits	3,852,500	3,852,500
10				
11	14.	NC FAST – Operations and		
12		Maintenance	712,324	939,315
13				
14		Division of Mental Health, Developmental Disabilities, and Substance Abuse Services		
15				
16	15.	Mental Health Services – Adult and		
17		Child/Developmental Disabilities Program/		
18		Substance Abuse Services – Adult	4,030,730	4,030,730
19				
20		DHHS Program Expenditures		
21				
22		Division of Services for the Blind		
23				
24	16.	Independent Living Program	3,361,323	3,361,323
25				
26		Division of Health Service Regulation		
27				
28	17.	Adult Care Licensure Program	381,087	381,087
29				
30	18.	Mental Health Licensure and		
31		Certification Program	190,284	190,284
32				
33		DHHS Administration		
34				
35	19.	Division of Aging and Adult Services	577,745	577,745
36				
37	20.	Division of Social Services	559,109	559,109
38				
39	21.	Office of the Secretary/Controller's Office	127,731	127,731
40				
41	22.	Division of Child Development and		
42		Early Education	13,878	13,878
43				
44	23.	Division of Mental Health, Developmental		
45		Disabilities, and Substance Abuse Services	27,446	27,446
46				
47	24.	Division of Health Service Regulation	118,946	118,946
48				
49		TOTAL SOCIAL SERVICES BLOCK GRANT	\$61,804,403	\$61,331,027
50				
51		LOW-INCOME ENERGY ASSISTANCE BLOCK GRANT		

1
2 Local Program Expenditures3
4 Division of Social Services5
6 01. Low-Income Energy Assistance
7 Program (LIEAP) \$40,244,534 \$39,303,6748
9 02. Crisis Intervention Program (CIP) 40,244,534 39,303,67410
11 Local Administration12
13 Division of Social Services14
15 03. County DSS Administration 6,454,961 6,454,96116
17 DHHS Administration18
19 04. Office of the Secretary/DIRM 412,488 412,48820
21 05. Office of the Secretary/Controller's Office 18,378 18,37822
23 06. NC FAST Development 1,075,319 3,381,37324
25 Transfers to Other State Agencies26
27 Department of Environment and Natural
28 Resources (DENR)29
30 07. Weatherization Program 11,847,017 11,570,05031
32 08. Heating Air Repair and Replacement
33 Program (HARRP) 6,303,514 6,156,14734
35 09. Local Residential Energy Efficiency Service
36 Providers – Weatherization 475,046 475,04637
38 10. Local Residential Energy Efficiency Service
39 Providers – HARRP 252,761 252,76140
41 11. DENR – Weatherization Administration 475,046 475,04642
43 12. DENR – HARRP Administration 252,760 252,76044
45 Department of Administration46
47 13. N.C. Commission on Indian Affairs 87,736 87,73648
49 **TOTAL LOW-INCOME ENERGY**
50 **ASSISTANCE BLOCK GRANT**51 **\$108,144,094****\$108,144,094**

CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT

Local Program Expenditures

Division of Child Development and Early Education

01.	Child Care Services (Smart Start \$7,000,000)	\$154,678,008	\$152,370,856
02.	Electronic Tracking System	801,240	401,492
03.	Transfer from TANF Block Grant for Child Care Subsidies	71,773,001	71,773,001
04.	Quality and Availability Initiatives (TEACH Program \$3,800,000)	26,514,964	26,019,987

DHHS Administration

Division of Child Development and Early Education

05.	DCDEE Administrative Expenses	9,049,505	9,049,505
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Division of Social Services

06.	Local Subsidized Child Care Services Support	15,930,279	15,930,279
07.	NC FAST Development	186,404	586,152

Division of Central Administration

08.	DHHS Central Administration – DIRM Technical Services	775,000	775,000
09.	Central Regional Maintenance	202,000	202,000
10.	Child Care Health Consultation Contracts	62,205	62,205

**TOTAL CHILD CARE AND DEVELOPMENT
FUND BLOCK GRANT****\$279,972,606** **\$277,170,477****MENTAL HEALTH SERVICES BLOCK GRANT**

Local Program Expenditures

01.	Mental Health Services – Child	\$3,619,833	\$3,619,833
02.	Administration	200,000	200,000
03.	Mental Health Services – Adult/Child	11,755,152	11,755,152

1			
2	04.	Crisis Solutions Initiative – Critical	
3		Time Intervention	750,000 750,000
4			
5	05.	Mental Health Services – First	
6		Psychotic Symptom Treatment	643,491 643,491
7			
8	TOTAL MENTAL HEALTH SERVICES		
9	BLOCK GRANT		\$16,968,476 \$16,968,476
10			
11	SUBSTANCE ABUSE PREVENTION AND TREATMENT BLOCK GRANT		
12			
13	Local Program Expenditures		
14			
15	Division of Mental Health, Developmental Disabilities, and Substance Abuse Services		
16			
17	01.	Substance Abuse – HIV and IV Drug	\$3,919,723 \$3,919,723
18			
19	02.	Substance Abuse Prevention	8,669,284 8,669,284
20			
21	03.	Substance Abuse Services – Treatment for	
22		Children/Adults	29,519,883 29,519,883
23			
24	04.	Crisis Solutions Initiatives – Walk-In	
25		Crisis Centers	420,000 420,000
26			
27	05.	Crisis Solutions Initiatives – Collegiate	
28		Wellness/Addiction Recovery	1,085,000 1,085,000
29			
30	06.	Crisis Solutions Initiatives – Community	
31		Paramedic Mobile Crisis Management	60,000 60,000
32			
33	07.	Crisis Solutions Initiatives – Innovative	
34		Technologies	41,000 41,000
35			
36	08.	Crisis Solutions Initiatives – Veteran's Crisis	250,000 250,000
37			
38	09.	Administration	454,000 454,000
39			
40	Division of Public Health		
41			
42	10.	HIV Testing for Individuals in Substance	
43		Abuse Treatment	765,949 765,949
44			
45	TOTAL SUBSTANCE ABUSE PREVENTION		
46	AND TREATMENT BLOCK GRANT		\$45,184,839 \$45,184,839
47			
48	MATERNAL AND CHILD HEALTH BLOCK GRANT		
49			
50	Local Program Expenditures		
51			

1	Division of Public Health		
2			
3	01. Children's Health Services		
4	(Safe Sleep Campaign		
5	\$45,000; Prevent Blindness \$560,837;		
6	Community-Based		
7	Sickle Cell Centers \$100,000)	\$7,574,703	\$7,574,703
8			
9	02. Women's Health		
10	(March of Dimes \$350,000; Teen Pregnancy		
11	Prevention Initiatives \$650,000;		
12	17P Project \$52,000; Nurse-Family		
13	Partnership \$509,018)	6,520,148	6,520,148
14			
15	03. Oral Health	44,901	44,901
16			
17	04. Evidence-Based Programs in Counties		
18	With Highest Infant Mortality Rates	1,575,000	1,575,000
19			
20	DHHS Program Expenditures		
21			
22	Division of Public Health		
23			
24	05. Children's Health Services	1,342,928	1,342,928
25			
26	06. Women's Health – Maternal Health	107,714	107,714
27			
28	07. State Center for Health Statistics	158,583	158,583
29			
30	08. Health Promotion – Injury and		
31	Violence Prevention	87,271	87,271
32			
33	DHHS Administration		
34			
35	Division of Public Health		
36			
37	09. Division of Public Health Administration	552,571	552,571
38			
39	TOTAL MATERNAL AND CHILD		
40	HEALTH BLOCK GRANT	\$17,963,819	\$17,963,819
41			
42	PREVENTIVE HEALTH SERVICES BLOCK GRANT		
43			
44	Local Program Expenditures		
45			
46	01. Physical Activity and Prevention	\$2,034,060	\$2,034,060
47			
48	02. Injury and Violence Prevention		
49	(Services to Rape Victims – Set-Aside)	173,476	173,476
50			
51	03. Community-Focused Eliminating Health		

1	Disparities Initiative Grants	2,756,855	0
2			
3	DHHS Program Expenditures		
4			
5	Division of Public Health		
6			
7	04. HIV/STD Prevention and		
8	Community Planning	145,819	145,819
9			
10	05. Oral Health Preventive Services	320,074	451,809
11			
12	06. Laboratory Services – Testing,		
13	Training, and Consultation	21,012	21,012
14			
15	07. Injury and Violence Prevention		
16	(Services to Rape Victims – Set-Aside)	192,315	192,315
17			
18	08. State Laboratory Services – Testing,		
19	Training, and Consultation	199,634	199,634
20			
21	09. Heart Disease and Stroke Prevention	273,772	405,507
22			
23	10. Performance Improvement and		
24	Accountability	839,736	971,471
25			
26	11. Physical Activity and Nutrition	68,073	68,073
27			
28	12. State Center for Health Statistics	107,291	107,291
29			
30	DHHS Administration		
31			
32	Division of Public Health		
33			
34	13. Division of Public Health	172,820	172,820
35			
36	14. Division of Public Health –		
37	Physical Activity and Nutrition Branch	1,243,899	0
38			
39	TOTAL PREVENTIVE HEALTH		
40	SERVICES BLOCK GRANT	\$8,548,836	\$4,943,288
41			
42	COMMUNITY SERVICES BLOCK GRANT		
43			
44	Local Program Expenditures		
45			
46	Office of Economic Opportunity		
47			
48	01. Community Action Agencies	\$24,047,065	\$24,047,065
49			
50	02. Limited Purpose Agencies	1,335,948	1,335,948
51			

1	DHHS Administration		
2			
3	03. Office of Economic Opportunity	1,335,948	1,335,948
4			
5	TOTAL COMMUNITY SERVICES		
6	BLOCK GRANT	\$26,718,961	\$26,718,961
7			

8 **GENERAL PROVISIONS**

9 **SECTION 12I.1.(b)** Information to Be Included in Block Grant Plans. – The
 10 Department of Health and Human Services shall submit a separate plan for each Block Grant
 11 received and administered by the Department, and each plan shall include the following:

- 12 (1) A delineation of the proposed allocations by program or activity, including
 13 State and federal match requirements.
- 14 (2) A delineation of the proposed State and local administrative expenditures.
- 15 (3) An identification of all new positions to be established through the Block
 16 Grant, including permanent, temporary, and time-limited positions.
- 17 (4) A comparison of the proposed allocations by program or activity with two
 18 prior years' program and activity budgets and two prior years' actual program
 19 or activity expenditures.
- 20 (5) A projection of current year expenditures by program or activity.
- 21 (6) A projection of federal Block Grant funds available, including unspent
 22 federal funds from the current and prior fiscal years.

23 **SECTION 12I.1.(c)** Changes in Federal Fund Availability. – If the Congress of the
 24 United States increases the federal fund availability for any of the Block Grants or contingency
 25 funds and other grants related to existing Block Grants administered by the Department of
 26 Health and Human Services from the amounts appropriated in this section, the Department
 27 shall allocate the increase proportionally across the program and activity appropriations
 28 identified for that Block Grant in this section. In allocating an increase in federal fund
 29 availability, the Office of State Budget and Management shall not approve funding for new
 30 programs or activities not appropriated in this section.

31 If the Congress of the United States decreases the federal fund availability for any of
 32 the Block Grants or contingency funds and other grants related to existing Block Grants
 33 administered by the Department of Health and Human Services from the amounts appropriated
 34 in this section, the Department shall develop a plan to adjust the Block Grants based on reduced
 35 federal funding.

36 Notwithstanding the provisions of this subsection, for fiscal years 2015-2016 and
 37 2016-2017, increases in the federal fund availability for the Temporary Assistance to Needy
 38 Families (TANF) Block Grant shall be used only for the North Carolina Child Care Subsidy
 39 program to pay for child care in four- or five-star-rated facilities for four-year-old children and
 40 shall not be used to supplant State funds.

41 Prior to allocating the change in federal fund availability, the proposed allocation
 42 must be approved by the Office of State Budget and Management. If the Department adjusts the
 43 allocation of any Block Grant due to changes in federal fund availability, then a report shall be
 44 made to the Joint Legislative Oversight Committee on Health and Human Services and the
 45 Fiscal Research Division.

46 **SECTION 12I.1.(d)** Except as otherwise provided, appropriations from federal
 47 Block Grant funds are made for each year of the fiscal biennium ending June 30, 2017,
 48 according to the schedule enacted for State fiscal years 2015-2016 and 2016-2017 or until a
 49 new schedule is enacted by the General Assembly.

50 **SECTION 12I.1.(e)** All changes to the budgeted allocations to the Block Grants or
 51 contingency funds and other grants related to existing Block Grants administered by the

1 Department of Health and Human Services that are not specifically addressed in this section
2 shall be approved by the Office of State Budget and Management, and the Office of State
3 Budget and Management shall consult with the Joint Legislative Oversight Committee on
4 Health and Human Services for review prior to implementing the changes. The report shall
5 include an itemized listing of affected programs, including associated changes in budgeted
6 allocations. All changes to the budgeted allocations to the Block Grants shall be reported
7 immediately to the Joint Legislative Oversight Committee on Health and Human Services and
8 the Fiscal Research Division. This subsection does not apply to Block Grant changes caused by
9 legislative salary increases and benefit adjustments.

10 **SECTION 121.1.(f)** Except as otherwise provided, the Department of Health and
11 Human Services shall have flexibility to transfer funding between the Temporary Assistance
12 for Needy Families (TANF) Block Grant and the TANF Emergency Contingency Funds Block
13 Grant so long as the total allocation for the line items within those block grants remains the
14 same.

16 **TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF) FUNDS**

17 **SECTION 121.1.(g)** The sum of eighty million ninety-three thousand five hundred
18 sixty-six dollars (\$80,093,566) for the 2015-2016 fiscal year and the sum of seventy-eight
19 million seventy-three thousand four hundred thirty-seven dollars (\$78,073,437) for the
20 2016-2017 fiscal year appropriated in this section in TANF funds to the Department of Health
21 and Human Services, Division of Social Services, shall be used for Work First County Block
22 Grants. The Division shall certify these funds in the appropriate State-level services based on
23 prior year actual expenditures. The Division has the authority to realign the authorized budget
24 for these funds among the State-level services based on current year actual expenditures.

25 **SECTION 121.1.(h)** The sum of nine million four hundred twelve thousand three
26 hundred ninety-one dollars (\$9,412,391) appropriated in this section to the Department of
27 Health and Human Services, Division of Social Services, in TANF funds for each year of the
28 2015-2017 fiscal biennium for child welfare improvements shall be allocated to the county
29 departments of social services for hiring or contracting staff to investigate and provide services
30 in Child Protective Services cases; to provide foster care and support services; to recruit, train,
31 license, and support prospective foster and adoptive families; and to provide interstate and
32 post-adoption services for eligible families.

33 Counties shall maintain their level of expenditures in local funds for Child
34 Protective Services workers. Of the Block Grant funds appropriated for Child Protective
35 Services workers, the total expenditures from State and local funds for fiscal years 2015-2016
36 and 2016-2017 shall not be less than the total expended from State and local funds for the
37 2012-2013 fiscal year.

38 **SECTION 121.1.(i)** The sum of two million twenty-six thousand eight hundred
39 seventy-seven dollars (\$2,026,877) appropriated in this section in TANF funds to the
40 Department of Health and Human Services, Special Children Adoption Fund, for each year of
41 the 2015-2017 fiscal biennium shall be used in accordance with G.S. 108A-50.2. The Division
42 of Social Services, in consultation with the North Carolina Association of County Directors of
43 Social Services and representatives of licensed private adoption agencies, shall develop
44 guidelines for the awarding of funds to licensed public and private adoption agencies upon the
45 adoption of children described in G.S. 108A-50 and in foster care. Payments received from the
46 Special Children Adoption Fund by participating agencies shall be used exclusively to enhance
47 the adoption services program. No local match shall be required as a condition for receipt of
48 these funds.

50 **SOCIAL SERVICES BLOCK GRANT**

1 **SECTION 12I.1.(j)** The sum of twenty-seven million four hundred twenty-seven
2 thousand fifteen dollars (\$27,427,015) for the 2015-2016 fiscal year and the sum of
3 twenty-seven million one hundred sixty-five thousand six hundred sixty-eight dollars
4 (\$27,165,668) for the 2016-2017 fiscal year appropriated in this section in the Social Services
5 Block Grant to the Department of Health and Human Services, Division of Social Services,
6 shall be used for county block grants. The Division shall certify these funds in the appropriate
7 State-level services based on prior year actual expenditures. The Division has the authority to
8 realign the authorized budget for these funds among the State-level services based on current
9 year actual expenditures.

10 **SECTION 12I.1.(k)** The sum of one million three hundred thousand dollars
11 (\$1,300,000) appropriated in this section in the Social Services Block Grant to the Department
12 of Health and Human Services, Division of Social Services, for each year of the 2015-2017
13 fiscal biennium shall be used to support various child welfare training projects as follows:

- 14 (1) Provide a regional training center in southeastern North Carolina.
- 15 (2) Provide training for residential child caring facilities.
- 16 (3) Provide for various other child welfare training initiatives.

17 **SECTION 12I.1.(l)** The Department of Health and Human Services is authorized,
18 subject to the approval of the Office of State Budget and Management, to transfer Social
19 Services Block Grant funding allocated for departmental administration between divisions that
20 have received administrative allocations from the Social Services Block Grant.

21 **SECTION 12I.1.(m)** Social Services Block Grant funds appropriated for the
22 Special Children Adoption Incentive Fund will require a fifty-percent (50%) local match.

23 **SECTION 12I.1.(n)** The sum of five million forty thousand dollars (\$5,040,000)
24 appropriated in this section in the Social Services Block Grant for each year of the 2015-2017
25 fiscal biennium shall be allocated to the Department of Health and Human Services, Division
26 of Social Services. The Division shall allocate these funds to local departments of social
27 services to replace the loss of Child Protective Services State funds that are currently used by
28 county governments to pay for Child Protective Services staff at the local level. These funds
29 shall be used to maintain the number of Child Protective Services workers throughout the State.
30 These Social Services Block Grant funds shall be used to pay for salaries and related expenses
31 only and are exempt from 10A NCAC 71R .0201(3) requiring a local match of twenty-five
32 percent (25%).

33 **SECTION 12I.1.(o)** The sum of three million eight hundred fifty-two thousand
34 five hundred dollars (\$3,852,500) appropriated in this section in the Social Services Block
35 Grant to the Department of Health and Human Services, Division of Central Management and
36 Support, shall be used for DHHS competitive block grants pursuant to Section 12A.8 of this act
37 for each year of the 2015-2017 fiscal biennium. These funds are exempt from the provisions of
38 10A NCAC 71R .0201(3).

39 **SECTION 12I.1.(p)** The sum of three hundred seventy-five thousand dollars
40 (\$375,000) appropriated in this section in the Social Services Block Grant for each year of the
41 2015-2017 fiscal biennium to the Department of Health and Human Services, Division of
42 Social Services, shall be used to continue support for the Child Advocacy Centers, and the
43 funds are exempt from the provisions of 10A NCAC 71R .0201(3).

44 **SECTION 12I.1.(q)** The sum of three million nine hundred seventy-eight thousand
45 three hundred sixty dollars (\$3,978,360) for each year of the 2015-2017 fiscal biennium
46 appropriated in this section in the Social Services Block Grant to the Department of Health and
47 Human Services, Divisions of Social Services and Aging and Adult Services, shall be used for
48 guardianship services pursuant to Chapter 35A of the General Statutes. The Department may
49 expend funds appropriated in this section to support (i) existing corporate guardianship
50 contracts during the 2015-2016 and 2016-2017 fiscal years and (ii) guardianship contracts

1 transferred to the State from local management entities or managed care organizations during
2 the 2015-2016 and 2016-2017 fiscal years.

3 4 **LOW-INCOME ENERGY ASSISTANCE BLOCK GRANT**

5 **SECTION 121.1.(r)** Additional emergency contingency funds received may be
6 allocated for Energy Assistance Payments or Crisis Intervention Payments without prior
7 consultation with the Joint Legislative Oversight Committee on Health and Human Services.
8 Additional funds received shall be reported to the Joint Legislative Oversight Committee on
9 Health and Human Services and the Fiscal Research Division upon notification of the award.
10 The Department of Health and Human Services shall not allocate funds for any activities,
11 including increasing administration, other than assistance payments, without prior consultation
12 with the Joint Legislative Oversight Committee on Health and Human Services.

13 **SECTION 121.1.(s)** The sum of forty million two hundred forty-four thousand five
14 hundred thirty-four dollars (\$40,244,534) for the 2015-2016 fiscal year and the sum of
15 thirty-nine million three hundred three thousand six hundred seventy-four dollars (\$39,303,674)
16 for the 2016-2017 fiscal year appropriated in this section in the Low-Income Energy Assistance
17 Block Grant to the Department of Health and Human Services, Division of Social Services,
18 shall be used for Energy Assistance Payments for the households of (i) elderly persons age 60
19 and above with income up to one hundred thirty percent (130%) of the federal poverty level
20 and (ii) disabled persons eligible for services funded through the Division of Aging and Adult
21 Services.

22 County departments of social services shall submit to the Division of Social
23 Services an outreach plan for targeting households with 60-year-old household members no
24 later than August 1 of each year. The outreach plan shall comply with the following:

- 25 (1) Ensure that eligible households are made aware of the available assistance,
26 with particular attention paid to the elderly population age 60 and above and
27 disabled persons receiving services through the Division of Aging and Adult
28 Services.
- 29 (2) Include efforts by the county department of social services to contact other
30 State and local governmental entities and community-based organizations to
31 (i) offer the opportunity to provide outreach and (ii) receive applications for
32 energy assistance.
- 33 (3) Be approved by the local board of social services or human services board
34 prior to submission.

35 36 **CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT**

37 **SECTION 121.1.(t)** Payment for subsidized child care services provided with
38 federal TANF funds shall comply with all regulations and policies issued by the Division of
39 Child Development for the subsidized child care program.

40 **SECTION 121.1.(u)** If funds appropriated through the Child Care and
41 Development Fund Block Grant for any program cannot be obligated or spent in that program
42 within the obligation or liquidation periods allowed by the federal grants, the Department may
43 move funds to child care subsidies, unless otherwise prohibited by federal requirements of the
44 grant, in order to use the federal funds fully.

45 46 **MENTAL HEALTH SERVICES BLOCK GRANT**

47 **SECTION 121.1.(v)** The sum of six hundred forty-three thousand four hundred
48 ninety-one dollars (\$643,491) appropriated in this section in the Mental Health Services Block
49 Grant to the Department of Health and Human Services, Division of Mental Health,
50 Developmental Disabilities, and Substance Abuse Services, for each year of the 2015-2017
51 fiscal biennium is allocated for Mental Health Services – First Psychotic Symptom Treatment.

1 The Division shall report on (i) the specific evidence-based treatment and services provided,
2 (ii) the number of persons treated, and (iii) the measured outcomes or impact on the participants
3 served. The Division shall report to the House of Representatives Appropriations Committee on
4 Health and Human Services, the Senate Appropriations Committee on Health and Human
5 Services, and the Fiscal Research Division no later than December 31, 2016.

6 7 **SUBSTANCE ABUSE PREVENTION AND TREATMENT BLOCK GRANT**

8 **SECTION 12I.1.(w)** The sum of two hundred fifty thousand dollars (\$250,000)
9 appropriated in this section in the Substance Abuse Prevention and Treatment Block Grant to
10 the Department of Health and Human Services, Division of Mental Health, Developmental
11 Disabilities, and Substance Abuse Services, for each year of the 2015-2017 fiscal biennium
12 shall be allocated to the Department of Administration, Division of Veterans Affairs, to
13 establish a call-in center to assist veterans in locating service benefits and crisis services. The
14 call-in center shall be staffed by certified veteran peers within the Division of Veterans Affairs
15 and trained by the Division of Mental Health, Developmental Disabilities, and Substance
16 Abuse Services.

17 18 **MATERNAL AND CHILD HEALTH BLOCK GRANT**

19 **SECTION 12I.1.(x)** If federal funds are received under the Maternal and Child
20 Health Block Grant for abstinence education, pursuant to section 912 of Public Law 104-193
21 (42 U.S.C. § 710), for the 2015-2016 fiscal year or the 2016-2017 fiscal year, then those funds
22 shall be transferred to the State Board of Education to be administered by the Department of
23 Public Instruction. The Department of Public Instruction shall use the funds to establish an
24 abstinence until marriage education program and shall delegate to one or more persons the
25 responsibility of implementing the program and G.S. 115C-81(e1)(4) and (4a). The Department
26 of Public Instruction shall carefully and strictly follow federal guidelines in implementing and
27 administering the abstinence education grant funds.

28 **SECTION 12I.1.(y)** The Department of Health and Human Services shall ensure
29 that there will be follow-up testing in the Newborn Screening Program.

30 **SECTION 12I.1.(z)** The sum of one million five hundred seventy-five thousand
31 dollars (\$1,575,000) appropriated in this section in the Maternal and Child Health Block Grant
32 to the Department of Health and Human Services, Division of Public Health, for each year of
33 the 2015-2017 fiscal biennium shall be used for evidence-based programs in counties with
34 highest infant mortality rates. The Division shall report on (i) the counties selected to receive
35 the allocation, (ii) the specific evidenced-based services provided, (iii) the number of women
36 served, and (iv) any impact on the counties' infant mortality rate. The Division shall report its
37 findings to the House of Representatives Appropriations Committee on Health and Human
38 Services, the Senate Appropriations Committee on Health and Human Services, and the Fiscal
39 Research Division no later than December 31, 2016.

40 **SECTION 12I.1.(aa)** The sum of one hundred thousand dollars (\$100,000)
41 allocated in this section in the Maternal and Child Health Block Grant to the Department of
42 Health and Human Services, Division of Public Health, for each year of the 2015-2017 fiscal
43 biennium for community-based sickle cell centers shall not be used to supplant existing State or
44 federal funds.

45 46 **PART XIII. DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES**

47 48 **TVA SETTLEMENT FUNDS**

49 **SECTION 13.2.** In fiscal year 2015-2016, The Department of Agriculture and
50 Consumer Services shall apply for two million two hundred forty thousand dollars (\$2,240,000)
51 from the Tennessee Valley Authority Settlement Agreement in compliance with the

1 requirements of paragraphs 122 through 128 of the Consent Decree entered into by the State in
2 *State of Alabama et al. v. Tennessee Valley Authority*, Civil Action 3:11-cv-00170 in the United
3 States District Court for the Eastern District of Tennessee, and Appendix C to the Compliance
4 Agreement. The funds received by the State shall be allocated to the following programs for
5 projects, with priority given to projects in the counties of Avery, Buncombe, Burke, Cherokee,
6 Clay, Graham, Haywood, Henderson, Jackson, Macon, Madison, McDowell, Mitchell, Swain,
7 Transylvania, Watauga, and Yancey:

- 8 (1) One million dollars (\$1,000,000) to the Agriculture Cost Share Program for
9 Nonpoint Source Pollution Control.
- 10 (2) Five hundred thousand dollars (\$500,000) to the Department's Bioenergy
11 Development Program.
- 12 (3) Five hundred thousand dollars (\$500,000) to the North Carolina Agricultural
13 Development and Farmland Preservation Trust Fund to be used,
14 notwithstanding G.S. 106-744, in the areas specified in this section.
- 15 (4) Two hundred forty thousand dollars (\$240,000) to the North Carolina
16 Agricultural Water Resources Assistance Program.

17 18 **DISPOSITION OF ROSE HILL LABORATORY PROPERTY**

19 **SECTION 13.3.** The Department of Administration shall sell the building and
20 associated real property formerly used to house the Veterinary Diagnostic Laboratory located in
21 the Town of Rose Hill in Duplin County.

22 23 **DRUG MANUFACTURING LICENSING AND REGISTRATION FEES**

24 **SECTION 13.4.(a)** G.S. 106-140.1(h) reads as rewritten:

25 "(h) The Commissioner shall adopt rules to implement the registration requirements of
26 this section. These rules ~~may~~ shall provide for an annual registration fee of ~~up to five hundred~~
27 ~~dollars (\$500.00)~~ one thousand dollars (\$1,000) for companies operating as ~~manufacturers,~~
28 ~~wholesalers, or repackagers.~~ manufacturers or repackagers and seven hundred dollars (\$700.00)
29 for companies operating as wholesalers. The Department of Agriculture and Consumer
30 Services shall use these funds for the implementation of the North Carolina Food, Drug and
31 Cosmetic Act."

32 **SECTION 13.4.(b)** G.S. 106-145.4(b) reads as rewritten:

33 **"§ 106-145.4. Application and fee for license.**

34 "(b) Fee. – An application for an initial license or a renewed license as a wholesale
35 distributor shall be accompanied by a nonrefundable fee of ~~five hundred dollars (\$500.00)~~ one
36 thousand dollars (\$1,000) for a manufacturer or ~~three hundred fifty dollars (\$350.00)~~ seven
37 hundred dollars (\$700.00) for any other person."

38 39 **FOOD MANUFACTURER AND RETAILER INSPECTION FEES**

40 **SECTION 13.5.** G.S. 106-254 reads as rewritten:

41 **"§ 106-254. Inspection fees; wholesalers; retailers and cheese factories.**

42 For the purpose of defraying the expenses incurred in the enforcement of this Article, the
43 owner, proprietor or operator of each ice cream factory where ice cream, milk shakes, milk
44 sherbet, sherbet, water ices, mixes for frozen or semifrozen desserts and other similar frozen or
45 semifrozen food products are made or stored, or any cheese factory or butter-processing plant
46 that disposes of its products at wholesale to retail dealers for resale in this State shall pay to the
47 Commissioner of Agriculture each year an inspection fee of ~~forty dollars (\$40.00)~~ one hundred
48 dollars (\$100.00). Each maker of ice cream, milk shakes, milk sherbet, sherbet, water ices
49 and/or other similar frozen or semifrozen food products who disposes of his product at retail
50 only, and cheese factories, shall pay to the Commissioner of Agriculture an inspection fee of
51 ~~ten dollars (\$10.00)~~ fifty dollars (\$50.00) each year. The inspection fee of ~~ten dollars (\$10.00)~~

1 fifty dollars (\$50.00) shall not apply to conventional spindle-type milk-shake mixers, but shall
2 apply to milk-shake dispensing and vending machines, which operate on a continuous or
3 automatic basis."
4

5 SPAY/NEUTER PROGRAM REVISIONS

6 SECTION 13.7. G.S. 19A-63 reads as rewritten:

7 "§ 19A-63. Eligibility for distributions from Spay/Neuter Account.

8 (a) A county or city is eligible for reimbursement from the Spay/Neuter Account if it
9 meets the following condition:

10 (1) The county or city offers one or more of the following programs to
11 low-income persons on a year-round basis for the purpose of reducing the
12 cost of spaying and neutering procedures for dogs and cats:

13 a. A spay/neuter clinic operated by the county or city.

14 ~~b. A spay/neuter clinic operated by a private organization under
15 contract or other arrangement with the county or city.~~

16 c. A contract or contracts with one or more veterinarians, whether or
17 not located within the county, to provide reduced-cost spaying and
18 neutering procedures.

19 d. Subvention of the spaying and neutering costs incurred by
20 low-income pet owners through the use of vouchers or other
21 procedure that provides a discount of the cost of the spaying or
22 neutering procedure fixed by a participating veterinarian or other
23 provider.

24 e. Subvention of the spaying and neutering costs incurred by persons
25 who adopt a pet from an animal shelter operated by or under contract
26 with the county or city.

27 (2) Reserved for future codification purposes.

28 (b) For purposes of this Article, the term "low-income person" shall mean an individual
29 ~~who qualifies for one or more of the programs of public assistance administered by the~~
30 ~~Department of Health and Human Services pursuant to Chapter 108A of the General Statutes or~~
31 ~~whose annual household income is under three hundred percent (300%) lower than one~~
32 ~~hundred percent (100%) of the federal poverty level guidelines published by the United States~~
33 ~~Department of Health and Human Services.~~

34 (c) Each county shall make rules or publish guidelines that designate what proof a
35 low-income person must submit to establish that the person ~~qualifies for public assistance~~
36 ~~under subsection (b) of this section or has an annual household income lower than three~~
37 ~~hundred percent (300%) one hundred percent (100%) of the federal poverty level guidelines~~
38 ~~published by the United States Department of Health and Human Services."~~
39

40 CONSERVATION RESERVE ENHANCEMENT PROGRAM REPORT

41 SECTION 13.8.(a) The Department of Agriculture and Consumer Services shall
42 study and report on the activities of the Conservation Reserve Enhancement Program. The
43 report shall include, at a minimum, the following components:

44 (1) A listing of contracts currently in effect and contracts entered into in each of
45 the last five fiscal years, including the acreage and location of the land under
46 contract and the distribution of contracts by duration.

47 (2) A five-year projection of future funding requirements.

48 (3) A detailed listing of the conservation practices used at project sites over the
49 last five fiscal years and an assessment of the effectiveness of those practices
50 for preventing or reducing nonpoint source pollution.

- 1 (4) An assessment of the effectiveness and impact of the program in both
2 protection of waterways from nonpoint source pollution and the leveraging
3 of additional programs and efforts to reduce nonpoint source pollution.

4 **SECTION 13.8.(b)** The Department shall submit its findings and report to the
5 chairs of the Senate Appropriations Committee on Natural and Economic Resources and the
6 House Appropriations Committee on Agriculture and Natural and Economic Resources and to
7 the Fiscal Research Division no later than April 1, 2016.

8 9 **CRAFT BEER MARKETING**

10 **SECTION 13.9.** The additional funds allocated by this act to the Marketing
11 Division of the Department of Agriculture and Consumer Services shall be used for the
12 promotion of craft beer produced in the State.

13 14 **REPEAL MINE SAFETY AND HEALTH ACT**

15 **SECTION 13.10.(a)** Article 2A of Chapter 74 of the General Statutes is repealed.

16 **SECTION 13.10.(b)** G.S. 130A-460 reads as rewritten:

17 "**§ 130A-460. Report to Department of Labor.**

18 ...

19 (c) Subsection (b) shall not apply to inspections conducted for the Industrial
20 Commission pursuant to ~~G.S. 97-76~~ and shall not affect the allocation of responsibilities set
21 forth in ~~G.S. 74-24.4(c); G.S. 97-76.~~"

22 23 **PART XIV. DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES**

24 25 **PROSPERITY ZONE DENR LIAISONS**

26 **SECTION 14.1.** Section 4.1 of S.L. 2014-18 reads as rewritten:

27 "**SECTION 4.1.** No later than January 1, 2015, the Departments of Commerce,
28 Environment and Natural Resources, and Transportation shall have at least one employee
29 physically located in the same office in each of the Collaboration for Prosperity Zones set out
30 in G.S. 143B-28.1 to serve as that department's liaison with the other departments and with
31 local governments, schools and colleges, planning and development bodies, and businesses in
32 that zone. The departments shall jointly select the office. For purposes of this Part, the
33 Department of Commerce may contract with a North Carolina nonprofit corporation pursuant
34 to G.S. 143B-431A, as enacted by this act, to fulfill the departmental liaison requirements for
35 each office in each of the Collaboration for Prosperity ~~Zones-Zones,~~ and the Department of
36 Environment and Natural Resources shall fulfill the departmental liaison requirements from
37 existing positions.

38 No later than January 1, 2015, the Community Colleges System Office shall designate at
39 least one representative from a community college or from the Community Colleges System
40 Office to serve as a liaison in each Collaboration for Prosperity Zone for the community
41 college system, the community colleges in the zone, and other educational agencies and schools
42 within the zone. A liaison may be from a business center located in a community college. These
43 liaisons are not required to be collocated with the liaisons from the Departments of Commerce,
44 Environment and Natural Resources, and Transportation.

45 No later than January 1, 2015, the State Board of Education shall designate at least one
46 representative from a local school administrative unit or from the Department of Public
47 Instruction to serve as a liaison in each Collaboration for Prosperity Zone for the local school
48 administrative units and other public schools within the zone. These liaisons are not required to
49 be collocated with the liaisons from the Departments of Commerce, Environment and Natural
50 Resources, and Transportation."

1 **IMPROVE FINANCIAL MANAGEMENT OF ENVIRONMENTAL STEWARDSHIP**
2 **FUNDS THROUGH CONSERVATION GRANT FUND**

3 **SECTION 14.2.** G.S. 147-69.2(d) reads as rewritten:

4 "(d) The State Treasurer may invest funds deposited pursuant to ~~subdivision~~
5 ~~(a)(17i)~~ subdivisions (a)(17i) or (a)(17j) of this section in any of the investments authorized
6 under subdivisions (1) through (6) and subdivision (8) of subsection (b) of this section. The
7 State Treasurer may require a minimum deposit, up to one hundred thousand dollars
8 (\$100,000), and may assess a reasonable fee, not to exceed 15 basis points, as a condition of
9 participation pursuant to this subsection. Funds deposited pursuant to this subsection shall
10 remain the funds of the North Carolina Conservation Easement Endowment ~~Fund, Fund or the~~
11 Conservation Grant Fund, as applicable, and interest or other investment income earned thereon
12 shall be prorated and credited to the North Carolina Conservation Easement Endowment ~~Fund~~
13 Fund or the Conservation Grant Fund on the basis of the amounts ~~thereof~~
14 contributed, contributed to the respective Funds, figured according to sound accounting
15 principles."
16

17 **ALLOW REVENUE GENERATED FROM TIMBER SALE TO BE RETAINED IN A**
18 **NONREVERTING ACCOUNT FOR A PERIOD OF FOUR YEARS**

19 **SECTION 14.3.** The Department of Environment and Natural Resources'
20 Stewardship Program may retain revenue generated from timber harvesting on the Great
21 Coharie property in the Conservation Grant Endowment Interest Fund (6705) for the purpose of
22 restoration and stewardship of that property and these funds are hereby appropriated for that
23 purpose. Any unused portion of this revenue remaining in the Fund on June 30, 2019, shall
24 revert to the General Fund.
25

26 **ENVIRONMENTAL MANAGEMENT OF IMPAIRED LAKES**

27 **SECTION 14.5.(a)** Of the funds appropriated in this act to the Clean Water
28 Management Trust Fund, the sum of five million dollars (\$5,000,000) in the 2015-2017 fiscal
29 biennium shall be used by the Department of Environment and Natural Resources to plan and
30 execute in situ water quality mitigation measures at Jordan Lake and Falls Lake as described in
31 this section and to initiate data collection and modeling of nutrient-related water quality
32 impairment at High Rock Lake. Priority shall be given to the development and support of
33 basinwide nutrient management strategies that include in-lake water quality mitigation.
34

35 **JORDAN LAKE**

36 **SECTION 14.5.(b)** The General Assembly finds that, due to the late deployment of
37 the Jordan Lake Nutrient Mitigation Demonstration Project (Jordan Lake Project) established
38 by Section 14.3A of S.L. 2013-360, and as recommended to the Senate
39 Agriculture/Environment/Natural Resources Committee by the Department of Environment and
40 Natural Resources, an extension of the Jordan Lake Project authorization is necessary. With
41 funds allocated by this section, the Department shall extend by 24 months the duration of the
42 Jordan Lake Project, as well as any associated water quality monitoring, contracts with third
43 parties, contract support, and oversight activities. In addition, the Department is authorized to
44 expand the scope of the Jordan Lake Project and may enter into additional contracts with third
45 parties for in-lake mitigation technologies to supplement the existing Jordan Lake Project. The
46 funds allocated by this section may also be used for that purpose. Any additional contracts
47 entered into under this subsection shall not be subject to Articles 3, 3D, or 8 of Chapter 143 of
48 the General Statutes.

49 **SECTION 14.5.(c)** Section 1(b) of S.L. 2013-395 reads as rewritten:

50 **"SECTION 1.(b)** The implementation dates of the Jordan Lake Rules and Jordan Lake
51 Session Laws that begin July 1, 2013, or later shall be delayed for a period of ~~three~~ five years."

1 **SECTION 14.5.(d)** Section 14.3A(b) of S.L. 2013-360 reads as rewritten:

2 "**SECTION 14.3A.(b)** Report. – ~~No later than October 1, 2015, the~~ The Department of
3 Environment and Natural Resources shall submit ~~an interim report~~ reports on implementation
4 of the demonstration project to the Environmental Review Commission and the Fiscal Research
5 Division of the General ~~Assembly.~~ Assembly no later than October 1 of 2015 and 2016. No
6 later than ~~April 1, 2016, April 1, 2017,~~ the Department of Environment and Natural Resources
7 shall submit a final report on implementation of the demonstration project to the Environmental
8 Review Commission and the Fiscal Research Division of the General Assembly."
9

10 **FALLS LAKE**

11 **SECTION 14.5.(e)** In implementing the Falls Lake Nutrient Management Strategy,
12 the Department and the Environmental Management Commission shall do both of the
13 following:

- 14 (1) Examine the results of the Jordan Lake Project to determine if the
15 deployment of similar technology in Falls Lake could reduce or prevent the
16 adverse impacts of excessive nutrient loading in Falls Lake. No later than six
17 months after the completion of the Jordan Lake Nutrient Mitigation
18 Demonstration Project, the Department and the Environmental Management
19 Commission shall report the results of the determination made pursuant to
20 this subdivision to the Environmental Review Commission.
- 21 (2) No later than October 1, 2015, consult with the United States Environmental
22 Protection Agency to determine if all of the components of the Falls Lake
23 Nutrient Management Strategy are necessary to comply with federal water
24 quality requirements for Falls Lake and if alternative strategies could be
25 employed to comply with federal water quality requirements for Falls Lake.
26 No later than January 1, 2016, the Department of Environment and Natural
27 Resources and the Environmental Management Commission shall report the
28 results of the consultation made pursuant to this subdivision to the
29 Environmental Review Commission.

30 **SECTION 14.5.(f)** The Department may use funds allocated by this section to
31 establish a 24-month demonstration project for the management of nutrients in Falls Lake. The
32 demonstration project shall specifically focus on preventing and reducing harmful algal blooms
33 and excessive chlorophyll as well as providing other nutrient mitigation measures through use
34 of in situ technologies approved by the Secretary of Environment and Natural Resources. The
35 Department may purchase or lease technology devices and, notwithstanding any other
36 provision of law, may enter into prepaid leases for technology devices until June 30, 2017. The
37 Department, in consultation with the Environmental Management Commission, shall have the
38 sole authority to determine the size and scope of any demonstration project as well as the
39 technology or technologies deployed, provided, however, that the Department shall issue a
40 Request for Proposal for any leases or contracts authorized by this subsection and shall evaluate
41 and select contractors based on likelihood of success rather than price and, therefore, any
42 contract entered into under this subsection shall not be subject to Article 3, 3D or 8 of Chapter
43 143 of the General Statutes.
44

45 **CLEAN WATER MANAGEMENT TRUST FUND PURPOSES**

46 **SECTION 14.5A.(a)** G.S. 113A-253(c) reads as rewritten:

47 "(c) Fund Purposes. – Moneys from the Fund are appropriated annually to finance
48 projects to clean up or prevent surface water pollution and for land preservation in accordance
49 with this Article. ~~Revenue~~ The Trustees shall observe the following primary and secondary
50 priorities in allocation or awarding revenue in the Fund may be used for any of the following
51 purposes: Fund. Funds may be used for a grant to fund a project for a purpose that is a

1 secondary priority only if no grant applicants for projects for a purpose that is a primary
2 priority meet the criteria for funding established by the Trustees:

- 3 (1) ~~To acquire land for riparian buffers for the purposes of providing~~
4 ~~environmental protection for surface waters and urban drinking water~~
5 ~~supplies and establishing a network of riparian greenways for environmental,~~
6 ~~educational, and recreational uses.~~
- 7 (2) ~~To acquire conservation easements or other interests in real property for the~~
8 ~~purpose of protecting and conserving surface waters and enhancing drinking~~
9 ~~water supplies, including the development of water supply reservoirs.~~
- 10 (3) ~~To coordinate with other public programs involved with lands adjoining~~
11 ~~water bodies to gain the most public benefit while protecting and improving~~
12 ~~water quality.~~
- 13 (4) ~~To restore previously degraded lands to reestablish their ability to protect~~
14 ~~water quality.~~
- 15 (5) ~~through (7) Repealed by Session Laws 2013-360, s. 14.3(d), effective~~
16 ~~August 1, 2013.~~
- 17 (8) ~~To facilitate planning that targets reductions in surface water pollution.~~
- 18 (8a) ~~To finance innovative efforts, including pilot projects, to improve~~
19 ~~stormwater management, to reduce pollutants entering the State's waterways,~~
20 ~~to improve water quality, and to research alternative solutions to the State's~~
21 ~~water quality problems.~~
- 22 (8b) ~~To provide buffers around military bases or for State matching funds for the~~
23 ~~Readiness and Environmental Protection Initiative, a federal funding~~
24 ~~initiative that provides funds for military buffers.~~
- 25 (8c) ~~To acquire land that represents the ecological diversity of North Carolina,~~
26 ~~including natural features such as riverine, montane, coastal, and geologic~~
27 ~~systems and other natural areas to ensure their preservation and conservation~~
28 ~~for recreational, scientific, educational, cultural, and aesthetic purposes.~~
- 29 (8d) ~~To acquire land that contributes to the development of a balanced State~~
30 ~~program of historic properties.~~
- 31 (8e) ~~To authorize expenditures from the Fund not to exceed the sum of seven~~
32 ~~hundred fifty thousand dollars (\$750,000) and any fees collected under~~
33 ~~G.S. 113A-164.12 to pay for the inventory of natural areas conducted under~~
34 ~~the Natural Heritage Program established pursuant to the Nature Preserves~~
35 ~~Act, Article 9A of Chapter 113A of the General Statutes, and to pay for~~
36 ~~conservation and protection planning and for informational programs for~~
37 ~~owners of natural areas, as defined in G.S. 113A-164.3.~~
- 38 (9) ~~To fund operating expenses of the Board of Trustees and its staff.~~
- 39 (1) Primary purposes:
- 40 a. To finance innovative efforts, including pilot projects, to improve
41 stormwater management, to reduce pollutants entering the State's
42 waterways, to improve water quality, to mitigate water quality in-situ
43 through use of in-water technologies in State rivers and lakes, and to
44 research alternative solutions to the State's water quality problems.
- 45 b. To provide buffers around military bases or for State matching funds
46 for the Readiness and Environmental Protection Initiative, a federal
47 funding initiative that provides funds for military buffers.
- 48 c. To promote activities related to the reintroduction and expansion of
49 shellfish populations within waters of the State when that
50 reintroduction or expansion will improve water quality.

1 d. To facilitate planning that targets reductions in surface water
 2 pollution.

3 (2) Secondary purposes:

4 a. To acquire land for riparian buffers for the purposes of providing
 5 environmental protection for surface waters and urban drinking water
 6 supplies and establishing a network of riparian greenways for
 7 environmental, educational, and recreational uses.

8 b. To acquire conservation easements or other interests in real property
 9 for the purpose of protecting and conserving surface waters and
 10 enhancing drinking water supplies, including the development of
 11 water supply reservoirs.

12 c. To coordinate with other public programs involved with lands
 13 adjoining water bodies to gain the most public benefit while
 14 protecting and improving water quality.

15 d. To restore previously degraded lands to reestablish their ability to
 16 protect water quality.

17 e. To acquire land that represents the ecological diversity of North
 18 Carolina, including natural features such as riverine, montane,
 19 coastal, and geologic systems and other natural areas to ensure their
 20 preservation and conservation for recreational, scientific,
 21 educational, cultural, and aesthetic purposes.

22 f. To acquire land that contributes to the development of a balanced
 23 State program of historic properties."

24 SECTION 14.5A.(b) G.S. 113A-253(d) is repealed.
 25

26 INLET AND PORT ACCESS MANAGEMENT

27 SECTION 14.6.(a) G.S. 143-215.73F reads as rewritten:

28 "**§ 143-215.73F. Shallow Draft Navigation Channel Dredging and Lake Maintenance**
 29 **Fund.**

30 (a) Fund Established. – The Shallow Draft Navigation Channel Dredging and Lake
 31 Maintenance Fund is established as a special revenue fund. The Fund consists of fees credited
 32 to it under ~~G.S. 75A-3, 75A-38, G.S. 75A-3 and G.S. 75A-38 and 105-449.126.~~ taxes credited
 33 under G.S. 105-449.126.

34 (b) Uses of Fund. – Revenue in the Fund may only be used ~~to~~ for the following
 35 purposes:

36 (1) To provide the State's share of the costs associated with any dredging project
 37 designed to keep shallow draft navigation channels located in State waters or
 38 waters of the state located within lakes navigable and ~~safe, or for safe.~~

39 (2) For aquatic weed control projects in waters of the State located within lakes
 40 under Article 15 of Chapter 113A of the General Statutes. Funding for
 41 aquatic weed control projects is limited to five hundred thousand dollars
 42 (\$500,000) in each fiscal year.

43 (c) Cost-Share. – Any project funded by revenue from the Fund must be cost-shared
 44 with non-State dollars on a one-to-one basis, provided that the cost-share for a lake located
 45 within a component of the State Parks System shall be provided by the Division of Parks and
 46 Recreation of the Department of Environment and Natural Resources. The Division of Parks
 47 and Recreation may use funds allocated to the State Parks System for capital projects under
 48 G.S. 113-44.15 for the cost-share.

49 (d) Waiver of Cost-Share. – The Secretary may waive or modify the non-State
 50 cost-share requirement for dredging projects that (i) alleviate a navigational emergency or (ii)
 51 represent an opportunity to supplement or leverage Corps funding that would be lost if a

1 cost-share was required. The Secretary may only waive or modify the non-State cost-share
2 requirement up to an amount not to exceed five hundred thousand dollars (\$500,000) per
3 project.

4 (e) Return of Non-State Entity Funds. – Non-State entities that contribute to the Fund
5 for a particular project or group of projects may make a written request to the Secretary that the
6 contribution be returned if the contribution has not been spent or encumbered within two years
7 of receipt of the contribution by the Fund. If the written request is made prior to the funds being
8 spent or encumbered, the Secretary shall return the funds to the entity within 30 days after the
9 later of (i) receiving the request or (ii) the expiration of the two-year period described by this
10 subsection.

11 (f) Reporting. – The Secretary shall report any waivers or modifications of the
12 cost-share requirement made under subsection (d) of this section within 30 days of issuing the
13 waiver or modification to the Joint Legislative Commission on Governmental Operations and
14 the Fiscal Research Division of the General Assembly. The report shall include an explanation
15 of the factors in subsection (d) of this section that are the basis for the waiver or modification
16 decision.

17 (g) Definitions. – The following definitions apply in this section:

18 (1) Corps. – The United States Army Corps of Engineers.

19 (2) Costs associated with a dredging project. – Includes the cost of the dredging
20 operation, surveys or studies directly attributable to the project, and the costs
21 of disposal of dredged material.

22 (3) Navigational emergency. – With respect to a shallow draft navigation
23 channel, the removal of or statement of intent to remove one or more
24 navigational buoys by the United States Coast Guard from the channel due
25 to shoaling.

26 (4) Shallow draft navigation channel. – (i) a–A waterway connection with a
27 maximum depth of 16 feet between the Atlantic Ocean and a bay or the
28 Atlantic Intracoastal Waterway, (ii) a river entrance to the Atlantic Ocean
29 through which tidal and other currents flow, or (iii) other interior coastal
30 waterways. "~~Shallow draft navigation channel~~"–The term includes the
31 Atlantic Intracoastal Waterway and its side channels, Beaufort Harbor,
32 Bogue Inlet, Carolina Beach Inlet, the channel from Back Sound to Lookout
33 Back, channels connected to federal navigation channels, Lockwoods Folly
34 River, Manteo/Shallowbag Bay, including Oregon Inlet, Masonboro Inlet,
35 New River, New Topsail Inlet, Rodanthe, Hatteras Inlet, Rollinson, Shallotte
36 River, Silver Lake Harbor, and the waterway connecting Pamlico Sound and
37 Beaufort Harbor."

38 **SECTION 14.6.(b)** Notwithstanding G.S. 143-215.73F, the funds available in the
39 Shallow Draft Navigation Channel Dredging and Lake Maintenance Fund shall be reserved for
40 all of the following purposes:

41 (1) The sum of four million dollars (\$4,000,000) shall be reserved for Oregon
42 Inlet dredging needs.

43 (2) The sum of one hundred fifty thousand dollars (\$150,000) shall be reserved
44 to reimburse the Department of Administration for its costs associated with
45 exploring options for acquiring Oregon Inlet and the adjacent real property,
46 including, but not limited to, surveys and appraisals, legal research, and
47 studies related to sand management, engineering proposals, and larval
48 transport.

49 (3) The sum of seven hundred fifty thousand dollars (\$750,000) shall be
50 reserved to reimburse the Department of Administration for its costs
51 associated with the implementation of Section 14.7(g) of S.L. 2014-100.

1 Upon completion of the actions defined in Sections 14.7(a) through (f) of
2 S.L. 2014-100 by the Secretary of Administration and the federal
3 government, Section 14.7(g) of S.L. 2014-100 is repealed. The Department
4 of Administration shall use the report submitted by the Department of
5 Transportation pursuant to Section 14.7(h) of S.L. 2014-100 and consult
6 with the Department of Transportation when prioritizing condemnation of all
7 existing and future transportation corridors on the Outer Banks, a right
8 retained by the State and recorded in a deed executed on August 7, 1958,
9 when these lands were conveyed to the federal government.

- 10 (4) The sum of two hundred fifty thousand dollars (\$250,000) shall be reserved
11 for use by the Department of Environment and Natural Resources to update
12 the Beach and Inlet Management Plan. The Department may enter into a
13 sole-source contract of up to two hundred fifty thousand dollars (\$250,000)
14 with the firm that developed the initial Plan to have the firm update the Plan.
15 The updated Plan shall include a recommended schedule for ongoing inlet
16 maintenance. No later than December 1, 2016, the Department shall report to
17 the Environmental Review Commission on the updated Plan.

18 The conditions on funding set out in G.S. 143-215.73F(c) may not be waived
19 pursuant to G.S. 143-215.73F(d) for funds reserved for the Oregon Inlet dredging needs set out
20 in subdivision (1) of this subsection. If State funds reserved for the purposes listed above are
21 not spent or encumbered by June 30, 2016, the State funds shall be unreserved and made
22 available for any of the uses set out in G.S. 143-215.73F.

23 **SECTION 14.6.(c)** Article 21 of Chapter 143 of the General Statutes is amended
24 by adding a new Part to read:

25 "Part 8C. Deep Draft Navigation Channel Dredging and Maintenance Fund.

26 **"§ 143-215.73G. Deep Draft Navigation Channel Dredging and Maintenance Fund.**

27 (a) Fund Established. – The Deep Draft Navigation Channel Dredging and Maintenance
28 Fund is established as a special revenue fund. The Fund consists of General Fund
29 appropriations, gifts, or grants, including monies contributed by a non-State entity for a
30 particular dredging project or group of projects and any other revenues specifically allocated to
31 the Fund by an act of the General Assembly.

32 (b) Uses of the Fund. – Revenue credited to the Fund may only be used for costs
33 associated with projects providing safe and efficient navigational access to a State Port,
34 including the design, construction, expansion, modification, or maintenance of deep draft
35 navigation channels, turning basins, berths, and related structures, as well as surveys or studies
36 related to any of the foregoing and the costs of disposal of dredged material.

37 (c) Conditions on Funding. – State funds credited to the Fund from the sources
38 described in subsection (a) of this section must be cost-shared on a one-to-one basis with funds
39 provided by the State Ports Authority, provided that:

- 40 (1) Funds contributed to the Fund by a non-State entity are not considered State
41 funds and may be used to provide the cost-share required by this subsection.
42 (2) The Secretary may waive or modify the cost-share requirement for any
43 project that supplements Corps funding for a study authorized by the Corps
44 related to navigational access to a State Port, based on availability of
45 alternate funding sources.

46 (d) Return of Non-State Entity Funds. – Non-State entities that contribute to the Fund
47 for a particular project or group of projects may make a written request to the Secretary that the
48 contribution be returned if the contribution has not been spent or encumbered within two years
49 of receipt of the contribution by the Fund. If the written request is made prior to the funds being
50 spent or encumbered, the Secretary shall return the funds to the entity within 30 days after the

1 later of (i) receiving the request or (ii) the expiration of the two-year period described by this
2 subsection.

3 (e) Definitions. – The following definitions apply in this Part:

4 (1) Corps. – The United States Army Corps of Engineers.

5 (2) State Port. – Facilities at Wilmington or Morehead City managed or operated
6 by the State Ports Authority."

7 **SECTION 14.6.(d)** SPA Memorandum of Agreement. – The State Ports Authority
8 shall negotiate with the United States Army Corps of Engineers (hereafter, "Corps") a
9 memorandum of agreement allowing for nonfederal funding of dredging and related studies or
10 maintenance at the State Ports located at Wilmington and Morehead City. The memorandum
11 required by this subsection shall be for as long a term as possible.

12 **SECTION 14.6.(e)** DENR Memorandum of Agreement. – The Division of Water
13 Resources of the Department of Environment and Natural Resources shall negotiate with the
14 Corps a memorandum of agreement allowing for nonfederal funding of dredging of Oregon
15 Inlet. The memorandum required by this subsection shall be for as long a term as possible.

16 **SECTION 14.6.(f)** Port Access Lands Acquisition Agreement. – Notwithstanding
17 Chapter 146 of the General Statutes or any other provision of law, the Department of
18 Administration, on behalf of the State, shall seek to initiate negotiations with the appropriate
19 agency of the federal government for an agreement to acquire the federally owned property
20 necessary for management of deep draft navigation channels providing access to State Port
21 facilities at Morehead City from the federal government in exchange for State-owned real
22 property.

23 (1) Interagency cooperation. – The North Carolina Ports Authority and the
24 Department of Transportation shall be included in the planning and carrying
25 out of these negotiations, but the ultimate approval authority remains solely
26 with the Secretary of the Department of Administration.

27 (2) Terms of agreement. – The Secretary of the Department of Administration
28 shall have the authority to negotiate the terms of the acquisition agreement.
29 The agreement (i) shall provide for the acquisition of interests in real
30 property described in this subsection and no other; (ii) shall provide that the
31 conveyances described in the agreement become effective as soon as
32 practicable; and (iii) shall incorporate the relevant terms of this subsection.

33 (3) Execution of deeds. – Within 30 days of the acquisition becoming effective,
34 the Attorney General shall execute any documents or deeds necessary to
35 effectuate the acquisition under the exact terms set forth in the acquisition
36 agreement. All State agencies and officials shall cooperate to the fullest
37 extent possible in effectuating the acquisition agreement.

38 (4) Reporting. – Within 30 days after an agreement is entered into pursuant to
39 this section, the Secretary of the Department of Administration shall report
40 to the Joint Legislative Commission on Governmental Operations on the
41 terms of the agreement.

42 **SECTION 14.6.(g)** Contested Case Exemption. – G.S. 150B-1(e) is amended by
43 adding a new subdivision to read:

44 "(e) Exemptions From Contested Case Provisions. – The contested case provisions of
45 this Chapter apply to all agencies and all proceedings not expressly exempted from the Chapter.
46 The contested case provisions of this Chapter do not apply to the following:

47 ...

48 (22) The Secretary of Environment and Natural Resources for the waiver or
49 modification of non-State cost-share requirements under G.S. 143-215.73F
50 and G.S. 143-215.73G."

1 **SECTION 14.6.(h)** The General Assembly finds that the New Inlet Dam or "The
2 Rocks" is a breakwater established by the United States Army Corps of Engineers in the late
3 1800s. The New Inlet Dam is composed of two components, a Northern Component that
4 extends from Federal Point to Zeke's Island and a Southern Component that extends
5 southwestward from Zeke's Island and separates the New Inlet from the main channel of the
6 Cape Fear River. The General Assembly further finds that the Southern Component of the New
7 Inlet Dam impedes the natural flow of water between the Cape Fear River and the Atlantic
8 Ocean that occurred prior to emplacement of the dam. The General Assembly further finds that
9 it is necessary to remove the Southern Component of the New Inlet Dam in order to reestablish
10 the natural hydrodynamic flow between the Cape Fear River and the Atlantic Ocean. To this
11 end, the Department of Environment and Natural Resources shall do all of the following:

- 12 (1) Notify the United States Army Corps of Engineers of the State's intent to
13 remove the Southern Component of the New Inlet Dam.
- 14 (2) Issue a Request for Proposals for a firm capable of conducting all aspects of
15 removal of the Southern Component of the New Inlet Dam, including
16 securing all necessary State and federal permits and developing and
17 implementing a removal plan. Identification of a capable firm pursuant to
18 this section shall be done in accordance with Article 8 of Chapter 143 of the
19 General Statutes.
- 20 (3) Execute a contract with the firm chosen to implement subdivision (2) of this
21 subsection and exercise oversight of the fulfillment of the contract.
22 Execution of a contract pursuant to this section shall be done in accordance
23 with Article 8 of Chapter 143 of the General Statutes.
- 24 (4) Request approval from the National Oceanic and Atmospheric
25 Administration to adjust the boundary established for Zeke's Island for both
26 of the following changes:
 - 27 a. Moving the current western boundary 200 feet seaward and
28 removing the area that lies between the current boundary and the new
29 boundary from the North Carolina National Estuarine Research
30 Reserve.
 - 31 b. Compensating for any loss of acreage pursuant to sub-subdivision a.
32 of this subdivision by adding a corresponding amount of acreage to
33 the northern boundary of Zeke's Island from adjacent acreage at Fort
34 Fisher State Recreation Area.
- 35 (5) If the Department obtains approval from the National Oceanic and
36 Atmospheric Administration to adjust the boundary established for Zeke's
37 Island as described in subdivision (4) of this subsection, the Coastal
38 Resources Commission shall amend 15A NCAC 070 .0105 (North Carolina
39 Coastal Reserve: Reserve Components) as follows:
 - 40 a. Definitions. – "Reserve Components Rule" means 15A NCAC 070
41 .0105 (North Carolina Coastal Reserve: Reserve Components) for
42 purposes of this section and its implementation.
 - 43 b. Reserve Components Rule. – Until the effective date of the revised
44 permanent rule that the Coastal Resources Commission is required to
45 adopt pursuant to sub-subdivision d. of this subdivision, the
46 Commission and the Department of Environment and Natural
47 Resources shall implement the Reserve Components Rule, as
48 provided in sub-subdivision c. of this subdivision.
 - 49 c. Implementation. – Notwithstanding the Reserve Components Rule,
50 the Commission shall adjust the boundary established for Zeke's
51 Island in conformance with any boundary change that is approved by

1 the National Oceanic and Atmospheric Administration pursuant to
2 subdivision (4) of this subsection.

3 d. Additional rule-making authority. – The Commission shall adopt a
4 rule to replace the Reserve Components Rule. Notwithstanding
5 G.S. 150B-19(4), the rule adopted by the Commission pursuant to
6 this subdivision shall be substantively identical to the provisions of
7 sub-subdivision c. of this subdivision. Rules adopted pursuant to this
8 subdivision are not subject to Part 3 of Article 2A of Chapter 150B
9 of the General Statutes. Rules adopted pursuant to this subdivision
10 shall become effective as provided in G.S. 150B-21.3(b1) as though
11 10 or more written objections had been received as provided by
12 G.S. 150B-21.3(b2).

13 e. Effective date. – Sub-subdivision c. of this subdivision expires when
14 permanent rules to replace sub-subdivision c. of this subdivision have
15 become effective, as provided by sub-subdivision d. of this
16 subdivision.

17 Notwithstanding any other provision of law, the Department of Environment and
18 Natural Resources may use funds from the Deep Draft Navigation Channel Dredging and
19 Maintenance Fund, established pursuant to G.S. 143-215.73G, as enacted by subsection (c) of
20 this section, to implement this subsection.

21 **SECTION 14.6.(i) Coastal Waterways User Identification Number and Fee. –**
22 Article 1 of Chapter 75A of the General Statutes is amended by adding a new section to read:

23 **"§ 75A-5.3. Coastal Waterways User Identification Number required.**

24 (a) Definitions. – As used in this section, "coastal fishing waters" has the same meaning
25 as in G.S. 113-129.

26 (b) Coastal Waterways User Identification Number Required. – All of the following
27 vessels are required to be numbered with a Coastal Waterways User Identification Number
28 issued by the Wildlife Resources Commission:

29 (1) A vessel required to be numbered pursuant to G.S. 75A-4 that is 24 feet or
30 more in length and that is operated in the coastal fishing waters of the State.

31 (2) A vessel that (i) is numbered in accordance with applicable federal law or in
32 accordance with a federally approved numbering system of another state, (ii)
33 is 24 feet or more in length, and (iii) is used to engage in commercial or
34 recreational fishing in the coastal fishing waters of the State under any of the
35 following fishing licenses:

36 a. A Standard Commercial Fishing License issued pursuant to
37 G.S. 113-168.2.

38 b. A Retired Standard Commercial Fishing License issued pursuant to
39 G.S. 113-168.3.

40 c. A Shellfish License issued pursuant to G.S. 113-169.2.

41 d. A Recreational Commercial Gear License issued pursuant to
42 G.S. 113-173.

43 e. A Coastal Recreational Fishing License issued pursuant to
44 G.S. 113-174.2 or G.S. 113-351.

45 f. A For-Hire License issued pursuant to G.S. 113-174.3.

46 (c) Fees. – The annual fee for a Coastal Waterways User Identification Number shall be
47 calculated by rounding down the length of the vessel to the nearest foot, dividing this length by
48 eight, and multiplying the result by the length of the vessel rounded down to the nearest foot.
49 The result of this calculation shall be rounded down to the nearest cent, and this result shall be
50 the dollar amount of the annual fee for each vessel. Notwithstanding this subsection, an annual
51 fee for a Coastal Waterways User Identification Number shall not be greater than the fee for a

1 100-foot vessel. The funds collected pursuant to this section shall be credited on a quarterly
2 basis to the Shallow Draft Navigation Channel Dredging and Lake Maintenance Fund
3 established by G.S. 143-215.73F.

4 (d) Renewal of Number. – An owner of a vessel issued a Coastal Waterways User
5 Identification Number pursuant to this section shall renew the number on or before the number
6 expires. If the number is not renewed before it expires, it shall lapse and be void until such time
7 as it may thereafter be renewed. Application for renewal shall be submitted on a form approved
8 by the Commission and shall be accompanied by a fee in the amount set forth in subsection (c)
9 of this section.

10 (e) Duplicate Number. – The Commission shall issue a duplicate number for a Coastal
11 Waterways User Identification Number upon application by the person entitled to hold the
12 number if the Commission is satisfied the original number has been lost, stolen, mutilated,
13 destroyed, or has become illegible.

14 (f) Vessel Change of Ownership. – Should the ownership of a vessel with a valid
15 Coastal Waterways User Identification Number change, a new application form with the fee set
16 forth in subsection (c) of this section shall be filed with the Commission by the new owner
17 upon expiration if the new owner intends to use the vessel as described in subsection (b) of this
18 section. Coastal Waterways User Identification Numbers are not transferable from one vessel to
19 another.

20 (g) Duration. – Coastal Waterways User Identification Numbers are valid for a period
21 of 12 months from the date of issuance. Subsequent renewals made before the expiration date
22 of the number are valid the first day after the expiration of the currently valid number.
23 Renewals made after the number expires are valid for a period of 12 months from the date of
24 issuance.

25 (h) Display. – Notwithstanding G.S. 75A-5(k), the Coastal Waterways User
26 Identification Number shall be displayed on each side of the bow of the vessel.

27 (i) Penalty. – A person who fails to obtain and display the Coastal Waterways User
28 Identification Number required by this section is responsible for an infraction as provided in
29 G.S. 14-3.1 and shall pay a fine equal to the amount of the fee for the applicable Coastal
30 Waterways User Identification Number.

31 (j) Rule Making. – The Wildlife Resources Commission shall adopt rules to implement
32 this section."

33 **SECTION 14.6.(j)** G.S. 75A-5.2(c) reads as rewritten:

34 "(c) As compensation for services rendered to the Commission and to the general public,
35 vessel agents shall receive the surcharge listed below. The surcharge shall be added to the fee
36 for each certificate issued.

37 (1) Renewal of certificate of number – \$3.00.

38 (2) Transfer of ownership and certificate of number – \$5.00.

39 (3) Issuance of new certificate of number – \$5.00.

40 (4) Issuance of duplicate certificate of number – \$3.00.

41 (5) Issuance or transfer of certificate of title – \$5.00.

42 (6) Issuance of new, duplicate, or renewal Coastal Waterways User
43 Identification Number – \$3.50."

44 **SECTION 14.6.(k)** The Wildlife Resources Commission shall disseminate
45 information regarding the Coastal Waterways User Identification Number to the public in order
46 to inform affected vessel owners of the Coastal Waterways User Identification Number
47 requirements.

48 **SECTION 14.6.(l)** Coastal Waterways User Fee Administrative Costs. –
49 Notwithstanding G.S. 75A-3, of the funds to be transferred to the Shallow Draft Navigation
50 Channel and Lake Dredging Fund pursuant to G.S. 75A-3, the Wildlife Resources Commission

1 may retain up to two hundred fifty thousand dollars (\$250,000) in each fiscal year of the
2 2015-2017 fiscal biennium to implement subsections (i), (j), and (k) of this section.

3 **SECTION 14.6.(m)** Amend Dare County Occupancy Tax. – Effective July 1,
4 2015, for net proceeds collected on or after that date, Chapter 449 of the 1985 Session Laws, as
5 amended by Chapters 177 and 906 of the 1991 Session Laws, Part VII of S.L. 2001-439, and
6 Section 7 of S.L. 2010-78, is amended by adding a new section to read:

7 "Sec. 3.3. Waterway Maintenance. – Notwithstanding any provision restricting the use of
8 taxes authorized in this act, the county may use up to three million dollars (\$3,000,000) of the
9 net proceeds of the taxes authorized by Sections 3.1 and 3.2 of this act per fiscal year for
10 maintenance of waterways located wholly or partially in the county. This section is repealed for
11 fiscal years beginning on or after July 1, 2020."

12 **SECTION 14.6.(n)** Section 1 of S.L. 2013-182 is repealed.

13 **SECTION 14.6.(o)** G.S. 153A-132(i), as rewritten by S.L. 2013-182, reads as
14 rewritten:

15 "(i) A county may by ordinance prohibit the abandonment of vessels in navigable waters
16 within the county's ordinance-making jurisdiction, subject to the provisions of this subsection.
17 The provisions of this section shall apply to abandoned vessels in the same manner that they
18 apply to abandoned or junked motor vehicles to the extent that the provisions may apply to
19 abandoned vessels. For purposes of this subsection, an "abandoned vessel" is one that meets
20 any of the following:

- 21 (1) A vessel that is moored, anchored, or otherwise located for more than 30
22 consecutive days in any 180 consecutive-day period without permission of
23 the dock owner.
- 24 (2) A vessel that is in danger of sinking, has sunk, is resting on the bottom, or is
25 located such that it is a hazard to navigation or is an immediate danger to
26 other vessels.

27 Shipwrecks, vessels, cargoes, tackle, and other underwater archeological remains that have
28 been in place for more than 10 years shall not be considered abandoned vessels and shall not be
29 removed under the provisions of this section without the approval of the Department of
30 Cultural Resources, which is the legal custodian of these properties pursuant to G.S. 121-22
31 and G.S. 121-23. This subsection applies only to the counties set out in G.S. 113A-103(2)."

32 **SECTION 14.6.(p)** The Coastal Resources Commission shall amend its rules for
33 the use of temporary erosion control structures to provide for all of the following:

- 34 (1) Allow the placement of temporary erosion control structures on a property
35 that is experiencing coastal erosion even if there are no imminently
36 threatened structures on the property if the property is adjacent to a property
37 where temporary erosion control structures have been placed.
- 38 (2) Allow the placement of contiguous temporary erosion control structures
39 from one shoreline boundary of a property to the other shoreline boundary,
40 regardless of proximity to an imminently threatened structure.
- 41 (3) The termination date of all permits for contiguous temporary erosion control
42 structures on the same property shall be the same and shall be the latest
43 termination date for any of the permits.
- 44 (4) The replacement, repair, or modification of damaged temporary erosion
45 control structures that are either legally placed with a current permit or
46 legally placed with an expired permit, but the status of the permit is being
47 litigated by the property owner.

48 **SECTION 14.6.(q)** The Coastal Resources Commission shall adopt temporary
49 rules to implement subsection (p) of this section no later than December 31, 2015. The
50 Commission shall also adopt permanent rules to implement this section.

1 **SECTION 14.6.(r)** Subsections (a) through (i) of G.S. 75A-5.3, as enacted by
2 subsection (i) of this section, become effective January 1, 2016.

3 4 **USE OF OYSTER SHELLS PROHIBITED IN COMMERCIAL LANDSCAPING**

5 **SECTION 14.7.(a)** Article 20 of Chapter 113 of the General Statutes is amended
6 by adding a new section to read:

7 **"§ 113-270. Use of oyster shells by landscape contractors prohibited.**

8 (a) No landscape contractor shall use oyster shells as a ground cover.

9 (b) Enforcement of the prohibition set forth in this section shall be under the
10 jurisdiction of the Marine Fisheries Commission.

11 (c) For purposes of this section, landscape contractor shall have the definition set forth
12 in G.S. 89D-11."

13 **SECTION 14.7.(b)** This section is effective October 1, 2015.

14 15 **CORE SOUND OYSTER LEASING**

16 **SECTION 14.8.** The Division of Marine Fisheries of the Department of
17 Environment and Natural Resources shall, in consultation with representatives of the
18 commercial fishing industry, representatives of the shellfish aquaculture industry, and relevant
19 federal agencies, create a proposal to open to shellfish cultivation leasing certain areas of Core
20 Sound that are currently subject to a moratorium on shellfish leasing. The Division shall submit
21 a report regarding the plan no later than April 1, 2016, to the Joint Legislative Commission on
22 Governmental Operations.

23 24 **AMEND SENATOR JEAN PRESTON MARINE SHELLFISH SANCTUARY** 25 **LEGISLATION**

26 **SECTION 14.9.** Section 44 of S.L. 2014-120 reads as rewritten:

27 **"SENATOR JEAN PRESTON MARINE SHELLFISH—OYSTER SANCTUARY**
28 **PROGRAM**

29 "**SECTION 44.(a)** It is the intent of the General Assembly ~~to establish a marine shellfish~~
30 ~~sanctuary in the Pamlico Sound to be named in honor of former Senator Jean Preston, to be~~
31 ~~called the "Senator Jean Preston Marine Shellfish Sanctuary."~~ to enhance shellfish habitats
32 within the Albemarle and Pamlico Sounds and their tributaries to benefit fisheries, water
33 quality, and the economy. This will be achieved through the establishment of a network of
34 oyster sanctuaries, harvestable enhancement sites, and coordinated support for the development
35 of shellfish aquaculture. The network of oyster sanctuaries is to be named in honor of
36 Senator Jean Preston and shall be called the "Senator Jean Preston Oyster Sanctuary
37 Network".

38 "**SECTION 44.(b)** The Division of Marine Fisheries of the Department of Environment
39 and Natural Resources shall ~~designate an area of appropriate acreage within the Pamlico Sound~~
40 ~~as a recommendation to the Environmental Review Commission for establishment of the~~
41 ~~"Senator Jean Preston Marine Shellfish Sanctuary" and create a plan for managing the~~
42 ~~sanctuary that includes~~ develop a plan to construct and manage additional oyster habitats. The
43 new sanctuaries, along with selected existing oyster sanctuaries, shall be included in the
44 Senator Jean Preston Oyster Sanctuary Network. The plan shall include the following
45 components:

- 46 (1) ~~Location and delineation of the sanctuary.~~ oyster sanctuaries. — The plan
47 should include ~~a location~~ locations for the ~~sanctuary~~ sanctuary network
48 components that minimizes minimize the impact on commercial trawling. ~~In~~
49 ~~addition, the sanctuary should be gridded into areas leased to private parties~~
50 ~~for restoration and harvest and areas operated and maintained by the State~~
51 ~~for restoration that are not open for harvest. The leased and unleased areas~~

1 ~~should be arranged in a pattern where leased squares are surrounded on four~~
2 ~~sides by unleased squares.~~ The location of sanctuaries shall take into account
3 connectivity to existing oyster sanctuaries and proposed oyster enhancement
4 sites. New oyster sanctuaries shall be designed to provide hook-and-line
5 fishing while allowing the development of complex fish habitats and
6 brood-stock oysters that will enhance recruitment in the surrounding reefs.
7 The plan should outline a 10-year development project to accomplish the
8 expansion.

9 (2) ~~Administration.~~ The plan should include the prices to be charged for the
10 leased portions of the sanctuary, including an administration fee to be
11 retained by the Division to support the leasing and monitoring program. The
12 plan shall also provide that the balance of lease payments collected by the
13 Division be transferred to the General Fund with a recommendation that
14 some or all of the proceeds be used for the support of the State's special
15 education programs in memory of Senator Jean Preston.

16 (3) Enhancement of oyster habitat restoration. – The General Assembly finds
17 that the lack of a reliable State-based supply of oyster seed and inadequate
18 funding for cultch planting are limitations to the expansion of oyster
19 harvesting and the restoration of wild oyster habitat in North Carolina.
20 Therefore, the plan should include the following:

21 a. Provisions and recommendations to facilitate the availability of
22 oyster seed produced in North Carolina for wild oyster habitat
23 restoration projects as well as oyster aquaculture and to reduce
24 potential negative impacts from importation of non-native oyster
25 seed.

26 b. Plans, where feasible, for public-private partnerships for State-based
27 production of viable oyster seed through the creation of one or more
28 production hatcheries and recommendations for increased support of
29 the existing research hatchery at UNC-Wilmington.

30 c. Plans and cost estimates for an expansion of cultch planting in
31 suitable areas of the State's coastal waters in order to expand areas
32 suitable for development of wild oyster habitat.

33 (4) Economic relief. – The plan should consider a waiver of application fees and
34 yearly rental fees for new shellfish leases for an established period of time to
35 further promote and support shellfish aquaculture in North Carolina. The
36 new leasing fee waiver program should include measures to discourage
37 speculation and target persons with a genuine interest in starting a shellfish
38 aquaculture business, such as a requirement that the lease be nontransferable
39 for a five-year period.

40 (5) Outreach. – The plan should include outreach and education that promotes,
41 whenever possible, public-private partnerships utilizing the Sea Grant
42 College Program, local colleges, and other nongovernmental organizations
43 to (i) encourage shellfish aquaculture and provide technical assistance to
44 broaden cost-effective technologies available to leaseholders; (ii) encourage
45 best management practices to leaseholders; and (iii) inform fishermen and
46 the public on the benefits provided by the Senator Jean Preston Oyster
47 Sanctuary Network.

48 (6) Monitoring. – The plan should include a monitoring plan designed to (i)
49 determine the success of oyster reef construction and (ii) evaluate the cost
50 benefit of the oyster sanctuary network and harvestable enhancement sites.

1 ~~(3)(7)~~ Funding. – The plan should include a request for appropriations sufficient to
 2 provide funds for the construction of appropriate bottom habitat and shellfish
 3 seeding and for Division staff necessary to conduct oyster restoration and
 4 monitoring activities. The plan should provide that, whenever possible,
 5 construction and shellfish seeding be carried out by contract with private
 6 entities for Division staff to expand oyster restoration and monitoring
 7 activities for 10 years. The plan should provide that, whenever possible,
 8 public-private partnerships are employed to meet the construction, seeding,
 9 and outreach requirements of the plan.

10 ~~(4)~~ Commercial fisherman relief. — To promote the diversification of
 11 commercial fishing opportunities, the plan should include a program to
 12 award free or discounted leases under this section to commercial fishermen
 13 who (i) have held one or more commercial fishing licenses continually for a
 14 period of 10 or more years and (ii) receive at least fifty percent (50%) of
 15 their income from commercial fishing with those licenses.

16 ~~(5)(8)~~ Recommendations. – The plan should shall include recommendations for
 17 statutory or regulatory changes needed to expedite the expansion of shellfish
 18 restoration and harvesting in order to improve water quality, restore
 19 ecological habitats, provide enhanced recreational and commercial fishing
 20 opportunities, and expand the coastal economy.

21 ~~(9)~~ No funding for sanctuaries in closed areas. – The plan shall provide that no
 22 funding or other resources shall be available in water bodies where a
 23 moratorium or other legal prohibition on shellfish leasing under Article 16 of
 24 Chapter 113 of the General Statutes is currently in effect. This subdivision
 25 does not apply to leasing moratoria imposed because the area is closed to
 26 shellfish harvesting or recommended for closure by the State Health Director
 27 due to pollution.

28 "SECTION 44.(c) No later than ~~December 1, 2014,~~ and ~~quarterly thereafter until~~
 29 ~~submission of a final plan to the Environmental Review Commission, March 1, 2016,~~ the
 30 Department of Environment and Natural Resources shall report to the ~~Environmental Review~~
 31 ~~Commission~~ Chairs of the House of Representatives Appropriations Committee on Agriculture
 32 and Natural and Economic Resources, the Senate Appropriations Committee on Natural and
 33 Economic Resources, and the Fiscal Research Division regarding its implementation of this
 34 section and its recommended plan."
 35

36 SHELLFISH CULTIVATION LEASING REFORM

37 SECTION 14.10.(a) G.S. 113-202(i) reads as rewritten:

38 "**§ 113-202. New and renewal leases for shellfish cultivation; termination of leases issued**
 39 **prior to January 1, 1966.**

40 ...

41 (i) After a lease application is approved by the Secretary, the applicant shall submit to
 42 the Secretary a survey of the area approved for leasing and information sufficient to define the
 43 bounds of the area approved for leasing with markers in accordance with the rules of the
 44 Commission. The survey information shall conform to standards prescribed by the Secretary
 45 concerning accuracy of ~~survey~~ and the amount of detail to be shown. When an ~~acceptable~~
 46 survey information is submitted, the boundaries are marked and all fees and rents due in
 47 advance are paid, the Secretary shall execute the lease on forms approved by the Attorney
 48 General. The Secretary is authorized, with the approval of the lessee, to amend an existing lease
 49 by reducing the area under lease or by combining contiguous leases without increasing the total
 50 area leased. The information required by this subsection may be based on coordinate
 51 information produced using a device equipped to receive global positioning system data."

1 **SECTION 14.10.(b)** G.S. 113-202(j) reads as rewritten:

2 "(j) Initial leases begin upon the issuance of the lease by the Secretary and expire at
3 noon on the first day of July following the ~~fifth-tenth~~ anniversary of the granting of the lease.
4 Renewal leases are issued for a period of ~~five-10~~ years from the time of expiration of the
5 previous lease. At the time of making application for renewal of a lease, the applicant must pay
6 a filing fee of one hundred dollars (\$100.00). The rental for initial leases is one dollar (\$1.00)
7 per acre ~~for all leases entered into before July 1, 1965, and for all other leases until noon on the~~
8 ~~first day of July following the first anniversary of the lease. Thereafter, for initial leases entered~~
9 ~~into after July 1, 1965,~~ leases and from the beginning for renewals of leases entered into after
10 that date, the rental is ten dollars (\$10.00) per acre per year. Rental must be paid annually in
11 advance prior to the first day of April each year. Upon initial granting of a lease, the pro rata
12 amount for the portion of the year left until the first day of July must be paid in advance at the
13 rate of one dollar (\$1.00) per acre per year; then, on or before the first day of April next, the
14 lessee must pay the rental for the next full year."

15 **SECTION 14.10.(c)** This section applies to shellfish lease applications received by
16 the Department of Environment and Natural Resources on or after the date this act becomes
17 law.

18 19 **SIMPLIFY OYSTER RESTORATION PROJECT PERMITTING**

20 **SECTION 14.10A.(a)** The Division of Marine Fisheries and Division of Coastal
21 Management of the Department of Environment and Natural Resources shall, in consultation
22 with representatives of nongovernmental conservation organizations working on oyster
23 restoration, create a new permitting process specifically designed for oyster restoration projects
24 that apply to oyster restoration projects instead of a major development permit under
25 G.S. 113A-118. The Department shall submit its report, including recommended legislation, to
26 the Environmental Review Commission no later than May 1, 2016.

27 **SECTION 14.10A.(b)** Until the effective date of the revised permanent rule that
28 the Coastal Resources Commission is required to adopt pursuant to subsection (d) of this
29 section, the Commission and the Department of Environment and Natural Resources shall
30 implement 15A NCAC 03O .0503(g) (Scientific or Educational Activity Permit) as provided in
31 subsection (c) of this section.

32 **SECTION 14.10A.(c)** Notwithstanding 15A NCAC 03O .0503(g) (Scientific or
33 Educational Activity Permit), the Division of Marine Fisheries may issue a scientific or
34 educational activity permit for approved activities conducted by or under the direction of a
35 nongovernmental conservation organization in addition to a scientific or educational institution.
36 For purposes of this section, a nongovernmental conservation organization is defined as an
37 organization whose primary mission is the conservation of natural resources.

38 **SECTION 14.10A.(d)** The Environmental Management Commission shall adopt
39 rules to amend 15A NCAC 03O .0503(g) and any other cross-referenced rules consistent with
40 subsection (c) of this section. Notwithstanding G.S. 150B-19(4), the rule adopted by the
41 Commission pursuant to this subsection shall be substantively identical to the provisions of
42 subsection (c) of this section. Rules adopted pursuant to this subsection are not subject to Part 3
43 of Article 2A of Chapter 150B of the General Statutes. Rules adopted pursuant to this
44 subsection shall become effective as provided in G.S. 150B-21.3(b1) as though 10 or more
45 written objections had been received as provided by G.S. 150B-21.3(b2).

46 **SECTION 14.10A.(e)** This section is effective when this act becomes law.
47 Subsection (c) of this section expires on the date that rules adopted pursuant to subsection (d)
48 of this section become effective.

49 50 **SCFL EXEMPTION FOR EMPLOYEES OF LEASEHOLDER**

51 **SECTION 14.10B.** G.S. 113-169.2 reads as rewritten:

1 **"§ 113-169.2. Shellfish license for North Carolina residents without a SCFL.**

2 (a) License or Endorsement Necessary to Take or Sell Shellfish Taken by Hand
3 Methods. – It is unlawful for an individual to take shellfish from the public or private grounds
4 of the State as part of a commercial fishing operation by hand methods without holding either a
5 shellfish license or a shellfish endorsement of a SCFL. A North Carolina resident who seeks
6 only to take shellfish by hand methods and sell such shellfish shall be eligible to obtain a
7 shellfish license without holding a SCFL. The shellfish license authorizes the licensee to sell
8 shellfish.

9 (a1) License Necessary to Take or Sell Shellfish Taken by Mechanical Means. – ~~Subject~~
10 ~~to~~ Except as provided in subsection (i) of this section, an individual who takes shellfish from
11 the public or private grounds of the State by mechanical means must obtain an SCFL under the
12 provisions of G.S. 113-168.2.

13 ...

14 (i) Taking Shellfish Without a License for Personal Use. ~~Use or as Employee of Certain~~
15 License Holders. – Shellfish may be taken without a license ~~for~~ under the following
16 circumstances:

17 (1) For personal use in quantities established by rules of the Marine Fisheries
18 Commission.

19 (2) When the taking is from an area leased for the cultivation of shellfish under
20 Article 16 of this Chapter by a person who is an employee of a leaseholder
21 holding a valid SCFL issued under the provisions of G.S. 113-168.2."

22
23 **WATER COLUMN LEASING CLARIFICATION**

24 **SECTION 14.10C.(a)** G.S. 113-201.1(5) reads as rewritten:

25 "(5) "Water column" means the vertical extent of water, including the surface
26 ~~thereof,~~ above a designated area of submerged bottom land."

27 **SECTION 14.10C.(b)** G.S. 113-202 is amended by adding a new subsection to
28 read:

29 "(r) A lease under this section shall include the right to place devices or equipment
30 related to the cultivation or harvesting of marine resources on or within 18 inches of the leased
31 bottom. Devices or equipment not resting on the bottom or extending more than 18 inches
32 above the bottom will require a water column lease under G.S. 113-202.1."

33 **SECTION 14.10C.(c)** G.S. 113-202.1 reads as rewritten:

34 **"§ 113-202.1. Water column leases for aquaculture.**

35 ...

36 (c) The Secretary shall not amend shellfish cultivation leases to authorize ~~use~~ uses of
37 the water column involving devices or equipment not resting on the bottom or that extend more
38 than 18 inches above the bottom unless:

39 (1) The leaseholder submits an application, accompanied by a nonrefundable
40 application fee of one hundred dollars (\$100.00), which conforms to the
41 standards for lease applications in G.S. 113-202(d) and the duly adopted
42 rules of the Commission;

43 (2) The proposed amendment has been noticed consistent with G.S. 113-202(f);

44 (3) Public hearings have been conducted consistent with G.S. 113-202(g);

45 (4) The aspects of the proposals which require use and dedication of the water
46 column have been documented and are recognized by the Secretary as
47 commercially feasible forms of aquaculture which will enhance shellfish
48 production on the leased area;

49 (5) It is not feasible to undertake the aquaculture activity outside of coastal
50 fishing waters; and

- 1 (6) The authorized water column use has the least disruptive effect on other
2 public trust uses of the waters of any available technology to produce the
3 shellfish identified in the proposal.

4"

6 BLUE RIBBON OYSTER STUDY

7 **SECTION 14.10D.** The Joint Legislative Oversight Committee on Natural and
8 Economic Resources created by this act shall convene a stakeholder working group to study
9 and advance efforts to ecologically restore the resource and achieve economic stability of the
10 shellfish aquaculture industry, including (i) how best to spend financial resources to counter
11 declining oyster populations and habitats; (ii) the use of nonnative oyster species to accomplish
12 oyster restoration; (iii) means of combating oyster disease and managing harvesting practices to
13 balance the needs of the industry and promote long-term viability and health of oyster habitat
14 and substrate; (iv) economic aquaculture methods to improve oyster stock and populations; (v)
15 long-term, dedicated options for funding sources and water quality improvements; (vi) means
16 to increase oyster production for both population growth and harvest; (vii) options that expand
17 the use of private hatchery capacity in the State; (viii) options for promoting the use of cultch
18 planting to enhance and increase oyster habitat and population; (ix) other resources that might
19 be leveraged to enhance reform efforts; and (x) any other issue the Committee deems relevant.
20 In the conduct of this study, the Committee may consult with representatives of the North
21 Carolina Division of Marine Fisheries, the Marine Fisheries Commission, nature conservation
22 entities, and commercial and recreational oyster harvesting industries and with experts in the
23 fields of marine biology and marine ecology. The Department of Environment and Natural
24 Resources shall provide any information and personnel requested by the Committee in the
25 conduct of this study.

27 FISHERY MANAGEMENT PLAN PROCEDURES

28 **SECTION 14.10E.(a)** The Marine Fisheries Commission shall study its procedures
29 for adoption of temporary supplemental management measures to the State's fishery
30 management plans. The study shall include a review of the opportunities provided in the
31 process for public input and comment from commercial and recreational fishing interests, local
32 governments, environmental and conservation nonprofits, and other stakeholders, and an
33 assessment of whether economic impact of a proposed measure is adequately addressed in the
34 formulation, approval, and implementation of temporary supplemental management measures.
35 The Commission shall report no later than April 1, 2016, to the chairs of the Senate Natural and
36 Economic Resources Committee, the chairs of the House Agriculture and Natural and
37 Economic Resources Committee, and the Fiscal Research Division.

38 **SECTION 14.10E.(b)** The Marine Fisheries Commission shall not adopt any
39 temporary supplemental management measures to the State's fishery management plans until
40 the study required by this section has been submitted or July 1, 2016, whichever occurs later.

42 DIVISION OF MARINE FISHERIES/NO JOINT ENFORCEMENT AGREEMENTS

43 **SECTION 14.10F.(a)** G.S. 113-224 reads as rewritten:

44 "§ 113-224. Cooperative agreements by Department.

45 (a) ~~The Except as otherwise provided in this section, the~~ Department is empowered to
46 enter into cooperative agreements with public and private agencies and individuals respecting
47 the matters governed in this Subchapter. Pursuant to such agreements the Department may
48 expend funds, assign employees to additional duties within or without the State, assume
49 additional responsibilities, and take other actions that may be required by virtue of such
50 agreements, in the overall best interests of the conservation of marine and estuarine resources.

1 (b) The Fisheries Director or a designee of the Fisheries Director may not enter into an
2 agreement with the National Marine Fisheries Service of the United States Department of
3 Commerce allowing Division of Marine Fisheries inspectors to accept delegation of law
4 enforcement powers over matters within the jurisdiction of the National Marine Fisheries
5 Service."

6 **SECTION 14.10F.(b)** G.S. 128-1.1(c2) is repealed.

7 8 **COMMERCIAL FISHING FOR-HIRE LOGBOOK**

9 **SECTION 14.10G.(a)** G.S. 113-174.3(e), as enacted by subsection 14.8(o) of S.L.
10 2013-360, reads as rewritten:

11 "(e) Each individual who obtains a for-hire license ~~shall~~may submit to the Division
12 logbooks summarizing catch and effort statistical data to the Division. The Commission may
13 adopt rules that determine the means and methods to satisfy the requirements of this
14 subsection."

15 **SECTION 14.10G.(b)** Section 14.8(ab) of S.L. 2013-360 reads as rewritten:

16 "**SECTION 14.8.(ab)** ~~This G.S. 113-174.3(e), as enacted by subsection 14.8(o) of this~~
17 section, becomes effective January 1, 2016. The remainder of this section becomes effective
18 August 1, 2013."

19 **SECTION 14.10G.(c)** Prior to any further implementation of subsection 14.8(o) of
20 S.L. 2013-360, the Division of Marine Fisheries shall conduct a 12-month implementation
21 process to include seeking input from stakeholders with regard to the requirement and public
22 workshops to provide education for persons subject to the requirement. The process shall also
23 include the establishment of a stakeholder advisory group that includes persons who are
24 for-hire license holders representing all major recreational fishing areas on the North Carolina
25 coast. The Division shall review and provide a written response to any issues raised by the
26 advisory group and shall report to the Environmental Review Commission no later than
27 January 15, 2016, regarding the implementation process required by this section.

28 29 **DISCLOSURE OF PERSONAL IDENTIFYING INFORMATION**

30 **SECTION 14.10H.(a)** G.S. 143-254.5 reads as rewritten:

31 "**§ 143-254.5. Disclosure of personal identifying information.**

32 Social security numbers and identifying information obtained by the Commission shall be
33 treated as provided in G.S. 132-1.10. For purposes of this section, "identifying information"
34 also includes a person's mailing address, residence address, e-mail address, date of birth, and
35 telephone number."

36 **SECTION 14.10H.(b)** G.S. 143B-289.52(h) reads as rewritten:

37 "(h) Social security numbers and identifying information obtained by the Commission or
38 the Division of Marine Fisheries shall be treated as provided in G.S. 132-1.10. For purposes of
39 this subsection, "identifying information" also includes a person's mailing address, residence
40 address, e-mail address, date of birth, and telephone number."

41 42 **BEACH EROSION STUDY**

43 **SECTION 14.10I.(a)** The Division of Coastal Management shall study and
44 develop a proposed strategy for preventing, mitigating, and remediating the effects of beach
45 erosion. The study shall consider efforts by other states and countries to prevent beach erosion
46 and ocean overwash and to renourish and sustain beaches and coastlines and incorporate best
47 practices into the strategy.

48 **SECTION 14.10I.(b)** By February 15, 2016, the Division of Coastal Management
49 shall report to the Environmental Review Commission, the chairs of the Senate Appropriations
50 Committee on Natural and Economic Resources and the House Appropriations Committee on
51 Agriculture, Natural, and Economic Resources, and the Fiscal Research Division on the results

1 of the study and its proposed strategy as required by subsection (a) of this section, including
2 any legislative recommendations.

4 DYNAMIC PRICING FOR STATE PARKS AND ATTRACTIONS

5 SECTION 14.11.(a) G.S. 150B-1(d) reads as rewritten:

6 "§ 150B-1. Policy and scope.

7 ...
8 (d) Exemptions from Rule Making. – Article 2A of this Chapter does not apply to the
9 following:

10 ...
11 (26) The Board of Agriculture in the Department of Agriculture and Consumer
12 Services with respect to ~~annual~~ the following:

13 a. Annual admission fees for the State Fair.

14 b. Operating hours, admission fees, or related activity fees at State
15 forests.

16 The Board shall annually post the admission fee and operating hours
17 schedule on its Web site and provide notice of the fee-schedule, along with a
18 citation to this section, to all persons named on the mailing list maintained
19 pursuant to G.S. 150B-21.2(d).

20 (27) The Department of Environment and Natural Resources with respect to
21 operating hours, admission fees, or related activity fees at:

22 a. The North Carolina Zoological Park pursuant to G.S. 143B-335.

23 b. State parks pursuant to G.S. 113-35.

24 c. The North Carolina Aquariums pursuant to G.S. 143B-289.44.

25 d. The North Carolina Museum of Natural Sciences.

26 The exclusion from rule making for the setting of operating hours set forth in
27 this subdivision shall not apply to a decision to eliminate all public operating
28 hours for the sites and facilities listed."

29 SECTION 14.11.(b) The Department of Environment and Natural Resources, or
30 any other department given responsibilities for the North Carolina Zoological Park, State parks,
31 the North Carolina Museum of Natural Sciences, and the North Carolina Aquariums, may
32 establish admission fees and related activity fees. In setting these fees, the Department of
33 Environment and Natural Resources shall use a dynamic pricing strategy as defined in
34 subsection (e) of this section. Any rule currently in the Administrative Code related to fees
35 covered by subsection (a) of this section is ineffective and repealed upon the effective date of
36 new admission fees and related activity fees adopted by the Department under the authority set
37 out in that subsection. Notice of the initial adoption of new admission fees and related activity
38 fees under subsection (a) of this section shall be given by the Department to the Codifier of
39 Rules, who, upon receipt of notice of the initial adoption of new admission fees and related
40 activity fees by the Department, shall note the repeal of these rules in the Administrative Code.

41 SECTION 14.11.(c) The Department of Cultural Resources may establish
42 admission fees and related activity fees authorized by G.S. 121-7.3 for historic sites and
43 museums. In setting these fees, the Department shall use a dynamic pricing strategy as defined
44 in subsection (e) of this section.

45 SECTION 14.11.(d) The Department of Agriculture and Consumer Services may
46 establish admission fees and related activity fees authorized by G.S. 106-877 for State forests.
47 In setting these fees, the Department shall use a dynamic pricing strategy as defined in
48 subsection (e) of this section.

49 SECTION 14.11.(e) For purposes of this section, "dynamic pricing" is the
50 adjustment of fees for admission and related activities from time to time to reflect market
51 forces, including seasonal variations and special event interests, with the intent and effect to

1 maximize revenues from use of these State resources to the extent practicable to offset
2 appropriations from the General Assembly.

3 **SECTION 14.11.(f)** No later than March 1, 2016, the Department of Environment
4 and Natural Resources, the Department of Cultural Resources, and the Department of
5 Agriculture and Consumer Services shall submit a report on implementation of the new pricing
6 strategy to the Environmental Review Commission, including an evaluation of the feasibility
7 and obstacles to charging new entrance or admission fees at other attractions not subject to this
8 section.

9 **SECTION 14.11.(g)** This part applies to admission fees or related activity fees
10 charged on or after the effective date of this act.

11 WATER INFRASTRUCTURE AUTHORITY REVISIONS

12 **SECTION 14.13.(a)** G.S. 159G-20(1) is recodified as G.S. 159G-20(1a), and
13 G.S. 159G-20(1a) is recodified as G.S. 159G-20(1c).

14 **SECTION 14.13.(b)** G.S. 159G-20, as amended by subsection (a) of this section,
15 reads as rewritten:

16 "§ 159G-20. Definitions.

17 The following definitions apply in this Chapter:

18 (1) Affordability. – The relative affordability of a project for a community
19 compared to other communities in North Carolina based on factors that shall
20 include, at a minimum, water and sewer service rates, median household
21 income, poverty rates, employment rates, the population of the served
22 community, and past expenditures by the community on water infrastructure
23 compared to that community's capacity for financing of water infrastructure
24 improvements.

25 (1a) Asset management plan. – The strategic and systematic application of
26 management practices applied to the infrastructure assets of a local
27 government unit in order to minimize the total costs of acquiring, operating,
28 maintaining, improving, and replacing the assets while at the same time
29 maximizing the efficiency, reliability, and value of the assets.

30 (1b) Authority. – The State Water Infrastructure Authority created and
31 established pursuant to Article 5 of this Chapter.

32 ...
33 (9) ~~High unit cost project.~~— A project that results in an estimated average
34 household user fee for water and sewer service in the area served by the
35 project in excess of the high unit cost threshold. The average household user
36 fee is calculated for a continuous 12-month period.

37 (10) ~~High unit cost threshold.~~— Either of the following amounts determined on
38 the basis of data from the most recent federal decennial census and updated
39 by the U.S. Department of Housing and Urban Development's annual
40 estimated income adjustment factors:

- 41 a. ~~One and one-half percent (1.5%) of the median household income in~~
42 ~~an area that receives both water and sewer service.~~
43 b. ~~Three-fourths of one percent (3/4%) of the median household income~~
44 ~~in an area that receives only water service or only sewer service.~~

45 ...
46 (13) Local government unit. – Any of the following:

- 47 a. A city as defined in G.S. 160A-1.
48 b. A county.
49 c. A consolidated city-county as defined in G.S. 160B-2.
50

- 1 d. A county water and sewer district created pursuant to Article 6 of
2 Chapter 162A of the General Statutes.
- 3 e. A metropolitan sewerage district or a metropolitan water district
4 created pursuant to Article 4 of Chapter 162A of the General
5 Statutes.
- 6 f. A water and sewer authority created under Article 1 of Chapter 162A
7 of the General Statutes.
- 8 g. A sanitary district created pursuant to Part 2 of Article 2 of Chapter
9 130A of the General Statutes.
- 10 h. A joint agency created pursuant to Part 1 of Article 20 of Chapter
11 160A of the General Statutes.
- 12 i. A joint agency that was created by agreement between two cities and
13 towns to operate an airport pursuant to G.S. 63-56 and that provided
14 drinking water and wastewater services off the airport premises
15 before 1 January 1995.

16 (13a) Merger. – The consolidation of two or more water and/or sewer systems into
17 one system with common ownership, management, and operation.

18 (14) Nonprofit water corporation. – A nonprofit corporation that is incorporated
19 under Chapter 55A of the General Statutes solely for the purpose of
20 providing drinking water or wastewater services and is an eligible applicant
21 for a federal loan or grant from the Rural Utility Services Division, U.S.
22 Department of Agriculture.

23 (15) Public water system. – Defined in G.S. 130A-313.

24 (16) Regionalization. – The physical interconnecting of an eligible entity's
25 wastewater system to another entity's wastewater system for the purposes of
26 providing regional treatment or the physical interconnecting of an eligible
27 entity's public water system to another entity's water system for the purposes
28 of providing regional water supply.

29 ...

- 30 (21) Targeted interest rate project. – Either of the following types of projects:
- 31 a. ~~A high unit cost project that is awarded a loan.~~ A project that is
32 awarded a loan from the Drinking Water Reserve or the Wastewater
33 Reserve based on affordability.
- 34 b. A project that is awarded a loan from the CWSRF or the DWSRF
35 and is in a category for which federal law encourages a special focus.

36"

37 **SECTION 14.13.(c)** G.S. 159G-23 reads as rewritten:

38 "**§ 159G-23. ~~Common criteria~~ Priority consideration for loan or grant from Wastewater**
39 **Reserve or Drinking Water Reserve.**

40 The ~~criteria~~ considerations for priority in this section apply to a loan or grant from the
41 Wastewater Reserve or the Drinking Water Reserve. The Division of Water Infrastructure must
42 ~~establish a system of assigning points to applications based on the following criteria:~~ consider
43 the following items when evaluating applications:

- 44 (1) Public necessity. – ~~An applicant must explain how the project~~ A project that
45 promotes public health and protects the environment. ~~A project~~
46 ~~that~~ environment, improves a system that is not in compliance with permit
47 requirements or is under orders from the Department, enables a moratorium
48 to be lifted, or replaces failing septic tanks with a wastewater collection
49 ~~system has priority.~~ system.
- 50 (2) Effect on impaired waters. – A project that improves designated impaired
51 waters of the State ~~has priority.~~ State.

- 1 (3) Efficiency. – A project that achieves efficiencies in meeting the State's water
2 infrastructure needs or reduces vulnerability to drought consistent with Part
3 2A of Article 21 and Article 38 of Chapter 143 of the General Statutes by
4 one of the following ~~methods has priority:~~methods:
5 a. The combination of two or more wastewater or public water systems
6 into a regional wastewater or public water system by merger,
7 consolidation, or another means.
8 b. Conservation or reuse of water, including bulk water reuse facilities
9 and waterlines to supply reuse water for irrigation and other
10 approved uses.
11 c. Construction of an interconnection between water systems intended
12 for use in drought or other water shortage emergency.
13 d. Repair or replacement of leaking waterlines to improve water
14 conservation and efficiency or to prevent contamination.
15 e. Replacement of meters and installation of new metering systems.
- 16 (4) Comprehensive land-use plan. – A project that is located in a city or county
17 that has adopted or has taken significant steps to adopt a comprehensive
18 land-use plan under Article 18 of Chapter 153A of the General Statutes or
19 Article 19 of Chapter 160A of the General Statutes ~~has priority over a~~
20 ~~project located in a city or county that has not adopted a plan or has not~~
21 ~~taken steps to do so.~~Statutes. The existence of a plan has more priority than
22 steps taken to adopt a plan, such as adoption of a zoning ordinance. A plan
23 that exceeds the minimum State standards for protection of water resources
24 has ~~more~~higher priority than one that does not. A project is considered to be
25 located in a city or county if it is located in whole or in part in that unit. A
26 land-use plan is not considered a comprehensive land-use plan unless it has
27 provisions that protect existing water uses and ensure compliance with water
28 quality standards and classifications in all waters of the State affected by the
29 plan.
- 30 (5) Flood hazard ordinance. – A project that is located in a city or county that
31 has adopted a flood hazard prevention ordinance under ~~G.S. 143-215.54A~~
32 ~~has priority over a project located in a city or county that has not adopted an~~
33 ~~ordinance.~~G.S. 143-215.54A. A plan that exceeds the minimum standards
34 under G.S. 143-215.54A for a flood hazard prevention ordinance has ~~more~~
35 higher priority than one that does not. A project is considered to be located
36 in a city or county if it is located in whole or in part in that unit. If no part of
37 the service area of a project is located within the 100-year floodplain, the
38 project has ~~the same priority~~equal consideration under this subdivision as if
39 it were located in a city or county that has adopted a flood hazard prevention
40 ordinance. The most recent maps prepared pursuant to the National Flood
41 Insurance Program or approved by the Department determine whether an
42 area is within the 100-year floodplain.
- 43 (6) Sound management. – A project submitted by a local government unit that
44 has demonstrated a willingness and ability to meet its responsibilities
45 through sound fiscal policies and efficient operation and ~~management has~~
46 ~~priority.~~management.
- 47 (6a) Asset management plan. – A project submitted by a local government unit
48 with more than 1,000 service connections that has developed and is
49 implementing an asset management ~~plan has priority over a project~~
50 ~~submitted by a local government unit with more than 1,000 service~~

connections that has not developed or is not implementing an asset management plan.

- (7) Capital improvement plan. – A project that implements the applicant's capital improvement plan for the wastewater system or public water system it manages has priority over a project that does not implement a capital improvement plan. To receive priority, a manages, so long as the capital improvement plan must sets out the applicant's expected water infrastructure needs for at least 10 years.
- (8) Coastal habitat protection. – A project that implements a recommendation of a Coastal Habitat Protection Plan adopted by the Environmental Management Commission, the Coastal Resources Commission, and the Marine Fisheries Commission pursuant to G.S. 143B-279.8 has priority over other projects that affect counties subject to that Plan. G.S. 143B-279.8. If no part of the service area of a project is located within a county subject to that Plan, the project has equal priority under this subdivision with a project that receives priority under this subdivision.
- (9) High unit cost threshold. – A high unit cost project has priority over projects that are not high unit cost projects. The priority given to a high unit cost project shall be set using a sliding scale based on the amount by which the applicant exceeds the high unit cost threshold. Affordability. – The relative affordability of a project for a community compared to other communities in North Carolina.
- (10) Merger and Regionalization. – A project to provide for the planning of regional public water and wastewater systems, to provide for the orderly coordination of local actions relating to public water and wastewater systems, or to help realize economies of scale in regional public water and wastewater systems through consolidation, management, merger, or interconnection of public water and wastewater systems has priority. If an applicant demonstrates that it is not feasible for the project to include regionalization, the funding agency shall assign the project the same priority under this subdivision as a project that includes regionalization.
- (11) State water supply plan. – A project that addresses a potential conflict between local plans or implements a measure in which local water supply plans could be better coordinated, as identified in the State water supply plan pursuant to G.S. 143-355(m), has priority. G.S. 143-355(m).
- (12) Water conservation measures for drought. – A project that includes adoption of water conservation measures by a local government unit that are more stringent than the minimum water conservation measures required pursuant to G.S. 143-355.2 has priority. G.S. 143-355.2.
- (13) Low-income residents. – A project that is located in an area annexed by a municipality under Article 4A of Chapter 160A of the General Statutes in order to provide water or sewer services to low-income residents has priority. For purposes of this section, low income residents are those with a family income that is eighty percent (80%) or less of median family income residents."

SECTION 14.13.(c1) G.S. 159G-31 reads as rewritten:

"§ 159G-31. Entities eligible to apply for loan or grant.

(a) A local government unit or a nonprofit water corporation is eligible to apply for a loan or grant from the CWSRF, the DWSRF, the Wastewater Reserve, or the Drinking Water Reserve. An investor-owned drinking water corporation is also eligible to apply for a loan or grant from the DWSRF. Other entities are not eligible for a loan or grant from these accounts.

1 (b) Entities eligible in subsection (a) of this section for grants from the Wastewater
2 Reserve and the Drinking Water Reserve may be limited, based on affordability, to a portion of
3 the total construction costs for the project types defined in G.S. 159G-33(a)(2) and
4 G.S. 159G-34(a)(2).

5 (c) To the extent that funds are available, loans shall be considered for the portion of
6 construction costs not eligible for grant funding."

7 **SECTION 14.13.(d)** G.S. 159G-33(a)(4) is recodified as G.S. 159G-33(a)(5).

8 **SECTION 14.13.(e)** G.S. 159G-33(a), as amended by subsection (d) of this
9 section, reads as rewritten:

10 "(a) Types. – The Department is authorized to make the types of loans and grants listed
11 in this subsection from the Wastewater Reserve. Each type of loan or grant must be
12 administered through a separate account within the Wastewater Reserve.

13 (1) ~~General.—Loan.~~ – A loan ~~or grant~~ is available for a project authorized in
14 G.S. 159G-32(b).

15 (2) ~~High unit cost~~Project grant. – A ~~high unit cost~~project grant is available for a
16 portion of the portion of the construction costs of a wastewater collection
17 system project or project, a wastewater treatment works project that results in
18 an estimated average household user fee for water and sewer service in the
19 area served by the project that exceeds the high unit cost threshold project,
20 or a stormwater quality project as authorized in G.S. 159G-32(b).

21 (3) ~~Technical assistance~~Merger/regionalization feasibility grant. – A ~~technical~~
22 ~~assistance~~merger/regionalization feasibility grant is available to determine
23 the best way to correct the deficiencies in a wastewater collection system or
24 wastewater treatment works that either is not in compliance with its permit
25 limits or, as identified in the most recent inspection report by the Department
26 under G.S. 143-215.3, is experiencing operational problems and is at risk of
27 violating its permit limits.feasibility of consolidating the management of
28 multiple utilities into a single utility operation or to provide regional
29 treatment and the best way of carrying out the consolidation or
30 regionalization. The Department shall not make a loan or grant under this
31 subdivision for a merger or regionalization proposal that would result in a
32 new surface water transfer regulated under G.S. 143-215.22L.

33 (4) Asset inventory and assessment grant. – An asset inventory and assessment
34 grant is available to inventory the existing water and/or sewer system and
35 document the condition of the inventoried infrastructure.

36 (5) Emergency loan. – An emergency loan is available in the event the Secretary
37 certifies that a serious public health hazard related to the inadequacy of an
38 existing wastewater collection system or wastewater treatment works is
39 present or imminent in a community."

40 **SECTION 14.13.(f)** G.S. 159G-34(a)(4) is recodified as G.S. 159G-34(a)(5).

41 **SECTION 14.13.(g)** G.S. 159G-34(a), as amended by subsection (f) of this section,
42 reads as rewritten:

43 "(a) Types. – The Department is authorized to make the types of loans and grants listed
44 in this section from the Drinking Water Reserve. Each type of loan or grant must be
45 administered through a separate account within the Drinking Water Reserve.

46 (1) ~~General.—Loan.~~ – A loan ~~or grant~~ is available for a project for a public
47 water system.

48 (2) ~~High unit cost~~Project grant. – A project grant is available for ~~the a~~ portion of
49 the construction costs of a public water system project ~~that results in an~~
50 estimated average household user fee for water and sewer service in the area

1 served by the project that exceeds the high unit cost threshold, as defined in
2 G.S. 159G-32(c).

- 3 (3) Technical assistance Merger/regionalization feasibility grant. – A technical
4 assistance merger/regionalization grant is available to determine the best way
5 to correct the deficiencies in a public water system that does not comply
6 with State law or the rules adopted to implement that law. feasibility of
7 consolidating the management of multiple utilities into a single utility
8 operation or to provide regional water supply and the best way of carrying
9 out the consolidation or regionalization. The Department shall not make a
10 loan or grant under this subdivision for a merger or regionalization proposal
11 that would result in a new surface water transfer regulated under
12 G.S. 143-215.22L.
- 13 (4) Asset inventory and assessment grant. – An asset inventory and assessment
14 grant is available to inventory the existing water and/or sewer system and
15 document the condition of the inventoried infrastructure.
- 16 (5) Emergency loan. – An emergency loan is available to an applicant in the
17 event the Secretary certifies that either a serious public health hazard or a
18 drought emergency related to the water supply system is present or imminent
19 in a community."

20 **SECTION 14.13.(h)** G.S. 159G-35 reads as rewritten:

21 **"§ 159G-35. Criteria for loans and grants.**

22 (a) CWSRF and DWSRF. – Federal law determines the criteria for awarding a loan or
23 grant from the CWSRF or the DWSRF. An award of a loan or grant from one of these accounts
24 must meet the criteria set under federal law. The Department is directed to establish through
25 negotiation with the United States Environmental Protection Agency the criteria for evaluating
26 applications for loans and grants from the CWSRF and the DWSRF and the priority assigned to
27 the criteria. The Department must incorporate the negotiated criteria and priorities in the
28 Capitalization Grant Operating Agreement between the Department and the United States
29 Environmental Protection Agency. The criteria and priorities incorporated in the Agreement
30 apply to a loan or grant from the CWSRF or the DWSRF. The ~~common criteria~~ priority
31 considerations in G.S. 159G-23 do not apply to a loan or grant from the CWSRF or the
32 DWSRF.

33 (b) Reserves. – The ~~common criteria~~ priority considerations in G.S. 159G-23 apply to a
34 loan or grant from the Wastewater Reserve or the Drinking Water Reserve. The Department
35 may establish by rule other criteria that apply to a loan or grant from the Wastewater Reserve
36 or the Drinking Water Reserve."

37 **SECTION 14.13.(i)** G.S. 159G-36(c) reads as rewritten:

38 "(c) Reserve Recipient Limit. – The following limits apply to ~~a~~ the loan or grant types
39 made from the Wastewater Reserve or the Drinking Water Reserve to the same local
40 government unit or nonprofit water corporation:

- 41 (1) The amount of loans awarded for a fiscal year may not exceed three million
42 dollars (\$3,000,000).
- 43 (2) The amount of loans awarded for three consecutive fiscal years for targeted
44 interest rate projects may not exceed three million dollars (\$3,000,000).
- 45 (3) The amount of ~~high unit cost~~ project grants awarded for three consecutive
46 fiscal years may not exceed three million dollars (\$3,000,000).
- 47 (4) The amount of ~~technical assistance~~ merger/regionalization feasibility grants
48 awarded for three consecutive fiscal years may not exceed fifty thousand
49 dollars (\$50,000).

1 (5) The amount of asset inventory and assessment grants awarded for three
2 consecutive fiscal years may not exceed one hundred fifty thousand dollars
3 (\$150,000)."

4 **SECTION 14.13.(j)** The Division of Water Infrastructure of the Department of
5 Environment and Natural Resources shall report to the Environmental Review Commission and
6 the Fiscal Research Division regarding its implementation of the relative affordability of
7 projects criteria for grants from the Wastewater Reserve or Drinking Water Reserve set forth in
8 G.S. 159G-23(9), as amended by subsection (c) of this section, within 30 days of the adoption
9 of the affordability criteria.

10 11 **WATER INFRASTRUCTURE STATE MATCH SURPLUS FUNDS**

12 **SECTION 14.14.** Notwithstanding G.S. 159G-22, funds appropriated in this act to
13 the Division of Water Infrastructure for the Clean Water State Revolving Fund and the
14 Drinking Water State Revolving Fund to provide State matching funds that are in excess of the
15 amount required to draw down the maximum amount of federal capitalization grant funds may
16 be used for State water and wastewater infrastructure grants awarded from the Wastewater
17 Reserve and the Drinking Water Reserve that benefit rural and economically distressed areas of
18 the State.

19 20 **ENCOURAGE INTERCONNECTION OF PUBLIC WATER SYSTEMS**

21 **SECTION 14.14A.(a)** G.S. 130A-317 is amended by adding a new subsection to
22 read:

23 "(g) The Department shall identify systems meeting all of the following criteria:

- 24 (1) As constructed or altered, the system appears capable of interconnectivity
25 with another system or systems located within the same river basin, as set
26 out in G.S. 143-215.22.
27 (2) The system appears to have adequate unallocated capacity to expand.
28 (3) Interconnectivity would promote public health, protect the environment, or
29 ensure compliance with established drinking water rules.

30 The Department shall notify the identified systems of the potential for interconnectivity in
31 the future. The systems so notified may discuss options for potential interconnectivity,
32 including joint operations, regionalization, or merger. The Local Government Commission
33 shall be copied on the notice from the Department and shall assist the systems with any
34 questions regarding liabilities of the systems and alterations to the operational structure of the
35 systems."

36 **SECTION 14.14A.(b)** The Commission for Public Health may adopt rules to
37 implement G.S. 130A-317, as amended by this section.

38 39 **DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES/CLOSE** 40 **CERTAIN SPECIAL FUNDS**

41 **SECTION 14.16.(a)** The Office of State Budget and Management, in conjunction
42 with the Office of the State Controller and the Department of Environment and Natural
43 Resources, shall transfer the unencumbered cash balances in the following funds as of June 30,
44 2015, to the Department's General Fund budget and then close each of these special funds:

- 45 (1) Mining Fees (Special Fund Code 24300-2745).
46 (2) Mining Interest (Special Fund Code 24300-2610).
47 (3) Storm Water Permits (Special Fund Code 24300-2750).
48 (4) UST Soil Permitting (Special Fund Code 24300-2391).

49 **SECTION 14.16.(b)** G.S. 74-54.1(b) reads as rewritten:

1 "~~(b) The Mining Account is established as a nonreverting account within the~~
2 ~~Department. Fees collected under this section shall be credited to the Mining Account-General~~
3 ~~Fund and shall be applied to the costs of administering this Article.~~"

4 **SECTION 14.16.(c)** G.S. 130A-309.17(i) is repealed.

5 **SECTION 14.16.(d)** G.S. 143-215.3A(a) reads as rewritten:

6 "(a) The Water and Air Quality Account is established as an account within the
7 Department. Revenue in the Account shall be applied to the costs of administering the
8 programs for which the fees were collected. Revenue credited to the Account pursuant to
9 G.S. 105-449.43, G.S. 105-449.125, and G.S. 105-449.136 shall be used to administer the air
10 quality program. Any funds credited to the Account from fees collected for laboratory facility
11 certifications under G.S. 143-215.3(a)(10) that are not expended at the end of each fiscal year
12 for the purposes for which these fees may be used under G.S. 143-215.3(a)(10) shall revert.
13 Any other funds credited to the Account that are not expended at the end of each fiscal year
14 shall not revert. Except for the following fees, all application fees and permit administration
15 fees collected by the State for permits issued under Articles 21, 21A, 21B, and 38 of this
16 Chapter shall be credited to the Account:

- 17 (1) Fees collected under Part 2 of Article 21A and credited to the Oil or Other
18 Hazardous Substances Pollution Protection Fund.
- 19 (2) Fees credited to the Title V Account.
- 20 (3) Repealed by Session Laws 2005-454, s. 7, effective January 1, 2006.
- 21 (4) Fees collected under G.S. 143-215.28A.
- 22 (5) Fees collected under G.S. 143-215.94C shall be credited to the Commercial
23 Leaking Petroleum Underground Storage Tank Cleanup Fund.
- 24 (6) Fees collected under G.S. 143-215.3D for the following permits and
25 certificates shall be credited to the General Fund for use by the Department
26 to administer the program for which the fees were collected:
 - 27 a. Stormwater permits and certificates of general permit coverage
28 authorized under G.S. 143-214.7.
 - 29 b. Permits to apply petroleum contaminated soil to land authorized
30 under G.S. 143-215.1."

31 **SECTION 14.16.(e)** The transfers in subsection (a) of this section are to offset
32 reductions in General Fund appropriations to the Department of Environment and Natural
33 Resources for the 2015-2016 fiscal year. Fee receipts previously deposited to the funds listed in
34 subsection (a) of this section shall be budgeted to support the programs and functions
35 previously supported by those funds.

37 PHASEOUT OF NONCOMMERCIAL LEAKING UST FUND

38 **SECTION 14.16A.(a)** G.S. 143-215.94B(b) reads as rewritten:

39 "(b) The Commercial Fund shall be used for the payment of the following costs up to an
40 aggregate maximum of one million dollars (\$1,000,000) per occurrence resulting from a
41 discharge or release of a petroleum product from a commercial underground storage tank:

- 42 (1) For discharges or releases discovered or reported between 30 June 1988 and
43 31 December 1991 inclusive, the cleanup of environmental damage as
44 required by G.S. 143-215.94E(a) in excess of fifty thousand dollars
45 (\$50,000) per occurrence.
- 46 (2) For discharges or releases discovered on or after 1 January 1992 and
47 reported between 1 January 1992 and 31 December 1993 inclusive, the
48 cleanup of environmental damage as required by G.S. 143-215.94E(a) in
49 excess of twenty thousand dollars (\$20,000) per occurrence.
- 50 (2a) For discharges or releases discovered and reported on or after 1 January
51 1994 and prior to 1 January 1995, the cleanup of environmental damage as

1 required by G.S. 143-215.94E(a) in excess of twenty thousand dollars
2 (\$20,000) if the owner or operator (i) notifies the Department prior to 1
3 January 1994 of its intent to permanently close the tank in accordance with
4 applicable regulations or to upgrade the tank to meet the requirements that
5 existing underground storage tanks must meet by 22 December 1998, (ii)
6 commences closure or upgrade of the tank prior to 1 July 1994, and (iii)
7 completes closure or upgrade of the tank prior to 1 January 1995.

8 (3) For discharges or releases reported on or after 1 January 1994, the cleanup of
9 environmental damage as required by G.S. 143-215.94E(a) in excess of
10 twenty thousand dollars (\$20,000) if, prior to the discharge or release, the
11 commercial underground storage tank from which the discharge or release
12 occurred met the performance standards applicable to tanks installed after 22
13 December 1988 or met the requirements that existing underground storage
14 tanks must meet by 22 December 1998.

15 (4) For discharges or releases reported on or after 1 January 1994 from a
16 commercial underground storage tank that does not qualify under
17 subdivision (2a) of this subsection or does not meet the standards in
18 subdivision (3) of this subsection, sixty percent (60%) of the costs per
19 occurrence of the cleanup of environmental damage as required by
20 G.S. 143-215.94E(a) that exceeds twenty thousand dollars (\$20,000) but is
21 not more than one hundred fifty-seven thousand five hundred dollars
22 (\$157,500) and one hundred percent (100%) of the costs above this amount,
23 up to the limits established in this section.

24 (5) Compensation to third parties for bodily injury and property damage in
25 excess of one hundred thousand dollars (\$100,000) per occurrence.

26 (6) Reimbursing the State for damages or other costs incurred as a result of a
27 loan from the Loan Fund. The per occurrence limit does not apply to
28 reimbursements to the State under this subdivision.

29 (7) Recordation of residual petroleum as required by G.S. 143B-279.11 if the
30 Commercial Fund is responsible for the payment of costs under subdivisions
31 (1) through (4) of this subsection.

32 (8) The costs of a site investigation required by the Department for the purpose
33 of determining whether a release from a tank system has occurred, whether
34 or not the investigation confirms that a release has occurred. This
35 subdivision shall not be construed to allow reimbursement for costs of
36 investigations that are part of routine leak detection procedures required by
37 statute or rule.

38 (9) If the owner or operator cannot be identified or fails to proceed with the
39 cleanup.

40 (10) That was taken out of operation prior to 1 January 1974 if, at the time the
41 discharge or release is discovered, neither the owner or operator owns or
42 leases the lands on which the tank is located.

43 (11) Where the owner of the commercial underground storage tank is the owner
44 only as a result of owning the land on which the commercial underground
45 storage tank is located, the owner did not know or have reason to know that
46 the underground storage tank was located on the property, and the land was
47 not transferred to the owner to avoid liability for the commercial
48 underground storage tank.

49 (12) Compensation to third parties for bodily injury and property damage in
50 excess of one hundred thousand dollars (\$100,000) per occurrence caused by
51 releases from noncommercial underground storage tanks reported to the

1 Department prior to August 1, 2015, if the claim for compensation is made
2 prior to July 1, 2016."

3 SECTION 14.16A.(b) G.S. 143-215.94D reads as rewritten:

4 "§ 143-215.94D. **Noncommercial Leaking Petroleum Underground Storage Tank**
5 **Cleanup Fund.**

6 (a) There is established under the control and direction of the Department the
7 Noncommercial Leaking Petroleum Underground Storage Tank Cleanup Fund. This
8 Noncommercial Fund shall be a nonreverting revolving fund consisting of any monies
9 appropriated for such purpose by the General Assembly or available to it from grants, or other
10 monies paid to it or recovered on behalf of the Noncommercial Fund.

11 (b) The Noncommercial Fund shall be used for the payment of the costs set out in
12 subsection (b1) of this section, up to an aggregate maximum of one million dollars
13 (\$1,000,000) per occurrence resulting from a discharge or release of a petroleum product
14 reported to the Department prior to August 1, 2015, from:

- 15 (1) Noncommercial underground storage tanks if the discharge or release meets
16 the minimum priority criteria for corrective action established by the
17 Department.
- 18 ~~(2) Commercial underground storage tanks if the owner or operator cannot be~~
19 ~~identified or fails to proceed with the cleanup.~~
- 20 ~~(3) Commercial underground storage tanks that were taken out of operation~~
21 ~~prior to 1 January 1974 if, at the time the discharge or release is discovered,~~
22 ~~neither the owner or operator owns or leases the lands on which the tank is~~
23 ~~located.~~
- 24 ~~(4) Commercial underground storage tanks if the owner of the commercial~~
25 ~~underground storage tank is the owner only as a result of owning the land on~~
26 ~~which the commercial underground storage tank is located, the owner did~~
27 ~~not know or have reason to know that the underground storage tank was~~
28 ~~located on the property, and the land was not transferred to the owner to~~
29 ~~avoid liability for the commercial underground storage tank.~~

30 (b1) The Noncommercial Fund shall be used for the payment of the ~~costs of following~~
31 costs, provided a claim for compensation is made prior to July 1, 2016:

- 32 (1) For releases discovered or reported to the Department prior to August 1,
33 2013, the cleanup of environmental damage as required by
34 G.S. 143-215.94E(a).
- 35 (1a) For releases ~~discovered or reported~~ to the Department on or after ~~August 1,~~
36 ~~2013, August 1, 2013, and prior to August 1, 2015,~~ the cleanup of
37 environmental damage as required by G.S.143-215.94E(a) in excess of two
38 thousand dollars (\$2,000) or the sum of the following amounts, whichever is
39 less:
 - 40 a. A deductible of one thousand dollars (\$1,000) per occurrence.
 - 41 b. A co-payment equal to ten percent (10%) of the costs of the cleanup
42 of environmental damage, per occurrence.
- 43 ~~(2) Compensation to third parties for bodily injury and property damage in~~
44 ~~excess of one hundred thousand dollars (\$100,000) per occurrence.~~
- 45 (3) Reimbursing the State for damages or other costs incurred as a result of a
46 loan from the Loan Fund. The per occurrence limit does not apply to
47 reimbursements to the State under this subdivision.
- 48 (4) Recordation of residual petroleum as required by G.S. 143B-279.11 if the
49 Noncommercial Fund is responsible for the payment of costs under
50 subdivisions (1) through (3) of this subsection and subsection (b) of this
51 section.

1 (b2) The Noncommercial Fund may be used by the Department for the payment of costs
2 necessary to render harmless any noncommercial underground storage tank from which a
3 discharge or release has not occurred but which poses an imminent hazard to the environment if
4 the owner or operator cannot be identified or located, or if the owner or operator fails to take
5 action to render harmless the underground storage tank within 90 days after having been
6 notified of the imminent hazard posed by the underground storage tank. The Secretary shall
7 seek to recover the costs of the action from the owner or operator as provided in
8 G.S. 143-215.94G.

9 (b3) For purposes of subsection (b1) of this section, the cleanup of environmental
10 damage includes connection of a third party to a public water system if the Department
11 determines that connection of the third party to a public water system is a cost-effective
12 measure, when compared to other available measures, to reduce risk to human health or the
13 environment. A payment or reimbursement under this subsection is subject to the requirements
14 and limitations of this section. This subsection shall not be construed to limit any right or
15 remedy available to a third party under any other provision of law. This subsection shall not be
16 construed to require a third party to connect to a public water system. Except as provided by
17 this subsection, connection to a public water system does not constitute cleanup under Part 2 of
18 this Article, G.S. 143-215.94E, G.S. 143-215.94V, any other applicable statute, or at common
19 law.

20 (b4) The Noncommercial Fund shall pay any claim made after 1 September 2001 for
21 compensation to third parties pursuant to subdivision (2) of subsection (b1) of this section only
22 if the owner, operator, or other party responsible for the discharge or release has complied with
23 the requirements of G.S. 143B-279.9 and G.S. 143B-279.11, unless compliance is prohibited
24 by another provision of law.

25 (c) The Noncommercial Fund is to be available on an occurrence basis, without regard
26 to number of occurrences associated with tanks owned or operated by the same owner or
27 operator.

28 (d) The Noncommercial Fund shall not be used for:

- 29 (1) Costs incurred as a result of a discharge or release from an aboveground
30 tank, aboveground pipe or fitting not connected to an underground storage
31 tank, or vehicle.
- 32 (2) The removal or replacement of any tank, pipe, fitting or related equipment.
- 33 (3) Costs incurred as a result of a discharge or release of petroleum from a
34 transmission pipeline.
- 35 (4) Costs intended to be paid for by the Commercial Fund.
- 36 (5) Costs associated with the administration of any underground storage tank
37 program other than the program administered pursuant to this Part.
- 38 (6) Costs paid or reimbursed by or from any source other than the
39 Noncommercial Fund, including, but not limited to, any payment or
40 reimbursement made under a contract of insurance.
- 41 (7) Costs incurred as a result of the cleanup of environmental damage to
42 groundwater to a more protective standard than the risk-based standard
43 required by the Department unless the cleanup of environmental damage to
44 groundwater to a more protective standard is necessary to resolve a claim for
45 compensation by a third party for property damage.
- 46 (8) Costs in excess of those required to achieve the most cost-effective cleanup.

47 (e) The Noncommercial Fund shall be treated as a special trust fund pursuant to
48 G.S. 147-69.2 and G.S. 147-69.3, except that interest and other income received on the Fund
49 balance shall be treated as set forth in G.S. 147-69.1(d).

50 (f) Expired October 1, 2011, pursuant to Session Laws 2001-442, s. 8, as amended by
51 Session Laws 2008-195, s. 11.

1 (g) The Noncommercial Fund may be used to support the administrative functions of
2 the program for underground storage tanks under this Part and Part 2B of this Article up to the
3 amounts allowed by law, which amounts may be changed from time to time. In the case of a
4 legislated increase or decrease in salaries and benefits, the administrative allowance existing at
5 the time of the increase or decrease shall be correspondingly increased or decreased an amount
6 equal to the legislated increase or decrease in salaries and benefits.

7 (h) During each fiscal year, the Department shall use up to one hundred thousand
8 (\$100,000) of the funds in the Noncommercial Fund to fund necessary assessment and cleanup
9 to be conducted by the Department of discharges or releases for which a responsible party has
10 been identified but for which the responsible party can demonstrate that undertaking the costs
11 of assessment and cleanup will impose a severe financial hardship. Any portion of the \$100,000
12 designated each fiscal year, which is not used during that fiscal year to address situations of
13 severe financial hardship, shall revert to the Noncommercial Fund for the uses otherwise
14 provided by this section. The Commission shall adopt rules to define severe financial hardship;
15 establish criteria for assistance due to severe financial hardship pursuant to this section; and
16 establish a process for evaluation and determinations of eligibility with respect to applications
17 for assistance due to severe financial hardship. The Commission shall create a subcommittee of
18 the Commission's Committee on Civil Penalty Remissions as established by G.S. 143B-282.1
19 to render determinations of eligibility under this subsection."

20 **SECTION 14.16A.(c)** G.S. 143-215.94N(b) reads as rewritten:

21 "(b) ~~The~~ Except as otherwise specified in this Part, the provisions of this Part as they
22 relate to costs paid from the Noncommercial Fund apply to discharges or releases without
23 regard to the date discovered or reported; however, reimbursement of costs under
24 G.S. 143-215.94G(d)(1), (2), (3), (3a), and (4) shall be for the full amount of the costs paid for
25 from the Noncommercial Fund and shall not be limited pursuant to G.S. 143-215.94E(b) for
26 discharges or releases from commercial underground storage tanks discovered or reported on or
27 before 30 June 1988."

28 **SECTION 14.16A.(d)** G.S. 143-215.94A(6), G.S. 143-215.94B(d)(4),
29 G.S. 143-215.94D, and G.S. 143-215.94N(b) are repealed.

30 **SECTION 14.16A.(e)** G.S. 143-215.94E reads as rewritten:

31 "**§ 143-215.94E. Rights and obligations of the owner or operator.**

32 ...

33 (b1) In the case of a discharge or release from a commercial underground storage tank
34 where the owner and operator cannot be identified or located, or where the owner and operator
35 fail to proceed as required by subsection (a) of this section, the following requirements apply:

36 (1) ~~If~~ If the current landowner of the land in which the commercial underground
37 storage tank is located notifies the Department in accordance with
38 G.S. 143-215.85 and undertakes to collect and remove the discharge or
39 release and to restore the area affected in accordance with the requirements
40 of this Article and applicable federal and State laws, regulations, and rules,
41 the current landowner may elect to have the Commercial Fund pay or
42 reimburse the current landowner for any costs described in subdivisions (1),
43 (2), (2a), (3), and (4) of G.S. 143-215.94B(b) or G.S. 143-215.94B(b1) that
44 exceed the amounts for which the owner or operator is responsible under that
45 subsection.

46 a. The current landowner is not eligible for payment or reimbursement
47 until the current landowner has paid the costs described in
48 subdivisions (1), (2), (2a), (3), and (4) of G.S. 143-215.94B(b) or
49 G.S. 143-215.94B(b1) for which the owner or operator is
50 responsible.

1 **b.** Eligibility for reimbursement under this subsection may be
2 transferred from a current landowner who has paid the costs
3 described in subdivisions (1), (2), (2a), (3), and (4) of
4 G.S. 143-215.94B(b) or G.S. 143-215.94B(b1) to a subsequent
5 landowner.

6 The current landowner shall submit documentation of all expenditures as
7 required by G.S. 143-215.94G(b).

8 (2) The sum of payments from the Commercial Fund and from all other sources
9 shall not exceed one million dollars (\$1,000,000) per discharge or release
10 except as provided in G.S. 143-215.94B(b2).

11 (3) This subsection shall not be construed to require a current landowner to
12 cleanup a discharge or release of petroleum from an underground storage
13 tank for which the current landowner is not otherwise responsible. This
14 subsection does not alter any right, duty, obligation, or liability of a current
15 landowner, former landowner, subsequent landowner, owner, or operator
16 under other provisions of law.

17 (4) This subsection shall not be construed to limit the authority of the
18 Department to engage in a cleanup under this Article or any other provision
19 of law. In the event that an owner or operator is subsequently identified or
20 located, the Secretary shall seek reimbursement as provided in
21 G.S. 143-215.94G(d). ~~The current landowner shall submit documentation of~~
22 ~~all expenditures as required by G.S. 143-215.94G(b).~~

23 ~~(e) In the case of a discharge or release from a noncommercial underground storage~~
24 ~~tank or a commercial underground storage tank eligible for the Noncommercial Fund in~~
25 ~~accordance with G.S. 143-215.94D(b), where the owner or operator has been identified and has~~
26 ~~proceeded with the cleanup, the owner or operator may elect to have the Noncommercial Fund~~
27 ~~pay or reimburse the owner or operator for any costs described in G.S. 143-215.94D(b1) up to a~~
28 ~~maximum of one million dollars (\$1,000,000) per discharge or release.~~

29 ~~(e1) In the case of a discharge or release from a noncommercial underground storage~~
30 ~~tank where the owner and operator cannot be identified or located, or where the owner and~~
31 ~~operator fail to proceed as required by subsection (a) of this section, if the current landowner of~~
32 ~~the land in which the noncommercial underground storage tank is located notifies the~~
33 ~~Department in accordance with G.S. 143-215.85 and undertakes to collect and remove the~~
34 ~~discharge or release and to restore the area affected in accordance with the requirements of this~~
35 ~~Article and applicable federal and State laws, regulations, and rules, the current landowner may~~
36 ~~elect to have the Noncommercial Fund pay or reimburse the current landowner for any costs~~
37 ~~described in G.S. 143-215.94D(b1). Eligibility for reimbursement under this subsection may be~~
38 ~~transferred to a subsequent landowner from a current landowner. The sum of payments from~~
39 ~~the Noncommercial Fund and from all other sources shall not exceed one million dollars~~
40 ~~(\$1,000,000) per discharge or release. This subsection shall not be construed to require a~~
41 ~~current landowner to clean up a discharge or release of petroleum from an underground storage~~
42 ~~tank for which the current landowner is not otherwise responsible. This subsection does not~~
43 ~~alter any right, duty, obligation, or liability of a current landowner, former landowner,~~
44 ~~subsequent landowner, owner, or operator under other provisions of law. This subsection shall~~
45 ~~not be construed to limit the authority of the Department to engage in a cleanup under this~~
46 ~~Article or any other provision of law. The current landowner shall submit documentation of all~~
47 ~~expenditures as required by G.S. 143-215.94G(b).~~

48 ...

49 (e1) The Department may contract for any services necessary to evaluate any claim for
50 reimbursement or compensation from either the Commercial Fund or the Noncommercial Fund,
51 may contract for any expert witness or consultant services necessary to defend any decision to

1 pay or deny any claim for reimbursement, and may pay the cost of these services from the fund
2 against which the claim is made; provided that in any fiscal year the Department shall not
3 expend from either fund more than one percent (1%) of the unobligated balance of the fund on
4 30 June of the previous fiscal year. The cost of contractual services to evaluate a claim or for
5 expert witness or consultant services to defend a decision with respect to a claim shall be
6 included as costs under G.S. 143-215.94B(b), 143-215.94B(b1), and 143-215.94D(b1).

7 ...

8 (e4) (1) If the owner or operator takes initial steps to collect and remove the
9 discharge or release as required by the Department and completes the initial
10 assessment required to determine degree of risk, the owner or operator shall
11 not be subject to any violation or penalty for any failure to proceed with
12 further assessment or cleanup under G.S. 143-215.84 or this section before
13 the owner or operator is authorized to proceed with further assessment or
14 cleanup as provided in subsection (e5) of this section. The lack of
15 availability of funds in the Commercial Fund ~~or the Noncommercial Fund~~
16 shall not relieve an owner or operator of responsibility to immediately
17 undertake to collect and remove the discharge or release or to conduct any
18 assessment or cleanup ordered by the Department or be a defense against
19 any violations and penalties issued to the owner or operator for failure to
20 conduct required assessment or cleanup.

21 (2) The Department shall establish the degree of risk to human health and the
22 environment posed by a discharge or release of petroleum from a
23 commercial underground storage tank and shall determine a schedule for
24 further assessment and cleanup that is based on the degree of risk to human
25 health and the environment posed by the discharge or release and that gives
26 priority to the assessment and cleanup of discharges and releases that pose
27 the greatest risk. If any of the costs of assessment and cleanup of the
28 discharge or release from a commercial underground storage tank are
29 eligible to be paid or reimbursed from the Commercial Fund, the Department
30 shall also consider the availability of funds in the Commercial Fund and the
31 order in which the discharge or release was reported in determining the
32 schedule.

33 ~~(3) The Department shall establish the degree of risk to human health and the~~
34 ~~environment posed by a discharge or release of petroleum from a~~
35 ~~noncommercial underground storage tank and shall determine a schedule for~~
36 ~~further assessment and cleanup that is based on the degree of risk to human~~
37 ~~health and the environment posed by the discharge or release and that gives~~
38 ~~priority to the assessment and cleanup of discharges and releases that pose~~
39 ~~the greatest risk. If any of the costs of assessment or cleanup of the discharge~~
40 ~~or release from a noncommercial underground storage tank are eligible to be~~
41 ~~paid or reimbursed from the Noncommercial Fund, the Department shall~~
42 ~~also consider the availability of funds in the Noncommercial Fund and the~~
43 ~~order in which the discharge or release was reported in determining the~~
44 ~~schedule.~~

45 (4) The Department may revise the schedules that apply to the assessment and
46 cleanup of any discharge or release at any time based on its reassessment of
47 any of the foregoing factors.

48 ...

49 (f1) Any person seeking payment or reimbursement from ~~either the Commercial Fund or~~
50 ~~the Noncommercial Fund~~ shall certify to the Department that the costs to be paid or reimbursed
51 by the Commercial Fund ~~or the Noncommercial Fund~~ are not eligible to be paid or reimbursed

1 by or from any other source, including any contract of insurance. If any cost paid or reimbursed
2 by the Commercial Fund ~~or the Noncommercial Fund~~ is eligible to be paid or reimbursed by or
3 from another source, that cost shall not be paid from, or if paid shall be repaid to, the
4 Commercial Fund ~~or the Noncommercial Fund~~. As used in this Part, the phrase "any other
5 source including any contract of insurance" does not include self-insurance.

6 ...

7 (j) An owner, operator, or landowner shall request that the Department determine
8 whether any of the costs of assessment and cleanup of a discharge or release from a petroleum
9 underground storage tank are eligible to be paid or reimbursed from either the Commercial
10 Fund ~~or the Noncommercial Fund~~ within one year after completion of any task that is eligible
11 to be paid or reimbursed under G.S. 143-215.94B(b), 143-215.94B(b1), or 143-215.94D(b1).

12 (k) An owner, operator, or landowner shall request payment or reimbursement from the
13 Commercial Fund ~~or the Noncommercial Fund~~ for the cost of a task within one year after the
14 completion of the task. The Department shall deny any request for payment or reimbursement
15 of the cost of any task that would otherwise be eligible to be paid or reimbursed if the request is
16 not received within 12 months after the later of the date on which the:

17 (1) Department determines that the cost is eligible to be paid or reimbursed.

18 (2) Task is completed."

19 **SECTION 14.16A.(f)** G.S. 143-215.94G reads as rewritten:

20 "**§ 143-215.94G. Authority of the Department to engage in cleanups; actions for fund**
21 **reimbursement.**

22 (a) The Department may use staff, equipment, or materials under its control or provided
23 by other cooperating federal, State, or local agencies and may contract with any agent or
24 contractor it deems appropriate to investigate a release, to develop and implement a cleanup
25 plan, to provide interim alternative sources of drinking water to third parties, and to pay the
26 initial costs for providing permanent alternative sources of drinking water to third parties, and
27 shall pay the costs resulting ~~from commercial underground storage tanks~~ from the Commercial
28 Fund ~~and shall pay the costs resulting from noncommercial underground storage tanks from the~~
29 ~~Noncommercial Fund~~, Fund whenever there is a discharge or release of petroleum from any of
30 the following:

31 (1) A noncommercial underground storage tank.

32 (2) An underground storage tank whose owner or operator cannot be identified
33 or located.

34 (3) An underground storage tank whose owner or operator fails to proceed as
35 required by G.S. 143-215.94E(a).

36 (4) A commercial underground storage tank taken out of operation prior to 1
37 January 1974 if, when the discharge or release is discovered, neither the
38 owner nor operator owns or leases the land on which the underground
39 storage tank is located.

40 (a1) Every State agency shall provide to the Department to the maximum extent feasible
41 such staff, equipment, and materials as may be available and useful to the development and
42 implementation of a cleanup program.

43 (a2) The cost of any action authorized under subsection (a) of this section shall be paid,
44 to the extent funds are available, from the following sources in the order listed:

45 (1) Any funds to which the State is entitled under any federal program providing
46 for the cleanup of petroleum discharges or releases from underground
47 storage tanks, including, but not limited to, the Leaking Underground
48 Storage Tank Trust Fund established pursuant to 26 U.S.C. § 4081 and 42
49 U.S.C. § 6991b(h).

50 (2) The Commercial Fund ~~or the Noncommercial Fund~~.

1 (a3) Expired October 1, 2011, pursuant to Session Laws 2001-442, s. 8, as amended by
2 Session Laws 2008-195, s. 11.

3 (b) Whenever the discharge or release of a petroleum product is from a commercial
4 underground storage tank, the Department may supervise the cleanup of environmental damage
5 required by G.S. 143-215.94E(a). If the owner or operator elects to have the Commercial Fund
6 reimburse or pay for any costs allowed under subsection (b) or (b1) of G.S. 143-215.94B, the
7 Department shall require the owner or operator to submit documentation of all expenditures
8 claimed for the purposes of establishing that the owner or operator has spent the amounts
9 required to be paid by the owner or operator pursuant to and in accordance with
10 G.S. 143-215.94E(b). The Department shall allow credit for all expenditures that the
11 Department determines to be reasonable and necessary. The Department may not pay for any
12 costs for which the Commercial Fund was established until the owner or operator has paid the
13 amounts specified in G.S. 143-215.94E(b).

14 (c) The Secretary shall keep a record of all expenses incurred for the services of State
15 personnel and for the use of the State's equipment and material.

16 (d) The Secretary shall seek reimbursement through any legal means available, for:

17 (1) Any costs not authorized to be paid from ~~either the Commercial or the~~
18 ~~Noncommercial~~ Fund;

19 (2) The amounts provided for in G.S. 143-215.94B(b) or G.S. 143-215.94B(b1)
20 required to be paid for by the owner or operator pursuant to
21 G.S. 143-215.94E(b) where the owner or operator of a commercial
22 underground storage tank is later identified or located;

23 (3) The amounts provided for in G.S. 143-215.94B(b) or G.S. 143-215.94B(b1)
24 required to be paid for by the owner or operator pursuant to
25 G.S. 143-215.94E(b) where the owner or operator of a commercial
26 underground storage tank failed to proceed as required by
27 G.S. 143-215.94E(a);

28 (3a) The amounts provided for by G.S. 143-215.94B(b)(5) required to be paid by
29 the owner or operator to third parties for the cost of providing interim
30 alternative sources of drinking water to third parties and the initial cost of
31 providing permanent alternative sources of drinking water to third parties;

32 (4) Any funds due under G.S. 143-215.94E(g); and

33 (5) Any funds to which the State is entitled under any federal program providing
34 for the cleanup of petroleum discharges or releases from underground
35 storage tanks; [and]

36 (6) The amounts provided for in G.S. 143-215.94B(b5) and
37 G.S. 143-215.94D(b2).

38 (e) In the event that a civil action is commenced to secure reimbursement pursuant to
39 subdivisions (1) through (4) of subsection (d) of this section, the Secretary may recover, in
40 addition to any amount due, the costs of the action, including but not limited to reasonable
41 attorney's fees and investigation expenses. Any monies received or recovered as reimbursement
42 shall be paid into the appropriate fund or other source from which the expenditures were made.

43 ~~(f) In the event that a recovery equal to or in excess of the amounts required to be paid~~
44 ~~for by the owner or operator pursuant to G.S. 143-215.94E(b) is recovered pursuant to~~
45 ~~subdivisions (2) and (3) of subsection (d) of this section for the costs described in~~
46 ~~G.S. 143-215.94B(b) or G.S. 143-215.94B(b1), the Department shall transfer funds from the~~
47 ~~Commercial Fund that would have been paid from the Commercial Fund pursuant to subsection~~
48 ~~(b) or (b2) of G.S. 143-215.94B if the owner or operator had proceeded with the cleanup, but~~
49 ~~which were paid from the Noncommercial Fund, into the Noncommercial Fund.~~

50 (g) If the Department paid or reimbursed costs that are not authorized to be paid or
51 reimbursed under G.S. 143-215.94B or G.S. 143-215.94D as a result of a misrepresentation by

1 an agent who acted on behalf of an owner, operator, or landowner, the Department shall first
2 seek reimbursement, pursuant to subdivision (1) of subsection (d) of this section, from the
3 agent of monies paid to or retained by the agent.

4 (h) The Department shall take administrative action to recover costs or bring a civil
5 action pursuant to subdivision (1) of subsection (d) of this section to seek reimbursement of
6 costs in accordance with the time limits set out in this subsection.

7 (1) The Department shall take administrative action to recover costs or bring a
8 civil action to seek reimbursement of costs that are not authorized to be paid
9 from the Commercial Fund under subdivision (1), (2), or (3) of
10 G.S. 143-215.94B(d) ~~or from the Noncommercial Fund under subdivision~~
11 ~~(1), (2), or (3) of G.S. 143-215.94D(d)~~ within five years after payment.

12 (2) The Department shall take administrative action to recover costs or bring a
13 civil action to seek reimbursement of costs other than those described in
14 subdivision (1) of this subsection within three years after payment.

15 (3) Notwithstanding the time limits set out in subdivisions (1) and (2) of this
16 subsection, the Department may take administrative action to recover costs
17 or bring a civil action to seek reimbursement of costs paid as a result of
18 fraud or misrepresentation at any time.

19 (i) An administrative action or civil action that is not commenced within the time
20 allowed by subsection (h) of this section is barred.

21 (j) Except with the consent of the claimant, the Department may not withhold payment
22 or reimbursement of costs that are authorized to be paid from the Commercial Fund ~~or the~~
23 ~~Noncommercial Fund~~ in order to recover any other costs that are in dispute unless the
24 Department is authorized to withhold payment by a final decision of the Commission pursuant
25 to G.S. 150B-36 or an order or final decision of a court."

26 **SECTION 14.16A.(g)** G.S. 143-215.94J reads as rewritten:

27 **"§ 143-215.94J. Limitation of liability of the State of North Carolina.**

28 (a) No claim filed against ~~either the Commercial Fund or the Noncommercial Fund~~
29 shall be paid except from assets of the respective fund as provided for in this Part or as may
30 otherwise be authorized by law.

31 (b) This Part shall not be construed to obligate the General Assembly to make any
32 appropriation to implement the provisions of this Part; nor shall it be construed to obligate the
33 Secretary to take any action pursuant to this Part for which funds are not available from
34 appropriations or otherwise.

35 (c) The Secretary may budget anticipated receipts as needed to implement this Part.

36 ~~(d) Should the Secretary find that the Noncommercial Fund balance is insufficient to~~
37 ~~satisfy all claims and other obligations of the Noncommercial Fund incurred pursuant to this~~
38 ~~Part, the Secretary may transfer funds which would otherwise revert to the General Fund to the~~
39 ~~Noncommercial Fund in order to meet such claims and obligations.~~

40 (c) If at any time ~~either the~~ fund balance is insufficient to pay all valid claims against it,
41 the claims shall be paid in full in the order in which they are finally determined. The Secretary
42 may retain not more than five hundred thousand dollars (\$500,000) in the ~~Noncommercial~~
43 Commercial Fund as a contingency reserve and not apply the reserve to the claims. The
44 Department may use the contingency reserve to conduct cleanups in accordance with
45 G.S. 143-215.94G when an imminent hazard poses a threat to human health or to significant
46 natural resources."

47 **SECTION 14.16A.(h)** G.S. 143-215.94M reads as rewritten:

48 **"§ 143-215.94M. Reports.**

49 (a) The Secretary shall present an annual report to the Environmental Review
50 Commission, the Fiscal Research Division, the Senate Appropriations Subcommittee on

1 Natural and Economic Resources, and the House Appropriations Subcommittee on Natural and
2 Economic Resources which shall include at least the following:

- 3 (1) A list of all discharges or releases of petroleum from underground storage
4 tanks.
- 5 ~~(2) A list of all cleanups requiring State funding through the Noncommercial
6 Fund and a comprehensive budget to complete such cleanups.~~
- 7 (3) A list of all cleanups undertaken by tank owners or operators and the status
8 of these cleanups.
- 9 (4) A statement of receipts and disbursements for ~~both~~ the Commercial Fund
10 ~~and the Noncommercial Fund.~~
- 11 (5) A statement of all claims against ~~both~~ the Commercial Fund ~~and the~~
12 ~~Noncommercial Fund~~, including claims paid, claims denied, pending claims,
13 anticipated claims, and any other obligations.
- 14 (6) The adequacy of ~~both~~ the Commercial Fund ~~and the Noncommercial Fund~~ to
15 carry out the purposes of this Part together with any recommendations as to
16 measures that may be necessary to assure the continued solvency of the
17 Commercial Fund ~~and the Noncommercial Fund.~~
- 18 (7) Repealed by Session Laws 2012-200, s. 23, effective August 1, 2012.

19 (b) The report required by this section shall be made by the Secretary on or before
20 November 1 of each year."

21 **SECTION 14.16A.(i)** Subsections (d) through (h) of this section become effective
22 December 31, 2016. The balance remaining in the Noncommercial Leaking Petroleum
23 Underground Storage Tank Cleanup Fund and any outstanding requests for payment or
24 reimbursement that have been deemed eligible by the Department prior to that date are
25 transferred to the Commercial Leaking Petroleum Underground Storage Tank Cleanup Fund.
26 The Revisor of Statutes may conform names and titles changed by this section, and may correct
27 statutory references as required by this section, throughout the General Statutes. In making the
28 changes authorized by this section, the Revisor may also adjust subject and verb agreement and
29 the placement of conjunctions.

30 ENVIRONMENTAL ASSESSMENT METHODOLOGY

31 **SECTION 14.19.** The Department of Environment and Natural Resources shall
32 review and revise its procedures and rate tables for reimbursement of soil assessment activities
33 in order to facilitate the use of the Ultra Violet Fluorescence (UVF) test method as a substitute
34 for US EPA Method 8015 for soil assessment and petroleum contamination delineation
35 activities, where the substitution would (i) not violate federal law or regulations, (ii) provide
36 equivalent accuracy and quality of results, and (iii) result in appreciable cost savings.

37 LANDFILL CHANGES

38 **SECTION 14.20.(a)** G.S. 130A-294 reads as rewritten:

39 **"§ 130A-294. Solid waste management program.**

40 (a) The Department is authorized and directed to engage in research, conduct
41 investigations and surveys, make inspections and establish a statewide solid waste management
42 program. In establishing a program, the Department shall have authority to:

43 ...

- 44 (4) a. Develop a permit system governing the establishment and operation
45 of solid waste management facilities. A landfill with a disposal area
46 of 1/2 acre or less for the on-site disposal of land clearing and inert
47 debris is exempt from the permit requirement of this section and shall
48 be governed by G.S. 130A-301.1. Demolition debris from the
49 decommissioning of manufacturing buildings, including electric
50
51

1 generating stations, that is disposed of on the same site as the
2 decommissioned buildings, is exempt from the permit requirement of
3 this section and rules adopted pursuant to this section and shall be
4 governed by G.S. 130A-301.3. The Department shall not approve an
5 application for a new permit, ~~the renewal of a permit, major permit~~
6 modification, or a substantial amendment to a permit for a sanitary
7 landfill, excluding demolition landfills as defined in the rules of the
8 Commission, except as provided in subdivisions (3) and (4) of
9 subsection (b1) of this section. No permit shall be granted for a solid
10 waste management facility having discharges that are point sources
11 until the Department has referred the complete plans and
12 specifications to the Commission and has received advice in writing
13 that the plans and specifications are approved in accordance with the
14 provisions of G.S. 143-215.1. In any case where the Department
15 denies a permit for a solid waste management facility, it shall state in
16 writing the reason for denial and shall also state its estimate of the
17 changes in the applicant's proposed activities or plans that will be
18 required for the applicant to obtain a permit.
19

20 ...
21 (a2) Permits for sanitary landfills and transfer stations shall be issued for ~~(i) a design and~~
22 ~~operation phase of five years or (ii) a design and operation phase of 10 years. A permit issued~~
23 ~~for a design and operation phase of 10 years shall be subject to a limited review within five~~
24 ~~years of the issuance date.~~ the life-of-site of the facility unless revoked as otherwise provided
25 under this Article or upon the expiration of any local government franchise required for the
26 facility pursuant to subsection (b1) of this section. For purposes of this section, "life-of-site"
27 means the period from the initial receipt of solid waste at the facility until the Department
28 approves final closure of the facility. Permits issued pursuant to this subsection shall take into
29 account the duration of any permits previously issued for the facility and the remaining
30 capacity at the facility.

31 (a3) Each permit for a sanitary landfill and transfer station shall have a limited review of
32 the permit five years after issuance of the initial permit and at five-year intervals thereafter until
33 expiration of the permit. The limited review includes review of the operational activities at the
34 facility for the preceding time period, as well as future operational plans, financial assurance
35 cost estimates, environmental monitoring plans, closure plans, post-closure plans, and any other
36 applicable plans for the facility. Whenever such review is undertaken, the Department may
37 modify the permit to include additional limitations, standards, or conditions when the technical
38 limitations, standards, or conditions on which the original permit was based have been changed
39 by statute or rule. If, upon such review, the Department finds that repeated material or
40 substantial violations at the sanitary landfill render operation of the facility a danger to human
41 health, safety, and welfare, or the environment, the Department shall modify or revoke the
42 permit. Parties aggrieved by a final decision of the Department pursuant to this subsection may
43 appeal the decision as provided under Article 3 of Chapter 150B of the General Statutes.

44 (b) The Commission shall adopt and the Department shall enforce rules to implement a
45 comprehensive statewide solid waste management program. The rules shall be consistent with
46 applicable State and federal law; and shall be designed to protect the public health, safety, and
47 welfare; preserve the environment; and provide for the greatest possible conservation of
48 cultural and natural resources. Rules for the establishment, location, operation, maintenance,
49 use, discontinuance, recordation, post-closure care of solid waste management facilities also
50 shall be based upon recognized public health practices and procedures, including applicable
51 epidemiological research and studies; hydrogeological research and studies; sanitary
engineering research and studies; and current technological development in equipment and

1 methods. The rules shall not apply to the management of solid waste that is generated by an
2 individual or individual family or household unit on the individual's property and is disposed of
3 on the individual's property.

4 (b1) (1) For purposes of this subsection and subdivision (4) of subsection (a) of this
5 section, a "substantial amendment" means either:

6 a. An increase of ten percent (10%) or more in:

7 1. The population of the geographic area to be served by the
8 sanitary landfill;

9 2. The quantity of solid waste to be disposed of in the sanitary
10 landfill; or

11 3. The geographic area to be served by the sanitary landfill.

12 b. A change in the categories of solid waste to be disposed of in the
13 sanitary landfill or any other change to the application for a permit or
14 to the permit for a sanitary landfill that the Commission or the
15 Department determines to be substantial.

16 (2) A person who intends to apply for a new permit, ~~the renewal of a permit,~~
17 major permit modification, or a substantial amendment to a permit for a
18 sanitary landfill shall obtain, prior to applying for a permit, a franchise for
19 the operation of the sanitary landfill from each local government having
20 jurisdiction over any part of the land on which the sanitary landfill and its
21 appurtenances are located or to be located. A local government may adopt a
22 franchise ordinance under G.S. 153A-136 or G.S. 160A-319. A franchise
23 granted for a sanitary landfill shall be granted for the life-of-site of the
24 landfill and shall include all of the following:

25 a. A statement of the population to be served, including a description of
26 the geographic area.

27 b. A description of the volume and characteristics of the waste stream.

28 c. A projection of the useful life of the sanitary landfill.

29 d. Repealed by Session Laws 2013-409, s. 8, effective August 23, 2013.

30 e. The procedures to be followed for governmental oversight and
31 regulation of the fees and rates to be charged by facilities subject to
32 the franchise for waste generated in the jurisdiction of the franchising
33 entity.

34 f. A facility plan for the sanitary landfill that shall include the
35 boundaries of the proposed facility, proposed development of the
36 facility ~~site in five-year operational phases,~~ site, the boundaries of all
37 waste disposal units, final elevations and capacity of all waste
38 disposal units, the amount of waste to be received per day in tons, the
39 total waste disposal capacity of the sanitary landfill in tons, a
40 description of environmental controls, and a description of any other
41 waste management activities to be conducted at the facility. In
42 addition, the facility plan shall show the proposed location of soil
43 borrow areas, leachate facilities, and all other facilities and
44 infrastructure, including ingress and egress to the facility.

45 ...

46 (4) An applicant for a new permit, ~~the renewal of a permit,~~ major permit
47 modification, or a substantial amendment to a permit for a sanitary landfill
48 shall request each local government having jurisdiction over any part of the
49 land on which the sanitary landfill and its appurtenances are located or to be
50 located to issue a determination as to whether the local government has in
51 effect a franchise, zoning, subdivision, or land-use planning ordinance

1 applicable to the sanitary landfill and whether the proposed sanitary landfill,
2 or the existing sanitary landfill as it would be operated under the ~~renewed or~~
3 major permit modification or substantially amended permit, would be
4 consistent with the applicable ordinances. The request to the local
5 government shall be accompanied by a copy of the permit application and
6 shall be delivered to the clerk of the local government personally or by
7 certified mail. In order to serve as a basis for a determination that an
8 application for a new permit, ~~the renewal of a permit, major permit~~
9 modification, or a substantial amendment to a permit for a sanitary landfill is
10 consistent with a zoning, subdivision, or land-use planning ordinance, an
11 ordinance or zoning classification applicable to the real property designated
12 in the permit application shall have been in effect not less than 90 days prior
13 to the date the request for a determination of consistency is delivered to the
14 clerk of the local government. The determination shall be verified or
15 supported by affidavit signed by the chief administrative officer, the chief
16 administrative officer's designee, clerk, or other official designated by the
17 local government to make the determination and, if the local government
18 states that the sanitary landfill as it would be operated under the ~~new,~~
19 ~~renewed,~~ new permit, major permit modification, or substantially amended
20 permit is inconsistent with a franchise, zoning, subdivision, or land-use
21 planning ordinance, shall include a copy of the ordinance and the specific
22 reasons for the determination of inconsistency. A copy of the determination
23 shall be provided to the applicant when the determination is submitted to the
24 Department. The Department shall not act upon an application for a permit
25 under this section until it has received a determination from each local
26 government requested to make a determination by the applicant; provided
27 that if a local government fails to submit a determination to the Department
28 as provided by this subsection within 15 days after receipt of the request, the
29 Department shall proceed to consider the permit application without regard
30 to a franchise, local zoning, subdivision, and land-use planning ordinances.
31 Unless the local government makes a subsequent determination of
32 consistency with all ordinances cited in the determination or the sanitary
33 landfill as it would be operated under the ~~new, renewed,~~ new permit, major
34 permit modification, or substantially amended permit is determined by a
35 court of competent jurisdiction to be consistent with the cited ordinances, the
36 Department shall attach as a condition of the permit a requirement that the
37 applicant, prior to construction or operation of the sanitary landfill under the
38 permit, comply with all lawfully adopted local ordinances cited in the
39 determination that apply to the sanitary landfill. This subsection shall not be
40 construed to affect the validity of any lawfully adopted franchise, local
41 zoning, subdivision, or land-use planning ordinance or to affect the
42 responsibility of any person to comply with any lawfully adopted franchise,
43 local zoning, subdivision, or land-use planning ordinance. This subsection
44 shall not be construed to limit any opportunity a local government may have
45 to comment on a permit application under any other law or rule. This
46 subsection shall not apply to any facility with respect to which local
47 ordinances are subject to review under either G.S. 104E-6.2 or
48 G.S. 130A-293.

- 49 (5) As used in this subdivision, "coal-fired generating unit" and "investor-owned
50 public utility" have the same meaning as in G.S. 143-215.107D(a).
51 Notwithstanding subdivisions (a)(4), (b1)(3), or (b1)(4) of this section, no

franchise shall be required for a sanitary landfill used only to dispose of waste generated by a coal-fired generating unit that is owned or operated by an investor-owned utility subject to the requirements of G.S. 143-215.107D.

...."

SECTION 14.20.(b) No later than July 1, 2016, the Environmental Management Commission shall adopt rules to allow applicants for permits for sanitary landfills to apply for a permit for the life-of-site of the facility. No later than July 1, 2016, the Commission shall also adopt rules to allow applicants for permits for transfer stations to apply for a permit to construct and operate a transfer station for the life-of-site of the station.

SECTION 14.20.(c) G.S. 130A-295.8 reads as rewritten:

"§ 130A-295.8. Fees applicable to permits for solid waste management facilities.

(a) The Solid Waste Management Account is established as a nonreverting account within the Department. All fees collected under this section shall be credited to the Account and shall be used to support the solid waste management program established pursuant to G.S. 130A-294.

(b) As used in this section:

(1) "Major permit modification" means either of the following:

- a. ~~an~~ An application for any change to the approved engineering plans for a sanitary landfill or transfer station permitted for a ~~10-year~~ life-of-site design capacity that does not constitute a "permit amendment," "new permit," or "permit modification."
- b. An application for a permit to be issued pursuant to G.S. 130A-294(a2), which is issued for a duration of less than a facility's life-of-site based upon permits previously issued to a facility.

(1a) "New permit" means any of the following:

- a. An application for a permit for a solid waste management facility that has not been previously permitted by the Department. The term includes one site suitability review, the initial permit to construct, and one permit to ~~operate the constructed portion of a phase included in the permit to construct.~~ operate.
- b. An application that proposes to expand the boundary of a permitted waste management facility for the purpose of expanding the permitted activity.
- c. An application that includes a proposed expansion to the boundary of a waste disposal unit within a permitted solid waste management facility.
- d. An application for a substantial amendment to a solid waste permit, as defined in G.S. 130A-294.

(2) "Permit amendment" means any of the following:

- a. ~~An application for a permit to construct and one permit to operate for the second and subsequent phases of landfill development described in the approved facility plan for a permitted solid waste management facility.~~
- b. An application for the five-year renewal of a permit for a permitted solid waste management facility or for a permit review of a permitted solid waste management facility. This sub-subdivision shall not apply to sanitary landfills or transfer stations.
- c. Any application that proposes a change in ownership or corporate structure of a permitted solid waste management facility. This

- 1 sub-subdivision shall not apply to sanitary landfills or transfer
2 stations.
- 3 (3) "Permit modification" means any of the following:
- 4 a. An application for any change to the plans approved in a permit for a
5 solid waste management facility that does not constitute a "permit
6 amendment" or a "new permit". This sub-subdivision shall not apply
7 to sanitary landfills or transfer stations.
- 8 b. ~~A second or subsequent permit to operate for a constructed portion of~~
9 ~~a phase included in the permit to construct.~~
- 10 c. An application for a five-year limited review of a ~~10-year~~ life-of-site
11 permit, as required by ~~G.S. 130A-294(a2), G.S. 130A-294(a3),~~
12 including review of the ~~operations plan, operational~~ activities at the
13 facility for the preceding time period, as well as future operational
14 plans, closure plan, plans, post-closure plan, plans, financial
15 assurance cost estimates, environmental monitoring plans, and any
16 other applicable plans for the facility.
- 17 (4) "Ownership modification" means any application that proposes a change in
18 ownership or corporate structure of a permitted sanitary landfill or transfer
19 station.
- 20 (e) ~~An applicant for a permit shall pay an application fee upon submission of an~~
21 ~~application according to the following schedule:~~
- 22 (1) ~~Municipal Solid Waste Landfill accepting less than 100,000 tons/year of~~
23 ~~solid waste, New Permit (Five Year) — \$25,000.~~
- 24 (1a) ~~Municipal Solid Waste Landfill accepting less than 100,000 tons/year of~~
25 ~~solid waste, New Permit (Ten Year) — \$38,500.~~
- 26 (2) ~~Municipal Solid Waste Landfill accepting less than 100,000 tons/year of~~
27 ~~solid waste, Amendment (Five Year) — \$15,000.~~
- 28 (2a) ~~Municipal Solid Waste Landfill accepting less than 100,000 tons/year of~~
29 ~~solid waste, Amendment (Ten Year) — \$28,500.~~
- 30 (3) ~~Municipal Solid Waste Landfill accepting less than 100,000 tons/year of~~
31 ~~solid waste, Modification (Five Year) — \$1,500.~~
- 32 (3a) ~~Municipal Solid Waste Landfill accepting less than 100,000 tons/year of~~
33 ~~solid waste, Major Modification (Ten Year) — \$7,500.~~
- 34 (4) ~~Municipal Solid Waste Landfill accepting 100,000 tons/year or more of solid~~
35 ~~waste, New Permit (Five Year) — \$50,000.~~
- 36 (4a) ~~Municipal Solid Waste Landfill accepting 100,000 tons/year or more of solid~~
37 ~~waste, New Permit (Ten Year) — \$77,000.~~
- 38 (5) ~~Municipal Solid Waste Landfill accepting 100,000 tons/year or more of solid~~
39 ~~waste, Amendment (Five Year) — \$30,000.~~
- 40 (5a) ~~Municipal Solid Waste Landfill accepting 100,000 tons/year or more of solid~~
41 ~~waste, Amendment (Ten Year) — \$57,000.~~
- 42 (6) ~~Municipal Solid Waste Landfill accepting 100,000 tons/year or more of solid~~
43 ~~waste, Modification (Five Year) — \$3,000.~~
- 44 (6a) ~~Municipal Solid Waste Landfill accepting 100,000 tons/year or more of solid~~
45 ~~waste, Major Modification (Ten Year) — \$15,000.~~
- 46 (7) ~~Construction and Demolition Landfill accepting less than 100,000 tons/year~~
47 ~~of solid waste, New Permit (Five Year) — \$15,000.~~
- 48 (7a) ~~Construction and Demolition Landfill accepting less than 100,000 tons/year~~
49 ~~of solid waste, New Permit (Ten Year) — \$22,500.~~
- 50 (8) ~~Construction and Demolition Landfill accepting less than 100,000 tons/year~~
51 ~~of solid waste, Amendment (Five Year) — \$9,000.~~

- 1 (8a) Construction and Demolition Landfill accepting less than 100,000 tons/year
2 of solid waste, Amendment (Ten Year) — \$16,500.
- 3 (9) Construction and Demolition Landfill accepting less than 100,000 tons/year
4 of solid waste, Modification (Five Year) — \$1,500.
- 5 (9a) Construction and Demolition Landfill accepting less than 100,000 tons/year
6 of solid waste, Major Modification (Ten Year) — \$4,500.
- 7 (10) Construction and Demolition Landfill accepting 100,000 tons/year or more
8 of solid waste, New Permit (Five Year) — \$30,000.
- 9 (10a) Construction and Demolition Landfill accepting 100,000 tons/year or more
10 of solid waste, New Permit (Ten Year) — \$46,000.
- 11 (11) Construction and Demolition Landfill accepting 100,000 tons/year or more
12 of solid waste, Amendment (Five Year) — \$18,500.
- 13 (11a) Construction and Demolition Landfill accepting 100,000 tons/year or more
14 of solid waste, Amendment (Ten Year) — \$34,500.
- 15 (12) Construction and Demolition Landfill accepting 100,000 tons/year or more
16 of solid waste, Modification (Five Year) — \$2,500.
- 17 (12a) Construction and Demolition Landfill accepting 100,000 tons/year or more
18 of solid waste, Major Modification (Ten Year) — \$9,250.
- 19 (13) Industrial Landfill accepting less than 100,000 tons/year of solid waste, New
20 Permit (Five Year) — \$15,000.
- 21 (13a) Industrial Landfill accepting less than 100,000 tons/year of solid waste, New
22 Permit (Ten Year) — \$22,500.
- 23 (14) Industrial Landfill accepting less than 100,000 tons/year of solid waste,
24 Amendment (Five Year) — \$9,000.
- 25 (14a) Industrial Landfill accepting less than 100,000 tons/year of solid waste,
26 Amendment (Ten Year) — \$16,500.
- 27 (15) Industrial Landfill accepting less than 100,000 tons/year of solid waste,
28 Modification (Five Year) — \$1,500.
- 29 (15a) Industrial Landfill accepting less than 100,000 tons/year of solid waste,
30 Major Modification (Ten Year) — \$4,500.
- 31 (16) Industrial Landfill accepting 100,000 tons/year or more of solid waste, New
32 Permit (Five Year) — \$30,000.
- 33 (16a) Industrial Landfill accepting 100,000 tons/year or more of solid waste, New
34 Permit (Ten Year) — \$46,000.
- 35 (17) Industrial Landfill accepting 100,000 tons/year or more of solid waste,
36 Amendment (Five Year) — \$18,500.
- 37 (17a) Industrial Landfill accepting 100,000 tons/year or more of solid waste,
38 Amendment (Ten Year) — \$34,500.
- 39 (18) Industrial Landfill accepting 100,000 tons/year or more of solid waste,
40 Modification (Five Year) — \$2,500.
- 41 (18a) Industrial Landfill accepting 100,000 tons/year or more of solid waste,
42 Major Modification (Ten Year) — \$9,250.
- 43 (19) Tire Monofill, New Permit — \$1,750.
- 44 (19a) Tire Monofill, New Permit (Ten Year) — \$2,500.
- 45 (20) Tire Monofill, Amendment — \$1,250.
- 46 (20A) Tire Monofill, Amendment (Ten Year) — \$2,000.
- 47 (21) Tire Monofill, Modification — \$500.
- 48 (21A) Tire Monofill, Major Modification — \$625.
- 49 (22) Treatment and Processing, New Permit — \$1,750.
- 50 (23) Treatment and Processing, Amendmen — \$1,250.
- 51 (24) Treatment and Processing, Modification — \$500.

- 1 (25) Transfer Station, New Permit (Five Year) — \$5,000.
 2 (25a) Transfer Station, New Permit (Ten Year) — \$7,500.
 3 (26) Transfer Station, Amendment (Five Year) — \$3,000.
 4 (26a) Transfer Station, Amendment (Ten Year) — \$5,500.
 5 (27) Transfer Station, Modification (Five Year) — \$500.
 6 (27a) Transfer Station, Major Modification (Ten Year) — \$1,500.
 7 (28) Incinerator, New Permit — \$1,750.
 8 (29) Incinerator, Amendment — \$1,250.
 9 (30) Incinerator, Modification — \$500.
 10 (31) Large Compost Facility, New Permit — \$1,750.
 11 (32) Large Compost Facility, Amendment — \$1,250.
 12 (33) Large Compost Facility, Modification — \$500.
 13 (34) Land Clearing and Inert, New Permit — \$1,000.
 14 (35) Land Clearing and Inert, Amendment — \$500.
 15 (36) Land Clearing and Inert, Modification — \$250.
- 16 (d) A permitted solid waste management facility shall pay an annual permit fee on or
 17 before 1 August of each year according to the following schedule:
- 18 (1) Municipal Solid Waste Landfill — \$3,500.
 19 (2) Post-Closure Municipal Solid Waste Landfill — \$1,000.
 20 (3) Construction and Demolition Landfill — \$2,750.
 21 (4) Post-Closure Construction and Demolition Landfill — \$500.
 22 (5) Industrial Landfill — \$2,750.
 23 (6) Post-Closure Industrial Landfill — \$500.
 24 (7) Transfer Station — \$750.
 25 (8) Treatment and Processing Facility — \$500.
 26 (9) Tire Monofill — \$500.
 27 (10) Incinerator — \$500.
 28 (11) Large Compost Facility — \$500.
 29 (12) Land Clearing and Inert Debris Landfill — \$500.
- 30 (d1) A permitted solid waste management facility shall pay an annual permit fee on or
 31 before August 1 of each year according to the following schedule:
- 32 (1) Municipal Solid Waste Landfill accepting less than 100,000 tons/year of
 33 solid waste — \$7,500.
 34 (2) Municipal Solid Waste Landfill accepting 100,000 tons/year or more but less
 35 than 250,000 tons/year of solid waste — \$12,000.
 36 (3) Municipal Solid Waste Landfill accepting 250,000 tons/year or more of solid
 37 waste — \$20,000.
 38 (4) Post-Closure Municipal Solid Waste Landfill — \$1,000.
 39 (5) Construction and Demolition Landfill accepting less than 25,000 tons/year
 40 of solid waste — \$6,000.
 41 (6) Construction and Demolition Landfill accepting 25,000 tons/year or more of
 42 solid waste — \$9,250.
 43 (7) Post-Closure Construction and Demolition Landfill — \$500.
 44 (8) Industrial Landfill accepting less than 100,000 tons/year of solid waste —
 45 \$7,500.
 46 (9) Industrial Landfill accepting 100,000 tons/year or more of solid waste —
 47 \$15,000.
 48 (10) Post-Closure Industrial Landfill — \$500.
 49 (11) Transfer Station accepting less than 25,000 tons/year of solid waste — \$750.
 50 (12) Transfer Station accepting 25,000 tons/year or more of solid waste — \$1,500.
 51 (13) Treatment and Processing Facility — \$750.

1 (14) Tire Monofill – \$6,000.

2 (15) Incinerator – \$750.

3 (16) Large Compost Facility – \$750.

4 (17) Land Clearing and Inert Debris Landfill – \$750.

5 (d2) Upon submission of an application for a new permit, an applicant shall pay an
6 application fee in the amount of ten percent (10%) of the annual permit fee imposed for that
7 type of solid waste management facility as identified in subdivisions (1) through (17) of
8 subsection (d1) of this section.

9 "

10 **SECTION 14.20.(d)** G.S. 130A-295.3 reads as rewritten:

11 "**§ 130A-295.3. Environmental compliance review requirements for applicants and**
12 **permit holders.**

13 ...

14 (b) The Department shall conduct an environmental compliance review of each
15 applicant for a new ~~permit, permit renewal, permit~~ and permit amendment under this Article.
16 The environmental compliance review shall evaluate the environmental compliance history of
17 the applicant for a period of five years prior to the date of the application and may cover a
18 longer period at the discretion of the Department. The environmental compliance review of an
19 applicant may include consideration of the environmental compliance history of the parents,
20 subsidiaries, or other affiliates of an applicant or parent that is a business entity, including any
21 business entity or joint venturer with a direct or indirect interest in the applicant, and other
22 facilities owned or operated by any of them. The Department shall determine the scope of the
23 review of the environmental compliance history of the applicant, parents, subsidiaries, or other
24 affiliates of the applicant or parent, including any business entity or joint venturer with a direct
25 or indirect interest in the applicant, and of other facilities owned or operated by any of them.
26 An applicant for a permit shall provide environmental compliance history information for each
27 facility, business entity, joint venture, or other undertaking in which any of the persons listed in
28 this subsection is or has been an owner, operator, officer, director, manager, member, or
29 partner, or in which any of the persons listed in this subsection has had a direct or indirect
30 interest as requested by the Department.

31 "

32 **SECTION 14.20.(e)** This section becomes effective August 1, 2015.
33 G.S. 130A-294(b1)(2), as amended by subsection (a) of this section, applies to franchise
34 agreements executed on or after August 1, 2015. The remainder of G.S. 130A-294, as amended
35 by subsection (a) of this section, and G.S. 130A-295.8, as amended by subsection (c) of this
36 section, apply to (i) existing sanitary landfills and transfer stations, with a valid permit issued
37 before the date this act becomes effective, when that permit is next subject to renewal after July
38 1, 2016, and (ii) new sanitary landfills and transfer stations, for applications submitted on or
39 after July 1, 2016.

40 **ENVIRONMENTAL REVIEW COMMISSION STUDIES**

41 **SECTION 14.21.(a)** The Environmental Review Commission shall convene a
42 stakeholder working group to study local government authority over solid waste management
43 matters, including (i) the authority to enact ordinances concerning collection and processing of
44 solid waste generated within their jurisdictions, as well as their authority to charge fees for such
45 services; (ii) an examination of costs to local governments for providing solid waste collection
46 and processing services to citizens; (iii) whether efficiencies and cost reductions could be
47 realized through privatization of such services, and what impacts might result from
48 privatization, including any bearing on local government financing of currently sited solid
49 waste management facilities; and (iv) any other issue the Commission deems relevant. In the
50 conduct of this study, the Commission shall consult with representatives of the League of
51

1 Municipalities, the Association of County Commissioners, the Local Government Commission,
2 faculty from the School of Government at the University of North Carolina at Chapel Hill, as
3 well as private waste management interests, at a minimum. The Division of Waste
4 Management and the Division of Environmental Assistance and Customer Service of the
5 Department of Environment and Natural Resources shall provide any information and
6 personnel requested by the Commission in the conduct of a study required by this section.

7 **SECTION 14.21.(b)** The Environmental Review Commission shall study the use
8 of new technologies and strategies, including the use of integrated and mobile aerosolization
9 systems, to dewater leachate and other forms of wastewater for the purpose of reducing the
10 burden and cost of disposal at the site where it is generated. The Commission shall determine
11 the efficiency, cost-effectiveness, and environmental impact of each studied technology and
12 strategy. The Division of Waste Management and the Division of Water Resources of the
13 Department of Environment and Natural Resources shall provide any information and
14 personnel requested by the Commission in the conduct of a study required by this section.

15 **PRE-1983 LANDFILL CLEANUP PRIVATIZATION**

16 **SECTION 14.22.(a)** Legislative Findings. – The General Assembly makes the
17 following findings:
18

- 19 (1) Section 5 of Article XIV of the North Carolina Constitution sets out the
20 conservation and protection of State lands and waters as a policy of the
21 State, and a more expeditious method for remediation and reuse of pre-1983
22 landfill sites and other State-identified contaminated sites is in furtherance of
23 that policy.
- 24 (2) Despite past legislative directives, a dedicated source of revenue, and a
25 considerable fund balance, little progress has been made in active cleanup of
26 these landfill sites.
- 27 (3) Qualified private firms should be given the opportunity to remediate
28 pre-1983 landfills and other State-identified contamination sites.
- 29 (4) Implementation of a site assessment and remediation program based on
30 requests for proposal from private firms for the 10 highest-priority pre-1983
31 landfill sites will result in multiple benefits to the State, including (i)
32 reducing known environmental hazards that are associated with the many
33 identified sites across the State, (ii) decreasing the State's economic liability
34 for these sites, (iii) promoting economic growth through the job creation
35 associated with returning these sites to beneficial and productive use, and
36 (iv) establishing an efficient, cost-effective model for other State projects.

37 **SECTION 14.22.(b)** G.S. 130A-310.6 is amended by adding a new subsection to
38 read:

39 "(h) The Department shall implement an ongoing program that provides for the
40 expeditious assessment and, where indicated as necessary based on assessment and other data,
41 the conduct of site remediation by qualified private entities at no less than 10 of the pre-1983
42 landfill sites that have been identified by the Department as being among the 100 sites rated
43 highest in priority under subsection (c) of this section. The program shall include the following
44 activities to be undertaken by the Department:

- 45 (1) Contract via issuance of a Request for Proposal with one or more qualified
46 private entities who have prequalified under procedures established by the
47 Department for (i) remaining assessment and contamination delineation
48 activities necessary to identify those sites within the 100 highest-priority
49 sites where completion of site remediation will yield maximum health,
50 safety, and economic benefits based on an evaluation of potential beneficial
51 and productive use of the site, impact of the unremediated site on uses of

1 surrounding property, and other pertinent factors and (ii) remediation of the
2 selected sites utilizing private sector best practices for maximizing efficacy
3 and cost-effectiveness of the remedial alternative selected.

- 4 (2) Develop requirements for full-time monitoring of project sites to ensure that
5 remedial activities are conducted in a safe and environmentally protective
6 manner and performed to a health-based, predetermined risk standard based
7 on the proposed subsequent use of the properties."

8 **SECTION 14.22.(c)** G.S. 143-64.34 reads as rewritten:

9 **"§ 143-64.34. Exemption of certain projects.**

10 (a) State capital improvement projects under the jurisdiction of the State Building
11 Commission, capital improvement projects of The University of North Carolina, and
12 community college capital improvement projects, where the estimated expenditure of public
13 money is less than five hundred thousand dollars (\$500,000), are exempt from the provisions of
14 this Article.

15 (b) Pre-1983 landfill sites remediated pursuant to G.S. 130A-310.6 are exempt from the
16 provisions of this Article."

17 **SECTION 14.22.(d)** The Department of Environment and Natural Resources shall
18 seek United States Environmental Protection Agency approval for implementation of all
19 elements of the program required by this section. On or before December 31, 2015, the
20 Department shall develop and submit any Memoranda of Agreement, delineations of
21 programmatic responsibility, procedure for coordination, and other information that the United
22 States Environmental Protection Agency may require in order to effectuate the elements of the
23 program required by this section.

24 **SECTION 14.22.(e)** If approval for implementation of all elements of the program
25 required by this section is received by the United States Environmental Protection Agency, the
26 Department of Environment and Natural Resources shall issue the Request for Proposal
27 required by G.S. 130A-310.6(h), as enacted by subsection (b) of this section, no later than 60
28 days of receipt of that approval.

29 **SECTION 14.22.(f)** The Department shall review and evaluate other states'
30 requirements, programs, and policies for remediation of sites similar to those classified as
31 "pre-1983 landfills" as defined by the State with a focus on other states that may have
32 implemented requirements, programs, and policies that are resulting in safe remediation of such
33 sites and that are performed in a more cost-effective and expeditious manner than that
34 performed in North Carolina under traditional remediation requirements, programs, and
35 policies and report its findings, including recommendations for further legislative action, to the
36 chairs of the House of Representatives Appropriations Committee on Agriculture and Natural
37 and Economic Resources, the Senate Appropriations Committee on Natural and Economic
38 Resources, and the Fiscal Research Division prior to May 15, 2016.

39
40 **COMPENSATORY MITIGATION REQUIREMENTS**

41 **SECTION 14.23.(a)** The Department of Environment and Natural Resources,
42 Division of Mitigation Services, shall develop a program to increase the State's ability to utilize
43 private mitigation banks to satisfy compensatory mitigation requirements of the State. The
44 program shall include all of the following components:

- 45 (1) Thirty months after the effective date of this act, the Division of Mitigation
46 Services shall cease acceptance of fees for governmental and
47 nongovernmental entities in lieu of mitigation for stream, wetland, riparian
48 buffer, and nutrient impacts permitted to occur in the Neuse, Cape Fear, and
49 Tar-Pamlico River Basins.

- 50 (2) The Department, with the concurrence of the Environmental Management
51 Commission (Commission), may cease acceptance of fees in lieu of

1 mitigation within additional river basins after June 30, 2018, provided the
2 public is notified at least 24 months in advance of the cessation of service.

3 (3) In the event of unforeseen, unique, or exigent circumstances and upon the
4 request of the Secretary of Commerce or the Secretary of Transportation, the
5 Department may direct the Division of Mitigation Services to accept fees in
6 lieu of mitigation to support permits for projects owned or sponsored by
7 those Departments.

8 (4) The Division of Mitigation Services shall continue to provide watershed
9 planning statewide under a fee structure set by the Commission.

10 (5) The Division of Mitigation Services will manage the inventory and
11 utilization of all existing mitigation credits held by the North Carolina
12 Department of Transportation and shall also oversee and direct the future
13 acquisition of mitigation credits by that Department.

14 **SECTION 14.23.(b)** No later than October 1, 2015, the Commission shall adopt
15 temporary rules consistent with this subsection. The temporary rules shall remain in effect until
16 permanent rules that replace the temporary rules become effective.

17 18 **PETITION FOR WETLANDS MITIGATION FLEXIBILITY**

19 **SECTION 14.24.(a)** No later than October 1, 2015, the Department of
20 Environment and Natural Resources shall petition the Wilmington District, the South Atlantic
21 District, and the Headquarters of the United States Army Corps of Engineers (the Corps
22 Offices) to allow for greater flexibility and opportunity to perform wetlands mitigation outside
23 of the eight-digit Hydrologic Unit Code (HUC) where development will occur. The Department
24 shall seek this greater flexibility and opportunity for mitigation for both public and private
25 development. The Department shall request that the Corps Offices review the flexibility and
26 opportunities for mitigation allowed by other Districts of the United States Army Corps of
27 Engineers, both within the South Atlantic District and nationwide.

28 **SECTION 14.24.(b)** The Department shall report on its progress in petitioning the
29 Corps Offices as required by subsection (a) of this section to the Environmental Review
30 Commission, the chairs of the Senate Appropriations Committee on Natural and Economic
31 Resources and the House Appropriations Committee on Agriculture and Natural and Economic
32 Resources, and the Fiscal Research Division no later than January 1, 2016.

33 34 **SECTION 404 PERMITTING PROGRAM DELEGATION**

35 **SECTION 14.25.** The funds appropriated in this act for Section 404 Program
36 delegation application shall be used by the Department of Environment and Natural Resources
37 to issue a Request for Proposal for a consultant to plan and prepare an application for the
38 assumption by the State of administration of the Section 404 permitting program under the
39 Federal Water Pollution Control Act for North Carolina from the United States Army Corps of
40 Engineers (Corps).

41 42 **REPEAL SEDIMENTATION CONTROL COMMISSION AND TRANSFER** 43 **RESPONSIBILITIES TO THE ENVIRONMENTAL MANAGEMENT** 44 **COMMISSION AND REFORM CIVIL PENALTIES UNDER THE** 45 **SEDIMENTATION POLLUTION CONTROL ACT**

46 **SECTION 14.26.(a)** Part 8 of Article 7 of Chapter 143B of the General Statutes is
47 repealed.

48 **SECTION 14.26.(b)** G.S. 113A-52(2) reads as rewritten:

49 "(2) "Commission" means the ~~North Carolina Sedimentation~~
50 ~~Control~~Environmental Management Commission."

51 **SECTION 14.26.(c)** G.S. 113A-54.1(c) reads as rewritten:

1 **"§ 113A-54.1. Approval of erosion control plans.**

2 ...

3 (c) The Commission shall disapprove an erosion and sedimentation control plan if
4 implementation of the plan would result in a violation of rules adopted by the ~~Environmental~~
5 ~~Management~~ Commission to protect riparian buffers along surface waters. The Director of the
6 Division of Energy, Mineral, and Land Resources may disapprove an erosion and
7 sedimentation control plan or disapprove a transfer of a plan under subsection (d1) of this
8 section upon finding that an applicant or a parent, subsidiary, or other affiliate of the applicant:

- 9 (1) Is conducting or has conducted land-disturbing activity without an approved
10 plan, or has received notice of violation of a plan previously approved by the
11 Commission or a local government pursuant to this Article and has not
12 complied with the notice within the time specified in the notice;
- 13 (2) Has failed to pay a civil penalty assessed pursuant to this Article or a local
14 ordinance adopted pursuant to this Article by the time the payment is due;
- 15 (3) Has been convicted of a misdemeanor pursuant to G.S. 113A-64(b) or any
16 criminal provision of a local ordinance adopted pursuant to this Article; or
- 17 (4) Has failed to substantially comply with State rules or local ordinances and
18 regulations adopted pursuant to this Article."

19 **SECTION 14.26.(d)** G.S. 113A-57(1) reads as rewritten:

20 **"§ 113A-57. Mandatory standards for land-disturbing activity.**

21 No land-disturbing activity subject to this Article shall be undertaken except in accordance
22 with the following mandatory requirements:

- 23 (1) No land-disturbing activity during periods of construction or improvement to
24 land shall be permitted in proximity to a lake or natural watercourse unless a
25 buffer zone is provided along the margin of the watercourse of sufficient
26 width to confine visible siltation within the twenty-five percent (25%) of the
27 buffer zone nearest the land-disturbing activity. Waters that have been
28 classified as trout waters by the ~~Environmental Management~~ Commission
29 shall have an undisturbed buffer zone 25 feet wide or of sufficient width to
30 confine visible siltation within the twenty-five percent (25%) of the buffer
31 zone nearest the land-disturbing activity, whichever is greater. Provided,
32 however, that the ~~Sedimentation Control~~ Commission may approve plans
33 which include land-disturbing activity along trout waters when the duration
34 of said disturbance would be temporary and the extent of said disturbance
35 would be minimal. This subdivision shall not apply to a land-disturbing
36 activity in connection with the construction of facilities to be located on,
37 over, or under a lake or natural watercourse."

38 **SECTION 14.26.(e)** G.S. 113A-61(b1) reads as rewritten:

39 "(b1) A local government shall condition approval of a draft erosion and sedimentation
40 control plan upon the applicant's compliance with federal and State water quality laws,
41 regulations, and rules. A local government shall disapprove an erosion and sedimentation
42 control plan if implementation of the plan would result in a violation of rules adopted by the
43 ~~Environmental Management~~ Commission to protect riparian buffers along surface waters. A
44 local government may disapprove an erosion and sedimentation control plan or disapprove a
45 transfer of a plan under subsection (b3) of this section upon finding that an applicant or a
46 parent, subsidiary, or other affiliate of the applicant:

- 47 (1) Is conducting or has conducted land-disturbing activity without an approved
48 plan, or has received notice of violation of a plan previously approved by the
49 Commission or a local government pursuant to this Article and has not
50 complied with the notice within the time specified in the notice.

- 1 (2) Has failed to pay a civil penalty assessed pursuant to this Article or a local
- 2 ordinance adopted pursuant to this Article by the time the payment is due.
- 3 (3) Has been convicted of a misdemeanor pursuant to G.S. 113A-64(b) or any
- 4 criminal provision of a local ordinance adopted pursuant to this Article.
- 5 (4) Has failed to substantially comply with State rules or local ordinances and
- 6 regulations adopted pursuant to this Article."

7 **SECTION 14.26.(f)** G.S. 113A-125(c) reads as rewritten:

8 "(c) Within the meaning of this section, "existing regulatory permits" include dredge and
9 fill permits issued pursuant to G.S. 113-229; sand dune permits issued pursuant to G.S. 104B-4;
10 air pollution control and water pollution control permits, special orders or certificates issued
11 pursuant to G.S. 143-215.1 and 143-215.2, or any other permits, licenses, authorizations,
12 approvals or certificates issued by the Board of Water and Air Resources pursuant to Chapter
13 143; capacity use area permits issued pursuant to G.S. 143-215.15; final approval of dams
14 pursuant to G.S. 143-215.30; floodway permits issued pursuant to G.S. 143-215.54; water
15 diversion authorizations issued pursuant to G.S. 143-354(c); oil refinery permits issued
16 pursuant to G.S. 143-215.99; mining operating permits issued pursuant to G.S. 74-51;
17 permissions for construction of wells issued pursuant to G.S. 87-88; and rules concerning
18 pesticide application within the coastal area issued pursuant to G.S. 143-458; approvals by the
19 Department of Health and Human Services of plans for water supply, drainage or sewerage,
20 pursuant to G.S. 130-161.1 and 130-161.2; standards and approvals for solid waste disposal
21 sites and facilities, adopted by the Department of Health and Human Services pursuant to
22 Chapter 130, Article 13B; permits relating to sanitation of shellfish, crustacea or scallops issued
23 pursuant to Chapter 130, Articles 14A or 14B; permits, approvals, authorizations and rules
24 issued by the Department of Health and Human Services pursuant to Articles 23 or 24 of
25 Chapter 130 with reference to mosquito control programs or districts; any permits, licenses,
26 authorizations, rules, approvals or certificates issued by the Department of Health and Human
27 Services relating to septic tanks or water wells; oil or gas well rules and orders issued for the
28 protection of environmental values or resources pursuant to G.S. 113-391; a certificate of
29 public convenience and necessity issued by the State Utilities Commission pursuant to Chapter
30 62 for any public utility plant or system, other than a carrier of persons or property; permits,
31 licenses, leases, options, authorization or approvals relating to the use of State forestlands, State
32 parks or other state-owned land issued by the State Department of Administration, the State
33 Department of Natural and Economic Resources or any other State department, agency or
34 institution; any approvals of erosion and sedimentation control plans that may be issued by the
35 ~~North Carolina Sedimentation Control~~ Commission pursuant to G.S. 113A-60 or 113A-61; and
36 any permits, licenses, authorizations, rules, approvals or certificates issued by any State agency
37 pursuant to any environmental protection legislation not specified in this subsection that may
38 be enacted prior to the permit changeover date."

39 **SECTION 14.26.(g)** G.S. 143B-279.3(b) reads as rewritten:

40 "(b) All functions, powers, duties, and obligations previously vested in the following
41 commissions, boards, councils, and committees of the following departments are transferred to
42 and vested in the Department of Environment and Natural Resources by a Type II transfer, as
43 defined in G.S. 143A-6:

- 44 (1) Repealed by Session Laws 1993, c. 501, s. 27.
- 45 (2) Radiation Protection Commission, Department of Health and Human
46 Services.
- 47 (3) Repealed by Session Laws 1997-443, s. 11A.6.
- 48 (4) Water Treatment Facility Operators Board of Certification, Department of
49 Health and Human Services.
- 50 (5) to (8) Repealed by Session Laws 1997-443, s. 11A.6.

- 1 (9) Coastal Resources Commission, Department of Natural Resources and
2 Community Development.
- 3 (10) Environmental Management Commission, Department of Natural Resources
4 and Community Development.
- 5 (11) Air Quality Council, Department of Natural Resources and Community
6 Development.
- 7 (12) Wastewater Treatment Plant Operators Certification Commission,
8 Department of Natural Resources and Community Development.
- 9 (13) Repealed by Session Laws 2011-145, s. 13.25(e), effective July 1, 2011.
- 10 (14) North Carolina Mining and Energy Commission, Department of Natural
11 Resources and Community Development.
- 12 (15) Advisory Committee on Land Records, Department of Natural Resources
13 and Community Development.
- 14 (16) Marine Fisheries Commission, Department of Natural Resources and
15 Community Development.
- 16 (17) Parks and Recreation Council, Department of Natural Resources and
17 Community Development.
- 18 (18) Repealed by Session Laws 2013-360, s. 14.3(j), effective August 1, 2013.
- 19 (19) North Carolina Trails Committee, Department of Natural Resources and
20 Community Development.
- 21 ~~(20) Sedimentation Control Commission, Department of Natural Resources and
22 Community Development.~~
- 23 (21) Repealed by Session Laws 2011-145, s. 13.22A(d), effective July 1, 2011.
- 24 (22) North Carolina Zoological Park Council, Department of Natural Resources
25 and Community Development.
- 26 (23) Repealed by Session Laws 1997-286, s. 6."

27 **SECTION 14.26.(h)** G.S. 150B-19.3 reads as rewritten:

28 **"§ 150B-19.3. Limitation on certain environmental rules.**

29 (a) An agency authorized to implement and enforce State and federal environmental
30 laws may not adopt a rule for the protection of the environment or natural resources that
31 imposes a more restrictive standard, limitation, or requirement than those imposed by federal
32 law or rule, if a federal law or rule pertaining to the same subject matter has been adopted,
33 unless adoption of the rule is required by one of the subdivisions of this subsection. A rule
34 required by one of the following subdivisions of this subsection shall be subject to the
35 provisions of G.S. 150B-21.3(b1) as if the rule received written objections from 10 or more
36 persons under G.S. 150B-21.3(b2):

- 37 (1) A serious and unforeseen threat to the public health, safety, or welfare.
- 38 (2) An act of the General Assembly or United States Congress that expressly
39 requires the agency to adopt rules.
- 40 (3) A change in federal or State budgetary policy.
- 41 (4) A federal regulation required by an act of the United States Congress to be
42 adopted or administered by the State.
- 43 (5) A court order.

44 (b) For purposes of this section, "an agency authorized to implement and enforce State
45 and federal environmental laws" means any of the following:

- 46 (1) The Department of Environment and Natural Resources created pursuant to
47 G.S. 143B-279.1.
- 48 (2) The Environmental Management Commission created pursuant to
49 G.S. 143B-282.
- 50 (3) The Coastal Resources Commission established pursuant to G.S. 113A-104.
- 51 (4) The Marine Fisheries Commission created pursuant to G.S. 143B-289.51.

- 1 (5) The Wildlife Resources Commission created pursuant to G.S. 143-240.
 2 (6) The Commission for Public Health created pursuant to G.S. 130A-29.
 3 ~~(7) The Sedimentation Control Commission created pursuant to G.S. 143B-298.~~
 4 (8) **(Effective until August 1, 2015)** The North Carolina Mining and Energy
 5 Commission created pursuant to G.S. 143B-293.1.
 6 (8) **(Effective August 1, 2015)** The North Carolina Oil and Gas Commission
 7 created pursuant to G.S. 143B-293.1.
 8 (9) The Pesticide Board created pursuant to G.S. 143-436."

9 **SECTION 14.26.(i)** G.S. 143B-282 reads as rewritten:

10 **"§ 143B-282. Environmental Management Commission – creation; powers and duties.**

11 (a) There is hereby created the Environmental Management Commission of the
 12 Department of Environment and Natural Resources with the power and duty to promulgate
 13 rules to be followed in the protection, preservation, and enhancement of the water and air
 14 resources of the State.

- 15 (1) Within the limitations of G.S. 143-215.9 concerning industrial health and
 16 safety, the Environmental Management Commission shall have all of the
 17 following powers and duties:

18 ...

19 w. To, in cooperation with the Secretary of Transportation and Highway
 20 Safety and other appropriate State and federal agencies, develop,
 21 promulgate, publicize, and administer a comprehensive State erosion
 22 and sedimentation control program pursuant to Article 4 of Chapter
 23 113A of the General Statutes.

24 x. To assist local governments in the development of erosion and
 25 sedimentation programs pursuant to G.S. 113A-60.

26 y. To assist and encourage other State agencies in the development of
 27 erosion and sedimentation control programs pursuant to
 28 G.S. 113A-56.

29 z. To develop recommended methods of control of sedimentation and
 30 prepare and make available for distribution publications and other
 31 materials dealing with sedimentation control techniques pursuant to
 32 G.S. 113A-54.

- 33 (2) The Environmental Management Commission shall adopt rules:

34 ...

35 m. For the control of erosion and sedimentation pursuant to
 36 G.S. 113A-54.

37"

38 **SECTION 14.26.(j)** Notwithstanding G.S. 113A-54(b), the Environmental
 39 Management Commission shall review the rules adopted by the Sedimentation Control
 40 Commission and amend or repeal any such rules that the Environmental Management
 41 Commission determines to be outdated, unnecessary, duplicative, or confusing. The
 42 Environmental Management Commission shall report its findings and any actions taken
 43 pursuant to this section to the Environmental Review Commission on or before January 1,
 44 2016.

45 **SECTION 14.26.(k)** G.S. 113A-54 is amended by adding a new subsection to
 46 read:

47 "(g) The Commission is authorized to make the final decision on a request for the
 48 remission of a civil penalty under G.S. 113A-64.2."

49 **SECTION 14.26.(l)** G.S. 113A-64(a) reads as rewritten:

50 "(a) Civil Penalties. –

1 (1) Any person who violates any of the provisions of this Article or any
 2 ordinance, rule, or order adopted or issued pursuant to this Article by the
 3 Commission or by a local government, or who initiates or continues a
 4 land-disturbing activity for which an erosion and sedimentation control plan
 5 is required except in accordance with the terms, conditions, and provisions
 6 of an approved plan, is subject to a civil penalty. The maximum civil penalty
 7 for a violation is five thousand dollars (\$5,000). A civil penalty may be
 8 assessed from the date of the violation. Each day of a continuing violation
 9 shall constitute a separate violation. When the person has not been assessed
 10 any civil penalty under this subsection for any previous violation and that
 11 person abated continuing environmental damage resulting from the violation
 12 within 180 days from the date of the notice of violation, the maximum
 13 cumulative total civil penalty assessed under this subsection for all violations
 14 associated with the land-disturbing activity for which the erosion and
 15 sedimentation control plan is required is twenty-five thousand dollars
 16 (\$25,000).

17 (2) The Secretary or a local government that administers an erosion and
 18 sedimentation control program approved under G.S. 113A-60 shall
 19 determine the amount of the civil penalty and shall notify the person who is
 20 assessed the civil penalty of the amount of the ~~penalty and penalty~~, the reason
 21 for assessing the ~~penalty~~-penalty, the option available to that person to
 22 request a remission of the civil penalty under G.S. 113A-64.2, the date of the
 23 deadline for that person to make the request regarding this particular penalty,
 24 and, when that person has not been assessed any civil penalty under this
 25 section for any previous violation, the date of the deadline for that person to
 26 abate continuing environmental damage resulting from the violation in order
 27 to be subject to the maximum cumulative total civil penalty under
 28 subdivision (1) of this subsection. The notice of assessment shall be served
 29 by any means authorized under G.S. 1A-1, Rule 4, and shall direct the
 30 violator to either pay the assessment or contest the assessment within 30
 31 days by filing a petition for a contested case under Article 3 of Chapter 150B
 32 of the General Statutes. If a violator does not pay a civil penalty assessed by
 33 the Secretary within 30 days after it is due, the Department shall request the
 34 Attorney General to institute a civil action to recover the amount of the
 35 assessment. If a violator does not pay a civil penalty assessed by a local
 36 government within 30 days after it is due, the local government may institute
 37 a civil action to recover the amount of the assessment. The civil action may
 38 be brought in the superior court of any county where the violation occurred
 39 or the violator's residence or principal place of business is located. A civil
 40 action must be filed within three years of the date the assessment was due.
 41 An assessment that is not contested is due when the violator is served with a
 42 notice of assessment. An assessment that is contested is due at the
 43 conclusion of the administrative and judicial review of the assessment.

44"

45 **SECTION 14.26.(m)** Article 4 of Chapter 113A of the General Statutes is
 46 amended by adding a new section to read:

47 **"§ 113A-64.2. Remission of civil penalties.**

48 (a) Notwithstanding G.S. 143B-282.1(c), the Commission's Committee on Civil Penalty
 49 Remissions shall evaluate requests for remission of civil penalties assessed under this Article in
 50 accordance with this section.

1 (b) A request for remission of a civil penalty imposed under G.S. 113A-64 may be filed
2 with the Commission within 60 days of receipt of the notice of assessment. A remission request
3 must be accompanied by a waiver of the right to a contested case hearing pursuant to Chapter
4 150B of the General Statutes and a stipulation of the facts on which the assessment was based.

5 (c) The following factors shall be considered in determining whether a civil penalty
6 remission request will be approved:

7 (1) Whether one or more of the civil penalty assessment factors in
8 G.S. 113A-64(a)(3) were wrongly applied to the detriment of the petitioner.

9 (2) Whether the petitioner promptly abated continuing environmental damage
10 resulting from the violation.

11 (3) Whether the violation was inadvertent or a result of an accident.

12 (4) Whether the petitioner had been assessed civil penalties for any previous
13 violations.

14 (5) Whether payment of the civil penalty will prevent payment for necessary
15 remedial actions or would otherwise create a significant financial hardship.

16 (6) The assessed property tax valuation of the petitioner's property upon which
17 the violation occurred, excluding the value of any structures located on the
18 property.

19 (d) The petitioner has the burden of providing information concerning the financial
20 impact of a civil penalty on the petitioner and the burden of showing the petitioner's financial
21 hardship.

22 (e) The Commission may remit the entire amount of the penalty only when the
23 petitioner has not been assessed civil penalties for previous violations and payment of the civil
24 penalty will prevent payment for necessary remedial actions.

25 (f) The Commission may not impose a penalty under this section that is in excess of the
26 civil penalty imposed by the Department."

27 **SECTION 14.26.(n)** G.S. 113A-61.1(c) reads as rewritten:

28 "(c) If the Secretary, a local government that administers an erosion and sedimentation
29 control program approved under G.S. 113A-60, or other approving authority determines that
30 the person engaged in the land-disturbing activity has failed to comply with this Article, the
31 Secretary, local government, or other approving authority shall immediately serve a notice of
32 violation upon that person. The notice may be served by any means authorized under
33 G.S. 1A-1, Rule 4. A notice of violation shall specify a date by which the person must comply
34 with this Article and inform the person of the actions that need to be taken to comply with this
35 Article. Any person who fails to comply within the time specified is subject to additional civil
36 and criminal penalties for a continuing violation as provided in G.S. 113A-64. If the person
37 engaged in the land-disturbing activity has not received a previous notice of violation under this
38 section, the Department, local government, or other approving authority shall deliver the notice
39 of violation in person and shall offer assistance in developing corrective measures. Assistance
40 may be provided by referral to a technical assistance program in the Department, referral to a
41 cooperative extension program, or by the provision of written materials such as Department
42 guidance documents. If the Department, local government, or other approving authority is
43 unable to deliver the notice of violation in person within 15 days following discovery of the
44 violation, the notice of violation may be served in the manner prescribed for service of process
45 by G.S. 1A-1, Rule 4, and shall include information on how to obtain assistance in developing
46 corrective measures."

47 **SECTION 14.26.(o)** Subsections (a) through (j) of this section become effective
48 June 30, 2015. The remainder of this section is effective when this act becomes law and applies
49 to civil penalties assessed and notices of violation issued on or after that date.

50
51 **ENERGY CENTERS**

1 **SECTION 14.27.** Of the funds appropriated in this act for University energy
2 centers, the sum of seven hundred ninety-four thousand one hundred forty-eight dollars
3 (\$794,148) shall be allocated to the existing energy center at North Carolina Agricultural and
4 Technical University and the sum of three hundred seventeen thousand ninety-four dollars
5 (\$317,094) shall be allocated to the University of North Carolina at Charlotte for establishment
6 of a University Energy Center. The Centers shall prioritize the use of these funds for study of
7 the beneficial reuse of coal combustion residuals.

8 9 **GEOLOGICAL RESEARCH FUNDS**

10 **SECTION 14.28.(a)** The funds appropriated by this act to the Department of
11 Environment and Natural Resources for geological research related to natural gas assessment
12 and development shall be used to fund a contract with a qualified private entity to perform a
13 comprehensive basin analysis on all known and potential onshore natural gas resources within
14 the State. The contract may include as part of the statewide basin analysis the digitization,
15 analysis, or reanalysis of geologic data related to natural gas exploration or development
16 opportunities, including utilization of existing seismic reflection data. The analysis shall
17 include recommendations and conclusions regarding the extent of potential natural gas-bearing
18 rocks in the State, the potential volumes of oil and gas within these basins, and additional data
19 and data analysis necessary to better quantify geographic extent, volume, and quality of
20 potential onshore oil and gas resources (together with cost estimates to acquire and process
21 these data).

22 **SECTION 14.28.(b)** The Department shall transmit the consultant's report and
23 recommendations no later than December 1, 2016, to the Environmental Review Commission;
24 the chairs of the Senate Appropriations Committee on Natural and Economic Resources and the
25 House Appropriations Committee on Agriculture, Natural, and Economic Resources; and the
26 Fiscal Research Division on the results of the study and its proposed strategy as required by
27 subsection (a) of this section, including any legislative recommendations.

28 29 **RESTRICTION ON CERTAIN FEDERAL GRANTS**

30 **SECTION 14.29.** The Department of Environment and Natural Resources shall not
31 apply for funding from the following grant programs in future grant cycles:

- 32 (1) SEP (State Energy Program) Competitive Grant.
- 33 (2) Clean Energy and Manufacturing.

34 35 **CONSOLIDATE ALL STATE ATTRACTIONS WITHIN DEPARTMENT OF** 36 **CULTURAL RESOURCES TO CREATE THE DEPARTMENT OF NATURAL** 37 **AND CULTURAL RESOURCES**

38
39 **SECTION 14.30.(a)** The Department of Cultural Resources is renamed the
40 Department of Natural and Cultural Resources, and all functions, powers, duties, and
41 obligations vested in the following programs, divisions, and entities within the Department of
42 Environment and Natural Resources are transferred to, vested in, and consolidated within the
43 Department of Natural and Cultural Resources by a Type I transfer, as defined in G.S. 143A-6:

- 44 (1) The Division of Parks and Recreation.
- 45 (2) The State Parks System, including Mount Mitchell State Park.
- 46 (3) The North Carolina Aquariums Division.
- 47 (4) The North Carolina Zoological Park.
- 48 (5) The Museum of Natural Sciences.

49 **SECTION 14.30.(b)** All functions, powers, duties, and obligations vested in the
50 following commissions, boards, councils, and committees within the Department of

1 Environment and Natural Resources are transferred to, vested in, and consolidated within the
2 Department of Natural and Cultural Resources by a Type II transfer, as defined in G.S. 143A-6:

- 3 (1) North Carolina Parks and Recreation Authority.
- 4 (2) North Carolina Trails Committee.
- 5 (3) North Carolina Zoological Park Council.
- 6 (4) Advisory Commission for North Carolina State Museum of Natural
7 Sciences.

8 **SECTION 14.30.(c)** The Department of Environment and Natural Resources is
9 renamed the Department of Environmental Quality. All references to the Department of
10 Environment and Natural Resources or the Department of Cultural Resources in acts of the
11 2015 General Assembly taking effect after the effective date of this section shall be construed
12 to refer to the Department of Environmental Quality or the Department of Natural and Cultural
13 Resources, respectively. References to duties or requirements of the Department of
14 Environment and Natural Resources with respect to entities transferred under subsections (a)
15 and (b) of this section shall be construed as duties or requirements of the Department of Natural
16 and Cultural Resources as reorganized by this section.

17 RECODIFICATION OF AFFECTED STATUTES

18 **SECTION 14.30.(d)** The following apply to any recodification pursuant to
19 subsections (e) through (k) of this section:

- 20 (1) The recodifications are of the affected statutes as rewritten by subsections (l)
21 through (r) of this section, as applicable.
- 22 (2) Prior session laws that required the Revisor of Statutes to set out certain
23 provisions as notes to the former statutes shall be set out as notes to the
24 recodified statutes.
25

26 **SECTION 14.30.(e)** Subchapter II of Chapter 113 of the General Statutes,
27 consisting of Article 2 and Article 2C, and G.S. 113-23 are recodified as Parts 31 and 32 of
28 Article 2 of Chapter 143B of the General Statutes as set forth in the table below:

29 <u>Former Citation</u>	<u>Recodified Citation</u>
30 Article 2:	Part 31:
31 G.S. 113-29	G.S. 143B-135.10
32 G.S. 113-34	G.S. 143B-135.12
33 G.S. 113-34.1	G.S. 143B-135.14
34 G.S. 113-35	G.S. 143B-135.16
35 G.S. 113-37	G.S. 143B-135.18
36 G.S. 113-39	G.S. 143B-135.20
37 G.S. 113-40	G.S. 143B-135.22
38 G.S. 113-41	G.S. 143B-135.24
39 G.S. 113-42	G.S. 143B-135.26
40 G.S. 113-43	G.S. 143B-135.28
41 G.S. 113-44	G.S. 143B-135.30
42 Article 2C:	Part 32:
43 G.S. 113-44.7	G.S. 143B-135.40
44 G.S. 113-44.8	G.S. 143B-135.42
45 G.S. 113-23	G.S. 143B-135.43
46 G.S. 113-44.9	G.S. 143B-135.44
47 G.S. 113-44.10	G.S. 143B-135.46
48 G.S. 113-44.11	G.S. 143B-135.48
49 G.S. 113-44.12	G.S. 143B-135.50
50 G.S. 113-44.13	G.S. 143B-135.52
51 G.S. 113-44.14	G.S. 143B-135.54

G.S. 113-44.15

G.S. 143B-135.56

SECTION 14.30.(f) Articles 5 and 6 of Chapter 113A of the General Statutes and Part 21 of Article 7 of Chapter 143B of the General Statutes and Article 3 of Chapter 113A of the General Statutes are recodified as Parts 33, 34, 35, and 36 of Article 2 of Chapter 143B of the General Statutes as set forth in the table below:

<u>Former Citation</u>	<u>Recodified Citation</u>
Article 5:	Part 33:
G.S. 113A-72	G.S. 143B-135.70
G.S. 113A-73	G.S. 143B-135.72
G.S. 113A-74	G.S. 143B-135.74
G.S. 113A-75	G.S. 143B-135.76
G.S. 113A-76	G.S. 143B-135.78
G.S. 113A-77	G.S. 143B-135.80
Article 6:	Part 34:
G.S. 113A-83	G.S. 143B-135.90
G.S. 113A-84	G.S. 143B-135.92
G.S. 113A-85	G.S. 143B-135.94
G.S. 113A-86	G.S. 143B-135.96
G.S. 113A-87	G.S. 143B-135.98
G.S. 113A-87.1	G.S. 143B-135.100
G.S. 113A-88	G.S. 143B-135.102
G.S. 113A-89	G.S. 143B-135.104
G.S. 113A-90	G.S. 143B-135.106
G.S. 113A-91	G.S. 143B-135.108
G.S. 113A-92	G.S. 143B-135.110
G.S. 113A-92.1	G.S. 143B-135.112
G.S. 113A-93	G.S. 143B-135.114
G.S. 113A-94	G.S. 143B-135.116
G.S. 113A-95	G.S. 143B-135.118
Part 21:	Part 35:
G.S. 143B-333	G.S. 143B-135.130
G.S. 143B-334	G.S. 143B-135.132
Article 3:	Part 36:
G.S. 113A-30	G.S. 143B-135.140
G.S. 113A-31	G.S. 143B-135.142
G.S. 113A-32	G.S. 143B-135.144
G.S. 113A-33	G.S. 143B-135.146
G.S. 113A-34	G.S. 143B-135.148
G.S. 113A-35	G.S. 143B-135.150
G.S. 113A-35.1	G.S. 143B-135.152
G.S. 113A-35.2	G.S. 143B-135.154
G.S. 113A-36	G.S. 143B-135.156
G.S. 113A-37	G.S. 143B-135.158
G.S. 113A-38	G.S. 143B-135.160
G.S. 113A-39	G.S. 143B-135.162
G.S. 113A-40	G.S. 143B-135.164
G.S. 113A-41	G.S. 143B-135.166
G.S. 113A-42	G.S. 143B-135.168
G.S. 113A-43	G.S. 143B-135.170
G.S. 113A-44	G.S. 143B-135.172

1
2 **SECTION 14.30.(g)** Part 5C of Article 7 of Chapter 143B of the General Statutes
3 is recodified as Part 37 of Article 2 of Chapter 143B of the General Statutes as set forth in the
4 table below:

<u>Former Citation</u>	<u>Recodified Citation</u>
Part 5C:	Part 37:
G.S. 143B-289.40	G.S. 143B-135.180
G.S. 143B-289.41	G.S. 143B-135.182
G.S. 143B-289.42	G.S. 143B-135.184
G.S. 143B-289.43	G.S. 143B-135.186
G.S. 143B-289.44	G.S. 143B-135.188
G.S. 143B-289.45	G.S. 143B-135.190

13
14 **SECTION 14.30.(h)** Part 13A of Article 7 of Chapter 143B of the General Statutes
15 is recodified as Part 38 of Article 2 of Chapter 143B of the General Statutes as set forth in the
16 table below:

<u>Former Citation</u>	<u>Recodified Citation</u>
Part 13A:	Part 38:
G.S. 143B-313.1	G.S. 143B-135.200
G.S. 143B-313.2	G.S. 143B-135.202

21
22 **SECTION 14.30.(i)** Part 22 of Article 7 of Chapter 143B of the General Statutes is
23 recodified as Part 39 of Article 2 of Chapter 143B of the General Statutes as set forth in the
24 table below:

<u>Former Citation</u>	<u>Recodified Citation</u>
Part 22:	Part 39:
G.S. 143B-335	G.S. 143B-135.205
G.S. 143B-336	G.S. 143B-135.207
G.S. 143B-336.1	G.S. 143B-135.209

30
31 **SECTION 14.30.(j)** Article 14 of Chapter 143 of the General Statutes, consisting
32 of G.S. 143-177 through G.S. 143-177.3, is recodified into Part 39 of Article 2 of Chapter 143B
33 as set forth in the table below:

<u>Former Citation</u>	<u>Recodified Citation</u>
G.S. 143-177	G.S. 143B-135.210
G.S. 143-177.1	G.S. 143B-135.211
G.S. 143-177.2	G.S. 143B-135.212
G.S. 143-177.3	G.S. 143B-135.213

39
40 **SECTION 14.30.(k)** Part 29 of Article 7 of Chapter 143B of the General Statutes
41 is recodified as Part 40 of Article 2 of Chapter 143B of the General Statutes as set forth in the
42 table below:

<u>Former Citation</u>	<u>Recodified Citation</u>
Part 29:	Part 40:
G.S. 143B-344.18	G.S. 143B-135.215
G.S. 143B-344.19	G.S. 143B-135.217
G.S. 143B-344.20	G.S. 143B-135.219
G.S. 143B-344.21	G.S. 143B-135.221
G.S. 143B-344.22	G.S. 143B-135.223
G.S. 143B-344.23	G.S. 143B-135.229

REVISIONS OF RECODIFIED STATUTES

SECTION 14.30.(I) Parts 31 and 32 of Article 2 of Chapter 143B of the General Statutes, as recodified by subsection (e) of this section, reads as rewritten:

"Part 31. Acquisition and Control of State Parks.

"§ 143B-135.10. Definitions.

(a) In this ~~Article, Part,~~ unless the context requires otherwise, "Department" means the Department of ~~Environment and Natural Resources; Natural and Cultural Resources,~~ and "Secretary" means the Secretary of ~~Environment and Natural Resources; Natural and Cultural Resources.~~

(b) ~~Repealed by Session Laws 2011-145, s. 13.25(n), effective July 1, 2011."~~

"§ 143B-135.14. Power to acquire conservation lands not included in the State Parks System.

The Department of Administration may acquire and allocate to the Department of ~~Environment and Natural Resources; Natural and Cultural Resources~~ for management by the Division of Parks and Recreation lands that the Department of ~~Environment and Natural Resources; Natural and Cultural Resources~~ finds are important for conservation purposes but which are not included in the State Parks System. Lands acquired pursuant to this section are not subject to ~~Article 2C of Chapter 113; Part 32 of Article 2 of Chapter 143B~~ of the General Statutes and may be traded or transferred as necessary to protect, develop, and manage the Mountains to Sea State Park Trail, other State parks, or other conservation lands. This section does not expand the power granted to the Department of ~~Environment and Natural Resources; Natural and Cultural Resources~~ under ~~G.S. 113-34(a); G.S. 143B-135.12(a)~~ to acquire land by condemnation.

"§ 143B-135.16. Control over State parks; operation of public service facilities; concessions to private concerns; authority to charge fees and adopt rules.

(a) The Department shall make reasonable rules governing the use by the public of State parks and State lakes under its charge. These rules shall be posted in conspicuous places on and adjacent to the properties of the State and at the courthouse of the county or counties in which the properties are located. A violation of these rules is punishable as a Class 3 misdemeanor.

~~(a)~~(b) The Department may adopt rules under which the Secretary may issue a special-use permit authorizing the use of pyrotechnics in State parks in connection with public exhibitions. The rules shall require that experts supervise the use of pyrotechnics and that written authorization for the use of pyrotechnics be obtained from the board of commissioners of the county in which the pyrotechnics are to be used, as provided in G.S. 14-410. The Secretary may impose any conditions on a permit that the Secretary determines to be necessary to protect public health, safety, and welfare. These conditions shall include a requirement that the permittee execute an indemnification agreement with the Department and obtain general liability insurance covering personal injury and property damage that may result from the use of pyrotechnics with policy limits determined by the Secretary.

~~(b)~~(c) The Department may construct, operate, and maintain within the State parks, State lakes, and other areas under its charge suitable public service facilities and conveniences, and may charge and collect reasonable fees for the use of these facilities and conveniences. The Department may also charge and collect reasonable fees for each of the following:

- (1) The erection, maintenance, and use of docks, piers, and any other structures permitted in or on State lakes under rules adopted by the Department.
- (2) Fishing privileges in State parks and State lakes, provided that these privileges shall be extended only to holders of State hunting and fishing licenses who comply with all State game and fish laws.

1 (3) Vehicle access for off-road driving at the beach at Fort Fisher State
2 Recreation Area.

3 (4) The erection, maintenance, and use of a marina at Carolina Beach.

4 ~~(b)~~(d) Members of the public who pay a fee under subsection ~~(b)~~~~(c)~~ of this section for
5 access to Fort Fisher State Recreation Area may have 24-hour access to Fort Fisher State
6 Recreation Area from September 15 through March 15 of each year.

7 ~~(e)~~(c) The Department may make reasonable rules for the operation and use of boats or
8 other craft on the surface of the waters under its charge. The Department may charge and
9 collect reasonable fees for the use of boats and other watercraft that are purchased and
10 maintained by the Department; however, the Department shall not charge a fee for the use or
11 operation of any other boat or watercraft on these waters.

12 ~~(d)~~(f) The Department may grant to private individuals or companies concessions for
13 operation of public service facilities for such periods and upon such conditions as the
14 Department deems to be in the public interest. The Department may adopt reasonable rules for
15 the regulation of the use by the public of the lands and waters under its charge and of the public
16 service facilities and conveniences authorized under this section. A violation of these rules is
17 punishable as a Class 3 misdemeanor.

18 ~~(d)~~(g) The Department shall ~~implement the following recommendations:~~ validate no less
19 frequently than every five years the number of visitors per car used in the calculation of visitor
20 counts at State Parks.

21 ~~(e)~~(h) The authority granted to the Department under this section is in addition to any
22 authority granted to the Department under any other provision of law.

23 **"§ 143B-135.18. Legislative authority necessary for payment.**

24 Nothing in this ~~Article-Part~~ shall operate or be construed as authority for the payment of
25 any money out of the State treasury for the purchase of lands or for other purposes unless by
26 appropriation for said purpose by the General Assembly.

27"

28 "Part 32. State Parks Act.

29 **"§ 143B-135.40. Short title.**

30 This ~~Article-Part~~ shall be known as the State Parks Act.

31 **"§ 143B-135.42. Declaration of policy and purpose.**

32 (a) The State of North Carolina offers unique archaeological, geologic, biological, scenic,
33 and recreational resources. These resources are part of the heritage of the people of this State.
34 The heritage of a people should be preserved and managed by the people for their use and for
35 the use of their visitors and descendants.

36 (b) The General Assembly finds it appropriate to establish the State Parks System. This
37 system shall consist of parks which include representative examples of the resources sought to
38 be preserved by this ~~Article-Part~~, together with such surrounding lands as may be appropriate.
39 Park lands are to be used by the people of this State and their visitors in order to promote
40 understanding of and pride in the natural heritage of this State.

41 (c) The tax dollars of the people of the State should be expended in an efficient and
42 effective manner for the purpose of assuring that the State Parks System is adequate to
43 accomplish the goals as defined in this ~~Article-Part~~.

44 (d) The purpose of this ~~Article-Part~~ is to establish methods and principles for the
45 planned acquisition, development, and operation of State parks.

46 **"§ 143B-135.44. Definitions.**

47 As used in this ~~Article-Part~~, unless the context requires otherwise:

48 (1) "Department" means the Department of ~~Environment and Natural~~ and
49 Cultural Resources.

- 1 (2) "Park" means any tract of land or body of water comprising part of the State
2 Parks System under this ~~Article, Part~~, including existing State parks, State
3 natural areas, State recreation areas, State trails, State rivers, and State lakes.
4 (3) "Plan" means State Parks System Plan.
5 (4) "Secretary" means the Secretary of ~~Environment and Natural~~ and Cultural
6 Resources.
7 (5) "State Parks System" or "system" mean all those lands and waters which
8 comprise the parks system of the State as established under this ~~Article, Part~~.

9 **"§ 143B-135.46. Powers of the Secretary.**

10 The Secretary shall implement the provisions of this ~~Article, Part~~ and shall be responsible
11 for the administration of the State Parks System.

12 **"§ 143B-135.48. Preparation of a System Plan.**

13 (a) The Secretary shall prepare and adopt a State Parks System Plan by December 31,
14 1988. The Plan, at a minimum, shall:

- 15 (1) Outline a method whereby the mission and purposes of the State Parks
16 System as defined in ~~G.S. 113-44.8~~ G.S. 143B-135.42 can be achieved in a
17 reasonable, timely, and cost-effective manner;
18 (2) Evaluate existing parks against these standards to determine their statewide
19 significance;
20 (3) Identify duplications and deficiencies in the current State Parks System and
21 make recommendations for correction;
22 (4) Describe the resources of the existing State Parks System and their current
23 uses, identify conflicts created by those uses, and propose solutions to them;
24 and
25 (5) Describe anticipated trends in usage of the State Parks System, detail what
26 impacts these trends may have on the State Parks System, and recommend
27 means and methods to accommodate those trends successfully.

28 (b) The Plan shall be developed with full public participation, including a series of
29 public meetings held on adequate notice under rules which shall be adopted by the Secretary.
30 The purpose of the public meetings and other public participation shall be to obtain from the
31 public:

- 32 (1) Views and information on the needs of the public for recreational resources
33 in the State Parks System;
34 (2) Views and information on the manner in which these needs should be
35 addressed;
36 (3) Review of the draft plan prepared by the Secretary before he adopts the Plan.

37 (c) The Secretary shall revise the Plan at intervals not exceeding five years. Revisions
38 to the Plan shall be made consistent with and under the rules providing public participation in
39 adoption of the Plan.

40 (d) No later than October 1 of each year, the Department shall submit electronically the
41 State Parks System Plan to the Environmental Review Commission, the Senate and the House
42 of Representatives ~~Appropriations Subcommittees on Natural and Economic Resources,~~
43 appropriations committees with jurisdiction over natural and cultural resources, and the Fiscal
44 Research Division. Concurrently, the Department shall submit a summary of each change to the
45 Plan that was made during the previous fiscal year.

46 **"§ 143B-135.50. Classification of parks resources.**

47 After adopting the Plan, the Secretary shall identify and classify the major resources of each
48 of the parks in the State Parks System, in order to establish the major purpose or purposes of
49 each of the parks, consistent with the Plan and the purposes of this ~~Article, Part~~.

50 **"§ 143B-135.52. General management plans.**

1 Every park classified pursuant to ~~G.S. 113-44.12~~ G.S. 143B-135.50 shall have a general
2 management plan. The plan shall include a statement of purpose for the park based upon its
3 relationship to the System Plan and its classification. An analysis of the major resources and
4 facilities on hand to achieve those purposes shall be completed along with a statement of
5 management direction. The general management plan shall be revised as necessary to comply
6 with the System Plan and to achieve the purposes of this ~~Article-Part~~.

7 **"§ 143B-135.54. Additions to and deletions from the State Parks System.**

8 (a) If, in the course of implementing ~~G.S. 113-44.12~~ G.S. 143B-135.50 the Secretary
9 determines that the major purposes of a park are not consistent with the purposes of this ~~Article~~
10 ~~Part~~ and the Plan, the Secretary may propose to the General Assembly the deletion of that park
11 from the State Parks System. On a majority vote of each house of the General Assembly, the
12 General Assembly may remove the park from the State Parks System. No other agency or
13 governmental body of the State shall have the power to remove a park or any part from the
14 State Parks System.

15 (b) New parks shall be added to the State Parks System by the Department after
16 authorization by the General Assembly. Each additional park shall be authorized only by an act
17 of the General Assembly. Additions shall be consistent with and shall address the needs of the
18 State Parks System as described in the Plan. All additions shall be accompanied by adequate
19 authorization and appropriations for land acquisition, development, and operations.

20 **"§ 143B-135.56. Parks and Recreation Trust Fund.**

21 ...
22 (c) Reports. – The North Carolina Parks and Recreation Authority shall report no later
23 than October 1 of each year to the Joint Legislative Commission on Governmental Operations,
24 the House and Senate Appropriations Subcommittees on Natural and Economic Resources, the
25 Fiscal Research Division, and the Environmental Review Commission on allocations from the
26 Trust Fund from the prior fiscal year. For funds allocated from the Trust Fund under
27 ~~subdivision~~ ~~subsection~~ (b1) of this section, this report shall include the operating expenses
28 determined under subdivisions (1) and (2) of subsection (b3) of this section.
29"

30 **SECTION 14.30.(m)** Parts 33-36 of Article 2 of Chapter 143B of the General
31 Statutes, as recodified by subsection (f) of this section, read as rewritten:

32 "Part 33. North Carolina Appalachian Trails System Act.

33 **"§ 143B-135.70. Short title.**

34 This ~~Article-Part~~ may be cited as the North Carolina Appalachian Trails System Act.

35 **"§ 143B-135.72. Policy and purpose.**

36 (a) In order to provide for the ever-increasing outdoor recreation needs of an expanded
37 population and in order to promote public access to, travel within, and enjoyment and
38 appreciation of the open-air, outdoor areas of the State, the Appalachian Trail should be
39 protected in North Carolina as a segment of the National Scenic Trails System.

40 (b) The purpose of this ~~Article-Part~~ is to provide the means for attaining these
41 objectives by instituting a North Carolina Appalachian Trail System, designating the
42 Appalachian Trail lying or located in the North Carolina Counties of Avery, Mitchell, Yancey,
43 Madison, Haywood, Swain, Graham, Macon, and Clay, as defined in the Federal Register of
44 the National Trails Act as the basic component of that System, and by prescribing the methods
45 by which, and standards according to which, additional connecting trails may be added to the
46 System.

47 **"§ 143B-135.74. Appalachian Trails System; connecting or side trails; coordination with**
48 **the National Trails System Act.**

49 Connecting or side trails may be established, designated and marked as components of the
50 Appalachian Trail System by the Department of ~~Environment and~~ Natural and Cultural
51 Resources in consultation with the federal agencies charged with the responsibility for the

1 administration and management of the Appalachian Trail in North Carolina. Criteria and
2 standards of establishment will coincide with those set forth in the National Trails System Act
3 (PL 90-543).

4 **"§ 143B-135.76. Assistance under this ~~Article-Part~~ with the National Trails System Act**
5 **(PL 90-543).**

6 (a) The Department of Administration in cooperation with other appropriate State
7 departments shall consult with the federal agencies charged with the administration of the
8 Appalachian Trail in North Carolina and develop a mutually agreeable plan for the orderly and
9 coordinated acquisition of Appalachian Trail right-of-way and the associated tracts, as needed,
10 to provide a suitable environment for the Appalachian Trail in North Carolina.

11 (b) The Department of ~~Environment and Natural~~ and Cultural Resources and the federal
12 agencies charged with the responsibility of the administration of the Appalachian Trail in North
13 Carolina shall give due consideration to the conservation of the environment of the
14 Appalachian Trail and, in accordance with the National Trails System Act, may obtain advice
15 and assistance from local governments, Carolina Mountain Club, Nantahala Hiking Club,
16 Piedmont Appalachian Trail Hikers, Appalachian Trail Conference, other interested
17 organizations and individuals, landowners and land users concerned.

18 (c) The Board of Transportation shall cooperate and assist in carrying out the purposes
19 of this ~~Article-Part~~ and the National Trails System Act where their highway projects cross or
20 may be adjacent to any component of the Appalachian Trail System.

21 (d) Lands acquired by the State of North Carolina within the 200-foot right-of-way of
22 the Appalachian Trail and within the exterior boundaries of the Pisgah or Nantahala National
23 Forests, will be conveyed to the United States Forest Service as the federal agency charged
24 with the responsibility for the administration and management of the Appalachian Trail within
25 these specific areas.

26 (e) Lands acquired by the State of North Carolina outside of the boundaries of the
27 Appalachian Trail right-of-way will be administered by the appropriate State department in
28 such a manner as to preserve and enhance the environment of the Appalachian Trail.

29 (f) In consultation with the Department of ~~Environment and Natural~~ and Cultural
30 Resources, the federal agency charged with the responsibility of the administration of the
31 Appalachian Trail in North Carolina shall establish use regulations in accordance with the
32 National Trails System Act.

33 (g) The use of motor vehicles on the trails of the North Carolina Appalachian Trail
34 System may be authorized when such use is necessary to meet emergencies or to enable
35 adjacent landowners to have reasonable access to their lands and timber rights provided that the
36 granting of this access is in accordance with limitations and conditions of such use set forth in
37 the National Trails System Act.

38 **"§ 143B-135.78. Acquisition of rights-of-way and lands; manner of acquiring.**

39 The State of North Carolina may use lands for trail purposes within the boundaries of areas
40 under its administration that are included in the rights-of-way selected for the Appalachian
41 Trail System. The Department of Administration may acquire lands or easements by donation
42 or purchase with funds donated or appropriated for such purpose.

43 **"§ 143B-135.80. Expenditures authorized.**

44 The Department is authorized to spend any federal, State, local or private funds available
45 for this purpose to the Department for acquisition and development of the Appalachian Trail
46 System.

47 "Part 34. North Carolina Trails System.

48 **"§ 143B-135.90. Short title.**

49 This ~~Article-Part~~ shall be known and may be cited as the "North Carolina Trails System
50 Act."

51 **"§ 143B-135.92. Declaration of policy and purpose.**

1 (a) In order to provide for the ever-increasing outdoor recreation needs of an expanded
2 population and in order to promote public access to, travel within, and enjoyment and
3 appreciation of the outdoor, natural and remote areas of the State, trails should be established in
4 natural, scenic areas of the State, and in and near urban areas.

5 (b) The purpose of this ~~Article-Part~~ is to provide the means for attaining these
6 objectives by instituting a State system of scenic and recreation trails, coordinated with and
7 complemented by existing and future local trail segments or systems, and by prescribing the
8 methods by which, and standards according to which, components may be added to the State
9 trails system.

10 **"§ 143B-135.94. Definitions.**

11 Except as otherwise required by context, the following terms when used in this ~~Article-Part~~
12 shall be construed respectively to mean:

- 13 (1) "Department" means the North Carolina Department of ~~Environment and~~
14 Natural and Cultural Resources.
- 15 (2) "Political subdivision" means any county, any incorporated city or town, or
16 other political subdivision.
- 17 (3) "Scenic easement" means a perpetual easement in land which
18 a. Is held for the benefit of the people of North Carolina,
19 b. Is specifically enforceable by its holder or beneficiary, and
20 c. Limits or obligates the holder of the servient estate, his heirs, and
21 assigns with respect to their use and management of land and
22 activities conducted thereon, the object of such limitations and
23 obligations being the maintenance or enhancement of the natural
24 beauty of the land in question or of areas affected by it.
- 25 (4) "Secretary" means the Secretary of ~~Environment and~~ Natural and Cultural
26 Resources, except as otherwise specified in this ~~Article-Part~~.
- 27 (5) "State trails system" means the trails system established in this ~~Article-Part~~
28 or pursuant to the State Parks Act, ~~Article 2C of Chapter 113 of the General~~
29 ~~Statutes, Part 32 of this Article,~~ and including all trails and trail segments,
30 together with their rights-of-way, added by any of the procedures described
31 in this ~~Article or Article 2C of Chapter 113 of the General Statutes, Part or~~
32 Part 32 of this Article.
- 33 (6) "Trail" means:
34 a. Park trail. – A trail designated and managed as a unit of the North
35 Carolina State Parks System under ~~Article 2C of Chapter 113 of the~~
36 ~~General Statutes, Part 32 of this Article.~~
37 b. Designated trail. – A trail designated by the Secretary pursuant to this
38 ~~Article-Part~~ as a component of the State trails system and that is
39 managed by another governmental agency or by a corporation listed
40 with the Secretary of State.
41 c. A State scenic trail, State recreation trail, or State connecting trail
42 under ~~G.S. 113A-86~~ G.S. 143B-135.96 when the intended primary
43 use of the trail is to serve as a park trail or designated trail.
44 d. Any other trail that is open to the public and that the owner, lessee,
45 occupant, or person otherwise in control of the land on which the
46 trail is located allows to be used as a trail without compensation,
47 including a trail that is not designated by the Secretary as a
48 component of the State trails system.
- 49 (7) "Trails Committee" means the North Carolina Trails Committee established
50 by Part 35 of this Article.

51 **"§ 143B-135.96. Composition of State trails system.**

1 The State trails system shall be composed of designated:

- 2 (1) State scenic trails, which are defined as extended trails so located as to
3 provide maximum potential for the appreciation of natural areas and for the
4 conservation and enjoyment of the significant scenic, historic, natural,
5 ecological, geological or cultural qualities of the areas through which such
6 trails may pass.
- 7 (2) State recreation trails, which are defined as trails planned principally for
8 recreational value and may include trails for foot travel, horseback,
9 nonmotorized bicycles, nonmotorized water vehicles, and two-wheel-and
10 four-wheel-drive motorized vehicles. More than one of the aforesaid types of
11 travel may be permitted on a single trail in the discretion of the Secretary.
- 12 (3) Connecting or side trails, which will provide additional points of public
13 access to State recreation or State scenic trails or which will provide
14 connections between such trails.

15 **"§ 143B-135.98. Authority to designate trails.**

16 The Department may establish and designate trails on:

- 17 (1) Lands administered by the Department,
- 18 (2) Lands under the jurisdiction of a State department, political subdivision, or
19 federal agency, or
- 20 (3) Private lands provided, fee-simple title, lesser estates, scenic easements,
21 easements of surface ingress and egress running with the land, leases, or
22 other written agreements are obtained from landowners through which a
23 State trail may pass.

24 **"§ 143B-135.100. Use of State land for bicycling; creation of trails by volunteers.**

25 (a) Any land held in fee simple by this State, any agency of this State, or any land
26 purchased or leased with funds provided by this State may be open and available for use by
27 bicyclists upon establishment of a usage agreement. The usage agreement shall be established
28 between the land manager and any local cycling group or organization intending to use the land
29 and shall specify the terms and conditions for use of the land. The land manager shall designate
30 a representative with knowledge of off-road bicycle trail building to negotiate the agreement.
31 Upon establishment of the usage agreement, any bicyclist may use the land pursuant to the
32 agreement.

33 The land manager shall not be required to create, maintain, or make available any special
34 trails, paths, or other accommodations to any user of the land for cycling purposes. However,
35 once a usage agreement has been established, any local cycling group or organization may
36 create and maintain special trails for cycling purposes. Any trails created for the purpose of
37 off-road cycling shall be created and maintained using commonly accepted best practices.

38 (b) Notwithstanding the provisions of subsection (a) of this section, any land may be
39 restricted or removed from use by bicyclists if it is determined by the State, an agency of the
40 State, or the holder of land purchased or leased with State funds that the use would cause
41 substantial harm to the land or the environment or that the use would violate another State or
42 federal law. Before restricting or removing land from use by bicyclists, the State, the agency of
43 the State, or the holder of the land purchased or leased with State funds must show why the
44 lands should not be open for use by bicyclists. Local cycling groups or organizations shall be
45 notified of the intent to restrict or remove the land from use by bicyclists and provided an
46 opportunity to show why cycling should be allowed on the land. Notice of any land restricted
47 or removed from use by bicyclists pursuant to this subsection shall be filed with the Division of
48 Bicycle and Pedestrian Transportation of the Department of Transportation.

49 (c) The Division of Bicycle and Pedestrian Transportation of the Department of
50 Transportation shall keep a record of all lands made open and available for use by bicyclists
51 pursuant to this section and shall make the information available to the public upon request.

1 (d) Any land open and available for use by bicyclists, pursuant to subsection (a) of this
2 section, shall also be available to members of the public for hiking and walking. Persons using
3 the land pursuant to this subsection shall yield the right-of-way to bicyclists when hiking or
4 walking on any trails created and maintained for the purpose of off-road cycling and so
5 designated along that trail.

6 (e) Notwithstanding any other provision of this section, any hiking, walking, or use of
7 bicycles on game lands administered by the Wildlife Resources Commission shall be restricted
8 to roads and trails designated for vehicular use. Hiking, walking, or bicycle use by persons not
9 hunting shall be restricted to days closed to hunting. The Wildlife Resources Commission may
10 restrict the use of bicycles on game lands where necessary to protect sensitive wildlife habitat
11 or species and shall file notice of any restrictions with the Division of Bicycle and Pedestrian
12 Transportation of the Department of Transportation.

13 **"§ 143B-135.102. ~~North Carolina Trails Committee; composition; meetings and~~**
14 **~~functions.~~ Trails Committee duties.**

15 (a) ~~Repealed by Session Laws 1973, c. 1262, s. 82.~~

16 (b)(a) The Committee shall meet in various sections of the State not less than two times
17 annually to advise the Department on all matters directly or indirectly pertaining to trails, their
18 use, extent, location, and the other objectives and purposes of this ~~Article~~.Part.

19 (c)(b) The Committee shall coordinate trail development among local governments, and
20 shall assist local governments in the formation of their trail plans and advise the Department
21 quarterly of its findings.

22 (d)(c) The Secretary, with advice of the Committee, shall study trail needs and potentials,
23 and make additions to the State Trails System as needed. He shall submit an annual report to
24 the Governor and General Assembly on trail activities by the Department, including
25 rights-of-way that have been established and on the program for implementing this ~~Article~~.
26 Part. Each report shall include a short statement on the significance of the various trails to the
27 System. The Secretary shall make such rules as to trail development, management, and use that
28 are necessary for the proper implementation of this ~~Article~~.Part.

29 **"§ 143B-135.104. Location of trails.**

30 The process of locating routes of designated trails to be added to the system shall be as
31 follows:

32 For State scenic trails, the Secretary or a designee, after consulting with the Committee,
33 shall recommend a route. For State recreation trails and for connecting or side trails, the
34 Secretary or a designee, after consulting with the Committee, shall select the route. The
35 Secretary may provide technical assistance to political subdivisions or private, nonprofit
36 organizations that develop, construct, or maintain designated trails or other public trails that
37 complement the State trails system. When a route shall traverse land within the jurisdiction of a
38 governmental unit or political subdivision, the Department shall consult with such unit or such
39 subdivision prior to its final determination of the location of the route. The selected route shall
40 be compatible with preservation or enhancement of the environment it traverses. Reasonable
41 effort shall be made to minimize any adverse effects upon adjacent landowners and users.
42 Notice of the selected route shall be published by the Department in a newspaper of general
43 circulation in the area in which the trail is located, together with appropriate maps and
44 descriptions to be conspicuously posted at the appropriate courthouse. Such publication shall be
45 prior to the designation of the trail by the Secretary.

46 **"§ 143B-135.106. Scenic easements within right-of-way.**

47 Within the boundaries of the right-of-way, the Secretary of the North Carolina Department
48 of Administration may acquire, on behalf of the State of North Carolina, lands in fee title, or
49 interest in land in the form of scenic easements, cooperative agreements, easements of surface
50 ingress and egress running with the land, leases, or less than fee estates. Acquisition of land or
51 of interest therein may be by gift, purchased with donated funds or funds appropriated by the

1 governmental agencies for this purpose, proceeds from the sale of bonds or exchange. Any
2 change in value of land resulting from the grant of an easement shall be taken into
3 consideration in the assessment of the land for tax purposes.

4 **"§ 143B-135.108. Trails within parks; conflict of laws.**

5 Any component of the System that is or shall become a part of any State park, recreation
6 area, wildlife management area, or similar area shall be subject to the provisions of this ~~Article~~
7 Part as well as any other laws under which the other areas are administered, and in the case of
8 conflict between the provisions the more restrictive provisions shall apply.

9 **"§ 143B-135.110. Uniform trail markers.**

10 The Department, in consultation with the Committee, shall establish a uniform marker for
11 trails contained in the System. An additional appropriate symbol characterizing specific trails
12 may be included on the marker. The markers shall be placed at all access points, together with
13 signs indicating the modes of locomotion that are prohibited for the trail, provided that where
14 the trail constitutes a portion of a national scenic trail, use of the national scenic trail uniform
15 marker shall be considered sufficient. The route of the trail and the boundaries of the
16 right-of-way shall be adequately marked.

17 **"§ 143B-135.112. Adopt-A-Trail Program.**

18 The Department shall establish an Adopt-A-Trail Program to coordinate with the Trails
19 Committee and local groups or persons on trail development and maintenance. Local
20 involvement shall be encouraged, and interested groups are authorized to "adopt-a-trail" for
21 such purposes as placing trail markers, trail building, trail blazing, litter control, resource
22 protection, and any other activities related to the policies and purposes of this ~~Article~~Part.

23 **"§ 143B-135.114. Administrative policy.**

24 The North Carolina Trails System shall be administered by the Department according to the
25 policies and criteria set forth in this ~~Article~~Part. The Department shall, in addition, have or
26 designate the responsibility for maintaining the trails, building bridges, campsites, shelters, and
27 related public-use facilities where required.

28 **"§ 143B-135.116. Incorporation in National Trails System.**

29 Nothing in this ~~Article~~Part shall preclude a component of the State Trails System from
30 becoming a part of the National Trails System. The Secretary shall coordinate the State Trails
31 System with the National Trails System and is directed to encourage and assist any federal
32 studies for inclusion of North Carolina trails in the National Trails System. The Department
33 may enter into written cooperative agreements for joint federal-State administration of a North
34 Carolina component of the National Trails System, provided such agreements for
35 administration of land uses are not less restrictive than those set forth in this ~~Article~~Part.

36 **"§ 143B-135.118. Trail use liability.**

37 (a) Any person, as an owner, lessee, occupant, or otherwise in control of land, who
38 allows without compensation another person to use the land for designated trail or other public
39 trail purposes or to construct, maintain, or cause to be constructed or maintained a designated
40 trail or other public trail owes the person the same duty of care he owes a trespasser.

41 (b) Any person who without compensation has constructed, maintained, or caused to be
42 constructed or maintained a designated trail or other public trail pursuant to a written agreement
43 with any person who is an owner, lessee, occupant, or otherwise in control of land on which a
44 trail is located shall owe a person using the trail the same duty of care owed a trespasser.

45 (c) ~~Repealed by Session Laws 1993, c. 184, s. 6.~~

46 "Part 35. North Carolina Trails Committee.

47 **"§ 143B-135.130. North Carolina Trails Committee – creation; powers and duties.**

48 There is hereby created the North Carolina Trails Committee of the Department of
49 ~~Environment and Natural~~ and Cultural Resources. The Committee shall have the following
50 functions and duties:

- 1 (1) To meet not less than two times annually to advise the Department on all
2 matters directly or indirectly pertaining to trails, their use, extent, location,
3 and the other objectives and purposes of ~~G.S. 113A-88~~G.S. 143B-135.102.
- 4 (2) To coordinate trail development among local governments, and to assist
5 local governments in the formation of their trail plans and advise the
6 Department of its findings.
- 7 (3) To advise the Secretary of trail needs and potentials pursuant to
8 ~~G.S. 113A-88~~G.S. 143B-135.102.

9 **"§ 143B-135.132. North Carolina Trails Committee – members; selection; removal;
10 compensation.**

11 The North Carolina Trails Committee shall consist of seven members appointed by the
12 Secretary of ~~Environment and Natural and Cultural Resources~~. Two members shall be from the
13 mountain section, two from the Piedmont section, two from the coastal plain, and one at large.
14 They shall as much as possible represent various trail users.

15 ~~The initial members of the North Carolina Trails Committee shall be the members of the~~
16 ~~current North Carolina Trails Committee who shall serve for a period equal to the remainder of~~
17 ~~their current term on the North Carolina Trails Committee. At the end of the respective terms of~~
18 ~~office of the initial members of the Committee, the appointment of their successors shall be for~~
19 ~~Committee members shall serve staggered terms of four years and until their successors are~~
20 appointed and qualify. Any appointment to fill a vacancy on the Committee created by the
21 resignation, dismissal, death or disability of a member shall be for the balance of the unexpired
22 term.

23 The Governor shall have the power to remove any member of the Committee from office in
24 accordance with the provisions of G.S. 143B-16 of the Executive Organization Act of 1973.

25 The Secretary of ~~Environment and Natural and Cultural Resources~~ shall designate a
26 member of the Committee to serve as chairman at the pleasure of the Governor.

27 Members of the Committee shall receive per diem and necessary travel and subsistence
28 expenses in accordance with the provisions of G.S. 138-5 and G.S. 143B-15 of the Executive
29 Organization Act of 1973.

30 "Part 36. Natural and Scenic Rivers System.

31 **"§ 143B-135.140. Short title.**

32 This ~~Article-Part~~ shall be known and may be cited as the "Natural and Scenic Rivers Act of
33 1971."

34 **"§ 143B-135.142. Declaration of policy.**

35 The General Assembly finds that certain rivers of North Carolina possess outstanding
36 natural, scenic, educational, geological, recreational, historic, fish and wildlife, scientific and
37 cultural values of great present and future benefit to the people. The General Assembly further
38 finds as policy the necessity for a rational balance between the conduct of man and the
39 preservation of the natural beauty along the many rivers of the State. This policy includes
40 retaining the natural and scenic conditions in some of the State's valuable rivers by maintaining
41 them in a free-flowing state and to protect their water quality and adjacent lands by retaining
42 these natural and scenic conditions. It is further declared that the preservation of certain rivers
43 or segments of rivers in their natural and scenic condition constitutes a beneficial public
44 purpose.

45 **"§ 143B-135.144. Declaration of purpose.**

46 The purpose of this ~~Article-Part~~ is to implement the policy as set out in ~~G.S. 113A-2~~
47 ~~G.S. 143B-135.142~~ by instituting a North Carolina natural and scenic rivers system, and ¹
48 prescribing methods for inclusion of components to the system from time to time.

49 **"§ 143B-135.146. Definitions.**

50 As used in this ~~Article-Part~~, unless the context requires otherwise:

- 1 (1) "Department" means the Department of ~~Environment and Natural~~ and
2 Cultural Resources.
- 3 (2) "Free-flowing," as applied to any river or section of a river, means existing
4 or flowing in natural condition without substantial impoundment, diversion,
5 straightening, rip-rapping, or other modification of the waterway. The
6 existence of low dams, diversion works, and other minor structures at the
7 time any river is proposed for inclusion in the North Carolina natural and
8 scenic rivers system shall not automatically bar its consideration for such
9 inclusion: Provided, that this shall not be construed to authorize, intend, or
10 encourage future construction of such structures within components of the
11 system.
- 12 (3) "River" means a flowing body of water or estuary or a section, portion, or
13 tributary thereof, including rivers, streams, creeks, runs, kills, rills, and small
14 lakes.
- 15 (4) "Road" means public or private highway, hard-surface road, dirt road, or
16 railroad.
- 17 (5) "Scenic easement" means a perpetual easement in land which (i) is held for
18 the benefit of the people of North Carolina, (ii) is specifically enforceable by
19 its holder or beneficiary, and (iii) limits or obligates the holder of the
20 servient estate, his heirs, and assigns with respect to their use and
21 management of the land and activities conducted thereon. The object of such
22 limitations and obligations is the maintenance or enhancement of the natural
23 beauty of the land in question or of the areas affected by it.
- 24 (6) "Secretary" means the Secretary of ~~Environment and Natural~~ and Cultural
25 Resources.

26 **"§ 143B-135.148. Types of scenic rivers.**

27 The following types of rivers are eligible for inclusion in the North Carolina natural and
28 scenic rivers system:

29 Class I. Natural river areas. Those free-flowing rivers or segments of rivers and adjacent
30 lands existing in a natural condition. Those rivers or segments of rivers that are free of
31 man-made impoundments and generally inaccessible except by trail, with the lands within the
32 boundaries essentially primitive and the waters essentially unpolluted. These represent vestiges
33 of primitive America.

34 Class II. Scenic river areas. Those rivers or segments of rivers that are largely free of
35 impoundments, with the lands within the boundaries largely primitive and largely undeveloped,
36 but accessible in places by roads.

37 Class III. Recreational river areas. Those rivers or segments of rivers that offer outstanding
38 recreation and scenic values and that are largely free of impoundments. They may have some
39 development along their shorelines and have more extensive public access than natural or
40 scenic river segments. Recreational river segments may also link two or more natural and/or
41 scenic river segments to provide a contiguous designated river area. No provision of this
2 section shall interfere with flood control measures; provided that recreational river users can
3 continue to travel the river.

"§ 143B-135.150. Criteria for system.

For the inclusion of any river or segment of river in the natural and scenic river system, the
following criteria must be present:

- (1) River segment length – must be no less than one mile.
- (2) Boundaries – of the system shall be the visual horizon or such distance from
each shoreline as may be determined to be necessary by the Secretary, but
shall not be less than 20 feet.

- 1 (3) Water quality – shall not be less than that required for Class "C" waters as
2 established by the North Carolina Environmental Management Commission.
3 (4) Water flow – shall be sufficient to assure a continuous flow and shall not be
4 subjected to withdrawal or regulation to the extent of substantially altering
5 the natural ecology of the stream.
6 (5) Public access – shall be limited, but may be permitted to the extent deemed
7 proper by the Secretary, and in keeping with the property interest acquired
8 by the Department and the purpose of this ~~Article~~Part.

9 **"§ 143B-135.152. Components of system; management plan; acquisition of land and**
10 **easements; inclusion in national system.**

11 (a) That segment of the south fork of the New River extending from its confluence with
12 Dog Creek in Ashe County downstream through Ashe and Alleghany Counties to its
13 confluence with the north fork of the New River and the main fork of the New River in Ashe
14 and Alleghany Counties downstream to the Virginia State line shall be a scenic river area and
15 shall be included in the North Carolina Natural and Scenic Rivers System.

16 The Department shall prepare and implement a management plan for this river section. This
17 management plan shall recognize and provide for the protection of the existing undeveloped
18 scenic and pastoral features of the river. Furthermore, it shall specifically provide for continued
19 use of the lands adjacent to the river for normal agricultural activities, including, but not limited
20 to, cultivation of crops, raising of cattle, growing of trees and other practices necessary to these
21 agricultural pursuits.

22 For purposes of implementing this section and the management plan, the Department may
23 acquire lands or interests in lands, provide for protection of scenic values as described in
24 ~~G.S. 113A-38, G.S. 143B-135.160,~~ and provide for public access. Easements obtained for the
25 purpose of implementing this section and the management plan shall not abridge the water
26 rights being exercised on May 26, 1975.

27 Should the Governor seek inclusion of this river segment in the National System of Wild
28 and Scenic Rivers by action of the Secretary of Interior, such inclusion shall be at no cost to the
29 federal government, as prescribed in the National Wild and Scenic Rivers Act, and therefore
30 shall be under the terms described in this section of the North Carolina Wild and Scenic Rivers
31 Act and in the management plan developed pursuant thereto.

32 (b) ~~Repealed by Session Laws 2012-200, s. 24, effective August 1, 2012.~~

33 **"§ 143B-135.154. Additional components.**

34 That segment of the Linville River beginning at the State Highway 183 bridge over the
35 Linville River and extending approximately 13 miles downstream to the boundary between the
36 United States Forest Service lands and lands of Duke Power Company (latitude 35° 50' 20")
37 shall be a natural river area and shall be included in the North Carolina Natural and Scenic
38 River System.

39 That segment of the Horsepasture River in Transylvania County extending downstream
40 from Bohaynee Road (N.C. 281) to Lake Jocassee shall be a natural river and shall be included
41 in the North Carolina Natural and Scenic Rivers System.

42 That segment of the Lumber River extending from county road 1412 in Scotland County
43 downstream to the North Carolina-South Carolina state line, a distance of approximately 102
44 river miles, shall be included in the Natural and Scenic Rivers System and classified as follows:
45 from county road 1412 in Scotland County downstream to the junction of the Lumber River
46 and Back Swamp shall be classified as scenic; from the junction of the Lumber River and Back
47 Swamp downstream to the junction of the Lumber River and Jacob Branch and the river within
48 the Fair Bluff town limits shall be classified as recreational; and from the junction of the
49 Lumber River and Jacob Branch downstream to the North Carolina-South Carolina state line
50 excepting the Fair Bluff town limits, shall be classified as natural.

1 "§ 143B-135.156. **Administrative agency; federal grants; additions to the system;**
2 **regulations.**

3 (a) The Department is the agency of the State of North Carolina with the duties and
4 responsibilities to administer and control the North Carolina natural and scenic rivers system.

5 (b) The Department shall be the agency of the State with the authority to accept federal
6 grants of assistance in planning, developing (which would include the acquisition of land or an
7 interest in land), and administering the natural and scenic rivers system.

8 (c) The Secretary of the Department shall study and from time to time submit to the
9 Governor and to the General Assembly proposals for the additions to the system of rivers and
10 segments of rivers which, in his judgment, fall within one or more of the categories set out in
11 ~~G.S. 113A-34.~~ G.S. 143B-135.148. Each proposal shall specify the category of the proposed
12 addition and shall be accompanied by a detailed report of the facts which, in the Secretary's
13 judgment, makes the area a worthy addition to the system.

14 Before submitting any proposal to the Governor or the General Assembly for the addition to
15 the system of a river or segment of a river, the Secretary or his authorized representative, shall
16 hold a public hearing in the county or counties where said river or segment of river is situated.
17 Notice of such public hearing shall be given by publishing a notice once each week for two
18 consecutive weeks in a newspaper having general circulation in the county where said hearing
19 is to be held, the second of said notices appearing not less than 10 days before said hearing.
20 Any person attending said hearing shall be given an opportunity to be heard. Notwithstanding
21 the provisions of the foregoing, no public hearing shall be required with respect to a river
22 bounded solely by the property of one owner, who consents in writing to the addition of such
23 river to the system.

24 The Department shall also conduct an investigation on the feasibility of the inclusion of a
25 river or a segment of river within the system and file a written report with the Governor when
26 submitting a proposal.

27 The Department shall also, before submitting such a proposal to the Governor or the
28 General Assembly, notify in writing the owner, lessee, or tenant of any lands adjoining said
29 river or segment of river of its intention to make such proposal. In the event the Department,
30 after due diligence, is unable to determine the owner or lessee of any such land, the Department
31 may publish a notice for four successive weeks in a newspaper having general circulation in the
32 county where the land is situated of its intention to make a proposal to the Governor or General
33 Assembly for the addition of a river or segment of river to the system.

34 ~~(c)~~(d) Upon receipt of a request in the form of a resolution from the commissioners of the
35 county or counties in which a river segment is located and upon studying the segment and
36 determining that it meets the criteria set forth in ~~G.S. 113A-35,~~ G.S. 143B-135.150, the
37 Secretary may designate the segment a potential component of the natural and scenic rivers
38 system. The designation as a potential component shall be transmitted to the Governor and all
39 appropriate State agencies. Any segment so designated is subject to the provisions of this
40 ~~Article-Part~~ applicable to designated rivers, except for acquisition by condemnation or
41 otherwise, and to any rules adopted pursuant to this ~~Article-Part.~~ The Secretary shall make a
42 full report and, if appropriate, a proposal for an addition to the natural and scenic rivers system
43 to the General Assembly within 90 days after the convening of the next session following
44 issuance of the designation, and the General Assembly shall determine whether to designate the
45 segment as a component of the natural and scenic rivers system. If the next session of the
46 General Assembly fails to take affirmative action on the designation, the designation as a
47 potential component shall expire.

3 ~~(d)~~(e) The Department may adopt rules to implement this ~~Article-Part.~~

"§ 143B-135.158. **Raising the status of an area.**

Whenever in the judgment of the Secretary of the Department a scenic river segment has
been sufficiently restored and enhanced in its natural scenic and recreational qualities, such

1 segment may be reclassified with the approval of the Department, to a natural river area status
2 and thereafter administered accordingly.

3 **"§ 143B-135.160. Land acquisition.**

4 (a) The Department of Administration is authorized to acquire for the Department,
5 within the boundaries of a river or segment of river as set out in ~~G.S. 113A-35~~
6 G.S. 143B-135.150 on behalf of the State of North Carolina, lands in fee title or a lesser interest
7 in land, preferably "scenic easements." Acquisition of land or interest therein may be by
8 donation, purchase with donated or appropriated funds, exchange or otherwise.

9 (b) The Department of Administration in acquiring real property or a property interest
10 therein as set out in this ~~Article-Part~~ shall have and may exercise the power of eminent domain
11 in accordance with Article 3 of Chapter 40A of the General Statutes.

12 **"§ 143B-135.162. Claim and allowance of charitable deduction for contribution or gift of
13 easement.**

14 The contribution or donation of a "scenic easement," right-of-way or any other easement or
15 interest in land to the State of North Carolina, as provided in this ~~Article-Part~~, shall be deemed
16 a contribution to the State of North Carolina within the provisions of G.S. 105-130.9 and
17 section 170(c)(1) of the Internal Revenue Code. The value of the contribution or donation shall
18 be the fair market value of the easement or other interest in land when the contribution or
19 donation is made.

20 **"§ 143B-135.164. Component as part of State park, wildlife refuge, etc.**

21 Any component of the State natural and scenic rivers system that is or shall become a part
22 of any State park, wildlife refuge, or state-owned area shall be subject to the provisions of this
23 ~~Article-Part~~ and the ~~Articles-laws~~ under which the other areas may be administered, and in the
24 case of conflict between the provisions of these ~~Articles-laws~~, the more restrictive provisions
25 shall apply.

26 **"§ 143B-135.166. Component as part of national wild and scenic river system.**

27 Nothing in this ~~Article-Part~~ shall preclude a river or segment of a river from becoming part
28 of the national wild and scenic river system. The Secretary ~~of the Department~~ is directed to
29 encourage and assist any federal studies for the inclusion of North Carolina rivers in the
30 national system. The Secretary may enter into cooperative agreements for joint federal-state
31 administration of a North Carolina river or segment of river: Provided, that such agreements
32 relating to water and land use are not less restrictive than the requirements of this ~~Article-Part~~.

33 **"§ 143B-135.168. Violations.**

34 (a) Civil Action. – Whoever violates, fails, neglects or refuses to obey any provision of
35 this ~~Article-Part~~ or rule or order of the Secretary may be compelled to comply with or obey the
36 same by injunction, mandamus, or other appropriate remedy.

37 (b) Penalties. – Whoever violates, fails, neglects or refuses to obey any provision of this
38 ~~Article-Part~~ or rule or order of the Secretary is guilty of a Class 3 misdemeanor and may be
39 punished only by a fine of not more than fifty dollars (\$50.00) for each violation, and each day
40 such person shall fail to comply, where feasible, after having been officially notified by the
41 Department shall constitute a separate offense subject to the foregoing penalty.

42 **"§ 143B-135.170. Authorization of advances.**

43 The Department of Administration is hereby authorized to advance from land-purchase
44 appropriations necessary amounts for the purchase of land in those cases where reimbursement
45 will be later effected by the Bureau of Outdoor Recreation of the United States Department of
46 the Interior.

47 **"§ 143B-135.172. Restrictions on project works on natural or scenic river.**

48 The State Utilities Commission may not permit the construction of any dam, water conduit,
49 reservoir, powerhouse transmission line, or any other project works on or directly affecting any
50 river that is designated as a component or potential component of the State Natural and Scenic
51 Rivers System. No department or agency of the State may assist by loan, grant, license, permit

1 or otherwise in the construction of any water resources project that would have a direct and
 2 adverse effect on any river that is designated as a component or potential component of the
 3 State Natural and Scenic Rivers System. This section shall not, however, preclude licensing of
 4 or assistance to a development below or above a designated or potential component. No
 5 department or agency of the State may recommend authorization of any water resources project
 6 that would have a direct and adverse effect on any river that is designated as a component or
 7 potential component of the State Natural and Scenic Rivers System, or request appropriations
 8 to begin construction of any such project, regardless of when authorized, without advising the
 9 Secretary in writing of its intention to do so at least 60 days in advance. Such department or
 10 agency making such recommendation or request shall submit a written impact statement to the
 11 General Assembly to accompany the recommendation or request specifically describing how
 12 construction of the project would be in conflict with the purposes of this act and how it would
 13 affect the component or potential component."

14 **SECTION 14.30.(n)** Part 37 of Article 2 of Chapter 143B of the General Statutes,
 15 as recodified by subsection (g) of this section, reads as rewritten:

16 "Part 37. Division of North Carolina Aquariums.

17 "**§ 143B-135.180. Division of North Carolina Aquariums – creation.**

18 The Division of North Carolina Aquariums is created in the Department of ~~Environment~~
 19 ~~and Natural and Cultural Resources~~.

20 "**§ 143B-135.182. Division of North Carolina Aquariums – organization; powers and**
 21 **duties.**

22 (a) The Division of North Carolina Aquariums shall be organized as prescribed by the
 23 Secretary of ~~Environment and Natural and Cultural Resources~~ and shall exercise the following
 24 powers and duties:

25 ~~(1) Repealed by Session Laws 1991, c. 320, s. 3.~~

26 ~~(1a)~~(1) Establish and maintain the North Carolina Aquariums.

27 ~~(1b)~~(2) Administer the operations of the North Carolina Aquariums, such
 28 administrative duties to include, but not be limited to the following:

- 29 a. Adopt goals and objectives for the Aquariums and review and revise
 30 these goals and objectives periodically.
- 31 b. Review and approve requests for use of the Aquarium facilities and
 32 advise the Secretary of ~~Environment and Natural and Cultural~~
 33 Resources on the most appropriate use consistent with the goals and
 34 objectives of the Aquariums.
- 35 c. Continually review and evaluate the types of projects and programs
 36 being carried out in the Aquarium facilities and determine if the
 37 operation of the facilities is in compliance with the established goals
 38 and objectives.
- 39 d. Recommend to the Secretary of ~~Environment and Natural and~~
 40 ~~Cultural Resources~~ any policies and procedures needed to assure
 41 effective staff performance and proper liaison among Aquarium
 42 facilities in carrying out the overall purposes of the Aquarium
 43 programs.
- 44 e. Review Aquarium budget submissions to the Secretary of
 45 Environment and Natural Resources.
- 46 f. Recruit and recommend to the Secretary of ~~Environment and Natural~~
 47 ~~and Cultural Resources~~ candidates for the positions of directors of
 48 the Aquariums.
- 49 g. Create local advisory committees in accordance with the provisions
 50 of ~~G.S. 143B-289.43~~. G.S. 143B-135.186.

1 ~~(1e)~~(3) Notwithstanding Article 3A of Chapter 143 of the General Statutes, and
 2 G.S. 143-49(4), dispose of any exhibit, exhibit component, or object from
 3 the collections of the North Carolina Aquariums by sale, lease, or trade. A
 4 sale, lease, or trade under this subdivision shall be conducted in accordance
 5 with generally accepted practices for zoos and aquariums that are accredited
 6 by the American Association of Zoos and Aquariums. After deducting the
 7 expenses attributable to the sale or lease, the net proceeds of any sale or
 8 lease shall be credited to the North Carolina Aquariums Fund.

9 ~~(2); (3) Repealed by Session Laws 1993, c. 321, s. 28(e).~~

10 ~~(4) through (6) Repealed by Session Laws 1991, c. 320, s. 3.~~

11 ~~(7)~~ Assume any other powers and duties assigned to it by the Secretary.

12 (b) The Secretary may adopt any rules and procedures necessary to implement this
 13 section.

14 **"§ 143B-135.184. North Carolina Aquariums; purpose.**

15 The purpose of establishing and maintaining the North Carolina Aquariums is to promote
 16 an awareness, understanding, and appreciation of the diverse natural and cultural resources
 17 associated with North Carolina's oceans, estuaries, rivers, streams, and other aquatic
 18 environments.

19 **"§ 143B-135.186. Local advisory committees; duties; membership.**

20 Local advisory committees created pursuant to ~~G.S. 143B-289.41(a)(1b)~~
 21 G.S. 143B-135.182(a)(2) shall assist each North Carolina Aquarium in its efforts to establish
 22 projects and programs and to assure adequate citizen-consumer input into those efforts.
 23 Members of these committees shall be appointed by the Secretary of ~~Environment and Natural~~
 24 and Cultural Resources for three-year terms from nominations made by the Director of the
 25 Office of Marine Affairs. Each committee shall select one of its members to serve as
 26 chairperson. Members of the committees shall serve without compensation for services or
 27 expenses.

28 **"§ 143B-135.188. North Carolina Aquariums; fees; fund.**

29 (a) Fees. – The Secretary of ~~Environment and Natural~~ and Cultural Resources may
 30 adopt a schedule of fees for the aquariums and piers operated by the North Carolina
 31 Aquariums, including:

- 32 (1) Gate admission fees.
- 33 (2) Facility rental fees.
- 34 (3) Educational programs.

35 (b) Fund. – The North Carolina Aquariums Fund is hereby created as a special ~~and~~
 36 ~~nonreverting~~ fund. The North Carolina Aquariums Fund shall be used for the following:

- 37 (1) ~~repair, Repair, renovation, expansion, maintenance, and educational exhibit~~
 38 ~~construction, and operational expenses~~ construction at existing aquariums,
 39 aquariums.
- 40 (2) ~~to pay~~ Payment of the debt service and lease payments related to the
 41 financing of expansions of aquariums, aquariums.
- 42 (3) ~~and to match~~ Matching of private funds that are raised for these purposes.

43 (c) Disposition of Fees. – All entrance fee receipts shall be credited to the ~~North~~
 44 ~~Carolina Aquariums Fund. Receipts so credited that are necessary to support the personnel and~~
 45 ~~operational expenses of the aquariums shall be transferred to the aquariums' General Fund~~
 46 ~~operating budget on a monthly basis.~~ budget. In each fiscal year, the Secretary may transfer the
 47 receipts from the North Carolina aquariums' General Fund to the North Carolina Aquariums
 48 Fund in an amount not to exceed the sum of the following:

- 49 (1) One million dollars (\$1,000,000).
- 50 (2) The amount needed to cover the expenses described by subdivision (2) of
 51 subsection (b) this section.

1 (d) Approval. – The Secretary may approve the use of the North Carolina Aquariums
 2 Fund for repair and renovation projects at the aquariums related facilities that comply with the
 3 following:

4 (1) The total project cost is less than two hundred fifty thousand dollars
 5 (\$250,000).

6 (2) The project meets the requirements of G.S. 143C-4-3(b).

7 ~~(d)(e) Report.~~ – The Division of North Carolina Aquariums shall submit to the ~~Joint~~
 8 ~~Legislative Commission on Governmental Operations,~~ the House and Senate Appropriations
 9 ~~Subcommittees on Natural and Economic Resources,~~ appropriations committees with
 10 jurisdiction over natural and economic resources, and the Fiscal Research Division by
 11 September 30 of each year a report on the North Carolina Aquariums Fund that shall include
 12 the source and amounts of all funds credited to the Fund and the purpose and amount of all
 13 expenditures from the Fund during the prior fiscal year.

14"

15 **SECTION 14.30.(o)** Part 38 of Article 2 of Chapter 143B of the General Statutes,
 16 as recodified by subsection (h) of this section, reads as rewritten:

17 "Part 38. North Carolina Parks and Recreation Authority.

18 **"§ 143B-135.200. North Carolina Parks and Recreation Authority; creation; powers and**
 19 **duties.**

20 The North Carolina Parks and Recreation Authority is created, to be administered by the
 21 Department of ~~Environment and~~ Natural and Cultural Resources. The North Carolina Parks and
 22 Recreation Authority shall have at least the following powers and duties:

23 (1) To receive public and private donations, appropriations, grants, and revenues
 24 for deposit into the Parks and Recreation Trust Fund.

25 (2) To allocate funds for land acquisition from the Parks and Recreation Trust
 26 Fund.

27 (3) To allocate funds for repairs, renovations, improvements, construction, and
 28 other capital projects from the Parks and Recreation Trust Fund.

29 (4) To solicit financial and material support from public and private sources.

30 (5) To develop effective public and private support for the programs and
 31 operations of the parks and recreation areas.

32 (6) To consider and to advise the Secretary of ~~Environment and~~ Natural and
 33 Cultural Resources on any matter the Secretary may refer to the North
 34 Carolina Parks and Recreation Authority.

35 **"§ 143B-135.202. North Carolina Parks and Recreation Authority; members; selection;**
 36 **compensation; meetings.**

37 (a) Membership. – The North Carolina Parks and Recreation Authority shall consist of
 38 nine members. The members shall include persons who are knowledgeable about park and
 39 recreation issues in North Carolina or with expertise in finance. In making appointments, each
 40 appointing authority shall specify under which subdivision of this subsection the person is
 41 appointed. Members shall be appointed as follows:

42 (1) One member appointed by the Governor.

43 (2) One member appointed by the Governor.

44 (3) One member appointed by the Governor.

45 ~~(3a) Repealed by Session Laws 2013-360, s. 14.5(a), effective July 1, 2013.~~

46 ~~(3b) Repealed by Session Laws 2013-360, s. 14.5(a), effective July 1, 2013.~~

47 (4) One member appointed by the General Assembly upon the recommendation
 48 of the Speaker of the House of Representatives, as provided in G.S. 120-121.

49 (5) One member appointed by the General Assembly upon the recommendation
 50 of the Speaker of the House of Representatives, as provided in G.S. 120-121.

- 1 (6) One member appointed by the General Assembly upon the recommendation
 2 of the Speaker of the House of Representatives, as provided in G.S. 120-121.
 3 ~~(7) Repealed by Session Laws 2013-360, s. 14.5(a), effective July 1, 2013.~~
 4 ~~(7a) Repealed by Session Laws 2013-360, s. 14.5(a), effective July 1, 2013.~~
 5 ~~(8)(7)~~ One member appointed by the General Assembly upon the recommendation
 6 of the President Pro Tempore of the Senate, as provided in G.S. 120-121.
 7 ~~(9)(8)~~ One member appointed by the General Assembly upon the recommendation
 8 of the President Pro Tempore of the Senate, as provided in G.S. 120-121.
 9 ~~(10)(9)~~ One member appointed by the General Assembly upon the recommendation
 10 of the President Pro Tempore of the Senate, as provided in G.S. 120-121.
 11 ~~(11) Repealed by Session Laws 2013-360, s. 14.5(a), effective July 1, 2013.~~
 12 ~~(12) Repealed by Session Laws 2013-360, s. 14.5(a), effective July 1, 2013.~~
 13 (b) Terms. – Members shall serve staggered terms of office of three years. Members
 14 shall serve no more than two consecutive three-year terms. After serving two consecutive
 15 three-year terms, a member is not eligible for appointment to the Authority for at least one year
 16 after the expiration date of that member's most recent term. Upon the expiration of a three-year
 17 term, a member may continue to serve until a successor is appointed and duly qualified as
 18 provided by G.S. 128-7. The terms of members appointed under subdivision (1), (5), or ~~(9)-(8)~~
 19 of subsection (a) of this section shall expire on July 1 of years that are evenly divisible by three.
 20 The terms of members appointed under subdivision (2), (4), or ~~(8)-(7)~~ of subsection (a) of this
 21 section shall expire on July 1 of years that follow by one year those years that are evenly
 22 divisible by three. The terms of members appointed under subdivision (3), (6), or ~~(10)-(9)~~ of
 23 subsection (a) of this section shall expire on July 1 of years that precede by one year those
 24 years that are evenly divisible by three.
 25 (c) Chair. – The Governor shall appoint one member of the North Carolina Parks and
 26 Recreation Authority to serve as Chair.
 27 (d) Vacancies. – A vacancy on the North Carolina Parks and Recreation Authority shall
 28 be filled by the appointing authority responsible for making the appointment to that position as
 29 provided in subsection (a) of this section. An appointment to fill a vacancy shall be for the
 30 unexpired balance of the term.
 31 (e) Removal. – The Governor may remove, as provided in Article 10 of Chapter 143C
 32 of the General Statutes any member of the North Carolina Parks and Recreation Authority
 33 appointed by the Governor for misfeasance, malfeasance, or nonfeasance. The General
 34 Assembly may remove any member of the North Carolina Parks and Recreation Authority
 35 appointed by the General Assembly for misfeasance, malfeasance, or nonfeasance.
 36 (f) Compensation. – The members of the North Carolina Parks and Recreation
 37 Authority shall receive per diem and necessary travel and subsistence expenses according to the
 38 provisions of G.S. 138-5.
 39 (g) Meetings. – The North Carolina Parks and Recreation Authority shall meet at least
 40 quarterly at a time and place designated by the Chair.
 41 (h) Quorum. – A majority of the North Carolina Parks and Recreation Authority shall
 42 constitute a quorum for the transaction of business.
 43 (i) Staff. – All clerical and other services required by the North Carolina Parks and
 44 Recreation Authority shall be provided by the Secretary of ~~Environment and Natural~~ and
 45 Cultural Resources."

46 **SECTION 14.30.(p)** Part 39 of Article 2 of Chapter 143B of the General Statutes,
 47 as recodified by subsection (i) of this section, reads as rewritten:

"Part 39. North Carolina Zoological Park Council.

48 **"§ 143B-135.205. North Carolina Zoological Park Council – creation; powers and duties.**
 49

1 There is hereby created the North Carolina Zoological Park Council of the Department of
 2 ~~Environment and Natural and Cultural~~ Resources. The North Carolina Zoological Park Council
 3 shall have the following functions and duties:

- 4 (1) To advise the Secretary on the basic concepts of and for the Zoological Park,
 5 approve conceptual plans for the Zoological Park and its ~~buildings; buildings.~~
 6 (2) To advise on the construction, furnishings, equipment and operations of the
 7 North Carolina Zoological ~~Park; Park.~~
 8 ~~(2a)(3)~~ To establish and set admission fees with the approval of the Secretary of
 9 ~~Environment and Natural and Cultural~~ Resources as provided in
 10 G.S. 143-177.3(b); G.S. 143B-135.213.
 11 ~~(3)(4)~~ To recommend programs to promote public appreciation of the North
 12 Carolina Zoological ~~Park; Park.~~
 13 ~~(4)(5)~~ To disseminate information on animals and the park as deemed
 14 ~~necessary; necessary.~~
 15 ~~(5)(6)~~ To develop effective public support of the North Carolina Zoological Park
 16 through whatever means are desirable and ~~necessary; necessary.~~
 17 ~~(6)(7)~~ To solicit financial and material support from various private sources within
 18 and without the State of North ~~Carolina; and Carolina.~~
 19 ~~(7)(8)~~ To advise the Secretary of ~~Environment and Natural~~ and Cultural Resources
 20 upon any matter the Secretary may refer to it.

21 "**§ 143B-135.207. North Carolina Zoological Park Council – members; selection;
 22 removal; chairman; compensation; quorum; services.**

23 The North Carolina Zoological Park Council of the Department of ~~Environment and~~
 24 ~~Natural and Cultural~~ Resources shall consist of 15 members appointed by the Governor, one of
 25 whom shall be the Chairman of the Board of Directors of the North Carolina Zoological
 26 Society.

27 ~~The initial members of the Council shall be the members of the Board of Directors of the~~
 28 ~~North Carolina Zoo Authority who shall serve for a period equal to the remainder of their~~
 29 ~~current terms on the Board of Directors of the North Carolina Zoological Authority, all of~~
 30 ~~whose terms expire July 15, 1975.~~ At the end of the respective terms of office of the initial
 31 members of the Council, the Governor, to achieve staggered terms, shall appoint five members
 32 for terms of two years, five members for terms of four years and five members for terms of six
 33 years. Thereafter, the appointment of their successors shall be for terms of six years and until
 34 their successors are appointed and qualify. Any appointment to fill a vacancy on the Council
 35 created by the resignation, dismissal, death or disability of a member shall be for the balance of
 36 the unexpired term.

37 The Governor shall have the power to remove any member of the Council from office in
 38 accordance with the provisions of G.S. 143B-16 of the Executive Organization Act of 1973.

39 The Governor shall designate a member of the Council to serve as chairman at his pleasure.

40 Members of the Council shall receive per diem and necessary travel and subsistence
 41 expenses in accordance with the provisions of G.S. 138-5.

42 A majority of the Council shall constitute a quorum for the transaction of business.

43 All clerical and other services required by the Council shall be supplied by the Secretary of
 44 ~~Environment and Natural and Cultural~~ Resources.

45 "**§ 143B-135.209. Special North Carolina Zoo Fund.**

46 ~~A special continuing and nonreverting fund, to be called the Special Zoo Fund, is created.~~
 47 ~~The North Carolina Zoological Park shall retain unbudgeted receipts at the end of each fiscal~~
 48 ~~year, beginning June 30, 1989, and deposit these receipts into this Fund. This Fund shall be~~
 49 ~~used for maintenance, repairs, and renovations of exhibits in existing habitat clusters and visitor~~
 50 ~~services facilities, construction of visitor services facilities and support facilities such as~~
 51 ~~greenhouses and temporary animal holding areas, for the replacement of tram equipment as~~

1 required to maintain adequate service to the public, and for marketing the Zoological Park. The
2 Special Zoo Fund may also be used to match private funds that are raised for these purposes.
3 Funds may be expended for these purposes by the Department of Environment and Natural
4 Resources on the advice of the North Carolina Zoological Park Council and with the approval
5 of the Office of State Budget and Management. The Department of Environment and Natural
6 Resources shall provide a report on or before October 1 of each year to the Office of State
7 Budget and Management, the Fiscal Research Division of the General Assembly, and to the
8 Joint Legislative Commission on Governmental Operations on the use of fees collected
9 pursuant to this section.

10 (a) Fund. – The North Carolina Zoo Fund is created as a special fund. The North
11 Carolina Zoo Fund shall be used for the following types of projects at the North Carolina
12 Zoological Park and to match private funds raised for these types of projects:

13 (1) Repair, renovation, expansion, maintenance, and educational exhibit
14 construction.

15 (2) Renovations of exhibits in habitat clusters, visitor services facilities, and
16 support facilities (including greenhouses and temporary animal holding
17 areas).

18 (3) The acquisition, maintenance, or replacement of tram equipment as required
19 to maintain adequate service to the public.

20 (b) Disposition of Fees. – All fee receipts shall be credited to the North Carolina
21 Zoological Park's General Fund operating budget. In each fiscal year, the Secretary may
22 transfer fee receipts from the North Carolina Zoological Park's General Fund to the North
23 Carolina Zoo Fund in an amount not to exceed one million dollars (\$1,000,000).

24 (c) Approval. – The Secretary may approve the use of the North Carolina Zoo Fund for
25 repair and renovation projects at the North Carolina Zoological Park recommended by the
26 Council that comply with the following:

27 (1) The total project cost is less than two hundred fifty thousand dollars
28 (\$250,000).

29 (2) The project meets the requirements of G.S. 143C-4-3(b).

30 (d) Report. – The Department shall submit to the House and Senate appropriations
31 committees with jurisdiction over natural and economic resources and the Fiscal Research
32 Division by September 30 of each year a report on the North Carolina Zoo Fund that shall
33 include the source and amounts of all funds credited to the Fund and the purpose and amount of
34 all expenditures from the Fund during the prior fiscal year."

35 **SECTION 14.30.(q)** G.S. 143B-135.210 through G.S. 143B-135.213, as recodified
36 by subsection (j) of this section, read as rewritten:

37 **"§ 143-135.210. Right to receive gifts.**

38 In order to carry out the purposes of this ~~Article, Part~~, the ~~Board Council~~ is authorized to
39 acquire by gift or will, absolutely or in trust, from individuals, corporations, or any other source
40 money or other property, or any interests in property, which may be retained, sold or otherwise
41 used to promote the purposes of this ~~Article, Part~~. The use of gifts shall be subject to such
42 limitations as may be imposed thereon by donors, notwithstanding any other provisions of this
43 ~~Article, Part~~.

44 **"§ 143-135.211. Tax exemption for gifts to North Carolina Zoological Park Fund, Park.**

45 All gifts made to the North Carolina Zoological Park for the purposes of this ~~Article, Part~~
46 shall be exempt from every form of taxation including, but not by the way of limitation, ad
47 valorem, intangible, gift, inheritance and income taxation. Proceeds from the sale of any
48 property acquired under the provisions of this ~~Article, Part~~ shall be deposited in the North
49 Carolina State treasury and shall be credited to the North Carolina Zoological Park.

50 **"§ 143-135.212. Cities and counties.**

1 Cities and counties are hereby authorized to expend funds derived from nontax sources and
2 to make gifts of surplus property, to assist in carrying out the purposes of this ~~Article~~Part.

3 **"§ 143-135.213. Sources of funds.**

4 (a) It is the intent of this ~~Article~~Part that the funds for the creation, establishment,
5 construction, operation and maintenance of the North Carolina Zoological Park shall be
6 obtained primarily from private sources; however, the Council under the supervision and
7 approval and with the assistance of the Secretary of ~~Environment and Natural~~ and Cultural
8 Resources is hereby authorized to receive and expend such funds as may from time to time
9 become available by appropriation or otherwise from the State of North Carolina; provided,
10 that the ~~North Carolina Zoological Park Council~~ shall not in any manner pledge the faith and
11 credit of the State of North Carolina for any of its purposes.

12 (b) The Council with the approval of the Secretary of ~~Environment and Natural~~ and
13 Cultural Resources is authorized to establish and set admission fees which are reasonable and
14 consistent with the purpose and function of the North Carolina Zoological Park."

15 **SECTION 14.30.(r)** Part 40 of Article 2 of Chapter 143B of the General Statutes,
16 as recodified by subsection (k) of this section, reads as rewritten:

17 "Part 40. ~~Advisory Commission for~~ North Carolina State Museum of Natural Sciences.

18 **"§ 143B-135.215. Commission created; membership.**

19 There is created an Advisory Commission for the North Carolina State Museum of Natural
20 Sciences which shall determine its own organization. It shall consist of at least nine members,
21 which shall include the Director of the North Carolina State Museum of Natural Sciences, the
22 Commissioner of Agriculture, the State Geologist and Secretary of ~~Environment and Natural~~
23 and Cultural Resources, the Director of the Institute of Fisheries Research of the University of
24 North Carolina, the Director of the Wildlife Resources Commission, the Superintendent of
25 Public Instruction, or qualified representative of any or all of the above-named members, and at
26 least three persons representing the East, the Piedmont, and the Western areas of the State.
27 Members appointed by the Governor shall serve for four-year staggered terms. Terms shall
28 begin on 1 September. Members appointed by the Governor shall not serve more than three
29 consecutive four-year terms. Any member may be removed by the Governor for cause.

30 ...

31 **"§ 143B-135.221. Reports to General Assembly.**

32 The Commission shall prepare and submit a report outlining the needs of the North
33 Carolina State Museum of Natural Sciences and recommendations for improvement of the
34 effectiveness of the North Carolina State Museum of Natural Sciences for the purpose
35 hereinabove set forth to ~~the 1995 General Assembly, and to each succeeding the~~ General
36 Assembly, to the Fiscal Research Division of the General Assembly, and to the Joint
37 Legislative Commission on Governmental Operations on or before October 1 of each year.

38 **"§ 143B-135.223. Museum of Natural Sciences; disposition of objects.**

39 Notwithstanding Article 3A of Chapter 143 of the General Statutes, G.S. 143-49(4), or any
40 other law pertaining to surplus State property, the Department of ~~Environment and Natural~~ and
41 Cultural Resources may sell or exchange any object from the collection of the Museum of
42 Natural Sciences when it would be in the best interest of the Museum to do so. Sales or
43 exchanges shall be conducted in accordance with generally accepted practices for accredited
44 museums. If an object is sold, the net proceeds of the sale shall be deposited in the State
45 treasury to the credit of a special fund to be used for the improvement of the Museum's
46 collections or exhibits.

47 **"§ 143B-135.225. Museum of Natural Sciences; fees; fund.**

48 (a) Fund. – The North Carolina Museum of Natural Sciences Fund is created as a
49 special fund. The North Carolina Museum of Natural Sciences Fund shall be used for repair,
50 renovation, expansion, maintenance, and educational exhibit construction at the North Carolina
51 Museum of Natural Sciences and to match private funds raised for these projects.

1 (b) Disposition of Fees. – All fee receipts shall be credited to the North Carolina
 2 Museum of Natural Sciences' General Fund operating budget. In each fiscal year, the Secretary
 3 may transfer fee receipts from the North Carolina Museum of Natural Sciences' General Fund
 4 to the North Carolina Museum Fund in an amount not to exceed one million dollars
 5 (\$1,000,000).

6 (c) Approval. – The Secretary may approve the use of the North Carolina Museum of
 7 Natural Sciences Fund for repair and renovation projects at the North Carolina Museum of
 8 Natural Sciences recommended by the Advisory Council that comply with the following:

9 (1) The total project cost is less than two hundred fifty thousand dollars
 10 (\$250,000).

11 (2) The project meets the requirements of G.S. 143C-4-3(b).

12 (d) Report. – The Department shall submit to the House and Senate appropriations
 13 committees with jurisdiction over natural and economic resources and the Fiscal Research
 14 Division by September 30 of each year a report on the North Carolina Museum Fund that shall
 15 include the source and amounts of all funds credited to the Fund and the purpose and amount of
 16 all expenditures from the Fund during the prior fiscal year.

17 **"§ 143B-135.229. North Carolina Museum of Forestry; Museum of Natural Sciences at**
 18 **Whiteville; satellite museum.**

19 The Department of ~~Environment and~~ Natural and Cultural Resources shall establish and
 20 administer the North Carolina Museum of ~~Forestry~~ Museum of Natural Sciences at Whiteville
 21 in Columbus County as a satellite museum of the North Carolina State Museum of Natural
 22 Sciences."
 23

24 CHANGES TO STATUTORY REFERENCES TO DEPARTMENTS

25 **SECTION 14.30.(s)** The following statutes are amended by deleting the language
 26 "Department of Cultural Resources" wherever it appears and substituting "Department of
 27 Natural and Cultural Resources": G.S. 7A-343.1, G.S. 7B-3000, G.S. 8-6, G.S. 8-7, G.S. 8-34,
 28 G.S. 14-76.1, G.S. 15C-7, G.S. 20-79.4, G.S. 20-81.12, G.S. 62-102, G.S. 65-85, G.S. 70-2,
 29 G.S. 70-13, G.S. 70-13.1, G.S. 70-16, G.S. 70-18, G.S. 70-19, G.S. 70-20, G.S. 70-28,
 30 G.S. 70-31, G.S. 70-48, G.S. 70-49, G.S. 70-50, G.S. 70-51, G.S. 70-52, G.S. 75D-5,
 31 G.S. 97-24, G.S. 100-2, G.S. 102-17, G.S. 105-129.36A, G.S. 105-256, G.S. 111-28,
 32 G.S. 111-47.2, G.S. 115C-218.25, G.S. 120-37, G.S. 121-2, G.S. 121-3, G.S. 121-4,
 33 G.S. 121-4.1, G.S. 121-5, G.S. 121-5.1, G.S. 121-6, G.S. 121-7, G.S. 121-7.1, G.S. 121-7.2,
 34 G.S. 121-7.3, G.S. 121-7.4, G.S. 121-7.5, G.S. 121-7.6, G.S. 121-8, G.S. 121-9, G.S. 121-9.1,
 35 G.S. 121-10, G.S. 121-11, G.S. 121-12, G.S. 121-12.1, G.S. 121-12.2, G.S. 121-13,
 36 G.S. 121-14, G.S. 121-15, G.S. 121-16, G.S. 121-18, G.S. 121-20, G.S. 121-23, G.S. 121-24,
 37 G.S. 121-25, G.S. 121-25.1, G.S. 121-26, G.S. 121-27, G.S. 125-1, G.S. 125-2, G.S. 125-5,
 38 G.S. 125-7, G.S. 125-8, G.S. 125-10, G.S. 125-11.8, G.S. 125-14, G.S. 126-5, G.S. 130A-93,
 39 G.S. 132-3, G.S. 132-4, G.S. 132-8, G.S. 132-8.1, G.S. 132-8.2, G.S. 136-42.1, G.S. 136-42.2,
 40 G.S. 136-42.3, G.S. 136-43.1, G.S. 140-5.12, G.S. 140-5.13, G.S. 140-5.14, G.S. 142-13,
 41 G.S. 143-138, G.S. 143-268, G.S. 143-300, G.S. 143-406, G.S. 143-410, G.S. 143-411,
 42 G.S. 143-431, G.S. 143-432, G.S. 143-640, G.S. 143-641, G.S. 143-642, G.S. 143-675,
 43 G.S. 143-676, G.S. 143-677, G.S. 143B-2, G.S. 143B-6, G.S. 143B-49, G.S. 143B-51,
 44 G.S. 143B-53.1, G.S. 143B-53.2, G.S. 143B-53.3, G.S. 143B-62, G.S. 143B-63, G.S. 143B-67,
 45 G.S. 143B-68, G.S. 143B-71, G.S. 143B-72, G.S. 143B-73, G.S. 143B-73.1, G.S. 143B-74,
 46 G.S. 143B-74.2, G.S. 143B-79, G.S. 143B-85, G.S. 143B-87.2, G.S. 143B-90, G.S. 143B-95,
 47 G.S. 143B-111, G.S. 143B-121, G.S. 143B-123, G.S. 143B-124, G.S. 143B-125,
 48 G.S. 143B-126, G.S. 143B-127, G.S. 143B-131.1, G.S. 143B-131.2, G.S. 143B-131.8A,
 49 G.S. 143B-131.9, G.S. 143B-133, G.S. 143B-135, G.S. 143B-181, G.S. 143B-417,
 50 G.S. 143B-948, G.S. 150B-1, G.S. 153A-266, G.S. 153A-373, G.S. 160A-400.4,
 51 G.S. 160A-400.6, G.S. 160A-433, G.S. 161-11.5, G.S. 163-82.10, G.S. 163-278.22,

1 G.S. 163-278.30. In any other instances in the General Statutes in which there is a reference to
2 the Department of Cultural Resources or a derivative thereof, the Revisor of Statutes may
3 replace that reference with a reference to the Department of Natural and Cultural Resource, as
4 appropriate.

5 **SECTION 14.30.(t)** The following statutes are amended by deleting the language
6 "Secretary of Cultural Resources" wherever it appears and substituting "Secretary of Natural
7 and Cultural Resources": G.S. 20-79.5, G.S. 47-16.5, G.S. 116B-70, G.S. 121-2, G.S. 121-9,
8 G.S. 121-10, G.S. 121-12.2, G.S. 125-2, G.S. 125-9, G.S. 125-11.11, G.S. 132-8,
9 G.S. 136-43.1, G.S. 140-5.14, G.S. 140-5.15, G.S. 143-200, G.S. 143-201, G.S. 143-204.8,
10 G.S. 143-675, G.S. 143-676, G.S. 143B-52, G.S. 143B-62, G.S. 143B-63, G.S. 143B-72,
11 G.S. 143B-74, G.S. 143B-74.1, G.S. 143B-79, G.S. 143B-80, G.S. 143B-83, G.S. 143B-84,
12 G.S. 143B-87, G.S. 143B-88, G.S. 143B-90, G.S. 143B-91, G.S. 143B-97, G.S. 143B-98,
13 G.S. 143B-99, G.S. 143B-101, G.S. 143B-102, G.S. 143B-105, G.S. 143B-106,
14 G.S. 143B-109, G.S. 143B-110, G.S. 143B-114, G.S. 143B-115, G.S. 143B-131.2,
15 G.S. 143B-133, G.S. 143B-135, G.S. 147-54.3, G.S. 153A-267. In any other instances in the
16 General Statutes in which there is a reference to the Secretary of Cultural Resources or a
17 derivative thereof, the Revisor of Statutes may replace that reference with a reference to the
18 Secretary of Natural and Cultural Resources, as appropriate.

19 **SECTION 14.30.(u)** The following statutes are amended by deleting the language
20 "Department of Environment and Natural Resources" wherever it appears and substituting
21 "Department of Environmental Quality": G.S. 14-86.2, G.S. 14-137, G.S. 15A-1343,
22 G.S. 18B-902, G.S. 20-85, G.S. 20-128, G.S. 20-183.7, G.S. 62-102, G.S. 62-110.1,
23 G.S. 62-133.6, G.S. 62-133.8, G.S. 62-302.1, G.S. 69-25.5, G.S. 74-38, G.S. 74-49, G.S. 74-53,
24 G.S. 74-76, G.S. 75A-17, G.S. 76-40, G.S. 77-90, G.S. 77-95, G.S. 77-114, G.S. 77-125,
25 G.S. 77-127, G.S. 77-141, G.S. 77-142, G.S. 87-85, G.S. 87-95, G.S. 87-97, G.S. 87-98.2,
26 G.S. 90A-21, G.S. 90A-25, G.S. 90A-47.3, G.S. 95-225, G.S. 100-2, G.S. 104E-7,
27 G.S. 104E-15, G.S. 104E-24, G.S. 105-122, G.S. 105-129.81, G.S. 105-130.10,
28 G.S. 105-187.24, G.S. 105-187.63, G.S. 105-259, G.S. 105-275, G.S. 105-277.13,
29 G.S. 105-449.107, G.S. 106-24, G.S. 106-143, G.S. 106-678, G.S. 106-762, G.S. 106-805,
30 G.S. 106-806, G.S. 106-860, G.S. 110-92, G.S. 110-142.2, G.S. 113-1, G.S. 113-3, G.S. 113-8,
31 G.S. 113-8.01, G.S. 113-14.1, G.S. 113-14.3, G.S. 113-16, G.S. 113-17, G.S. 113-18,
32 G.S. 113-19, G.S. 113-20, G.S. 113-21, G.S. 113-25, G.S. 113-26.1, G.S. 113-128,
33 G.S. 113-168, G.S. 113-174, G.S. 113-251, G.S. 113-300.6, G.S. 113-378, G.S. 113-389,
34 G.S. 113-425, G.S. 113A-52, G.S. 113A-103, G.S. 113A-104, G.S. 113A-113, G.S. 113A-118,
35 G.S. 113A-129.2, G.S. 113A-134.11, G.S. 113A-134.12, G.S. 113A-153, G.S. 113A-164.12,
36 G.S. 113A-167, G.S. 113A-168, G.S. 113A-169, G.S. 113A-170, G.S. 113A-221,
37 G.S. 113A-230, G.S. 113A-231, G.S. 113A-232, G.S. 113A-235, G.S. 113A-253,
38 G.S. 113A-255, G.S. 113B-2, G.S. 113B-6, G.S. 113B-11, G.S. 113B-30, G.S. 115C-522,
39 G.S. 120-70.43, G.S. 120-76, G.S. 121-4, G.S. 126-5, G.S. 128-1.1, G.S. 130A-1.1,
40 G.S. 130A-4, G.S. 130A-24, G.S. 130A-26.1, G.S. 130A-33.50, G.S. 130A-47,
41 G.S. 130A-131.7, G.S. 130A-290, G.S. 130A-295.9, G.S. 130A-301, G.S. 130A-309.14,
42 G.S. 130A-309.140, G.S. 130A-310.60, G.S. 130A-313, G.S. 130A-336, G.S. 130A-481,
43 G.S. 136-21, G.S. 136-28.8, G.S. 136-44.7B, G.S. 136-44.7D, G.S. 136-44.36D, G.S. 136-123,
44 G.S. 136-202, G.S. 139-8, G.S. 139-46, G.S. 143-58.2, G.S. 143-58.4, G.S. 143-64.11,
45 G.S. 143-64.12, G.S. 143-64.17F, G.S. 143-64.17G, G.S. 143-64.17H, G.S. 143-138,
46 G.S. 143-166.13, G.S. 143-211, G.S. 143-212, G.S. 143-214.7A, G.S. 143-214.8,
47 G.S. 143-214.13, G.S. 143-214.25A, G.S. 143-215.8D, G.S. 143-215.9B, G.S. 143-215.9C,
48 G.S. 143-215.73A, G.S. 143-215.77, G.S. 143-215.94I, G.S. 143-215.94L,
49 G.S. 143-215.94HH, G.S. 143-215.107B, G.S. 143-215.107C, G.S. 143-228.10, G.S. 143-240,
50 G.S. 143-252, G.S. 143-253, G.S. 143-286.1, G.S. 143-289, G.S. 143-320, G.S. 143-323,
51 G.S. 143-350, G.S. 143-355, G.S. 143-355.2, G.S. 143-436, G.S. 143-439, G.S. 143B-2,

1 G.S. 143B-6, G.S. 143B-131.2, G.S. 143B-181, G.S. 143B-279.1, G.S. 143B-279.2,
2 G.S. 143B-279.3, G.S. 143B-279.4, G.S. 143B-279.5, G.S. 143B-279.7, G.S. 143B-279.8,
3 G.S. 143B-279.9, G.S. 143B-279.10, G.S. 143B-279.11, G.S. 143B-279.12, G.S. 143B-279.13,
4 G.S. 143B-279.14, G.S. 143B-279.15, G.S. 143B-279.16, G.S. 143B-279.17, G.S. 143B-281.1,
5 G.S. 143B-282, G.S. 143B-282.1, G.S. 143B-283, G.S. 143B-284, G.S. 143B-285,
6 G.S. 143B-285.22, G.S. 143B-289.50, G.S. 143B-289.51, G.S. 143B-289.52,
7 G.S. 143B-289.61, G.S. 143B-290, G.S. 143B-293.1, G.S. 143B-298, G.S. 143B-299,
8 G.S. 143B-300, G.S. 143B-301, G.S. 143B-301.1, G.S. 143B-301.10, G.S. 143B-324.1,
9 G.S. 143B-324.2, G.S. 143B-344.34, G.S. 143B-344.35, G.S. 143B-344.36, G.S. 143B-344.37,
10 G.S. 143B-344.38, G.S. 143B-344.44, G.S. 143B-344.50, G.S. 143B-344.55, G.S. 143B-417,
11 G.S. 143B-431.01, G.S. 143B-437, G.S. 143B-437.01, G.S. 146-8, G.S. 147-33.104A,
12 G.S. 148-10, G.S. 150B-1, G.S. 150B-19.3, G.S. 153A-136, G.S. 153A-226, G.S. 153A-421,
13 G.S. 156-59, G.S. 156-74, G.S. 156-76, G.S. 156-83, G.S. 159G-20, G.S. 159C-7, G.S. 159D-7,
14 G.S. 159G-70, G.S. 159I-3, G.S. 162A-23, G.S. 162A-24, G.S. 162A-25, G.S. 162A-29,
15 G.S. 162A-30, G.S. 162A-33, G.S. 162A-35, G.S. 166A-19.3, G.S. 166A-26. In any other
16 instances in the General Statutes in which there is a reference to the Department of
17 Environment and Natural Resources or a derivative thereof, the Revisor of Statutes may replace
18 that reference with a reference to the Department of Environmental Quality, as appropriate.

19 **SECTION 14.30.(v)** The following statutes are amended by deleting the language
20 "Secretary of Environment and Natural Resources" wherever it appears and substituting
21 "Secretary of Environmental Quality": G.S. 7A-29, G.S. 20-79.5, G.S. 47C-3-122,
22 G.S. 47F-3-122, G.S. 58-78-1, G.S. 62-133.6, G.S. 68-43, G.S. 77-95, G.S. 77-114,
23 G.S. 77-130, G.S. 87-94, G.S. 87-95, G.S. 87-98.2, G.S. 90A-21, G.S. 90A-22, G.S. 90A-23,
24 G.S. 90A-24, G.S. 90A-25.1, G.S. 90A-28, G.S. 90A-30, G.S. 90A-37, G.S. 90A-38,
25 G.S. 90A-39, G.S. 90A-43, G.S. 104E-5, G.S. 104E-17, G.S. 105-129.83, G.S. 105-187.84,
26 G.S. 105-259, G.S. 106-744, G.S. 113-1, G.S. 113-128, G.S. 113-182.1, G.S. 113-221.4,
27 G.S. 113-300.7, G.S. 113A-24, G.S. 113A-52, G.S. 113A-103, G.S. 113A-107,
28 G.S. 113A-115.1, G.S. 113A-164.3, G.S. 113A-166, G.S. 113A-208, G.S. 113A-212,
29 G.S. 113A-221, G.S. 113A-234, G.S. 113A-241, G.S. 113A-258, G.S. 113A-259, G.S. 113B-2,
30 G.S. 113B-3, G.S. 120-150, G.S. 130A-4, G.S. 130A-17, G.S. 130A-18, G.S. 130A-19,
31 G.S. 130A-20, G.S. 130A-22, G.S. 130A-23, G.S. 130A-27, G.S. 130A-47, G.S. 130A-290,
32 G.S. 130A-301, G.S. 130A-313, G.S. 130A-334, G.S. 136-102.3, G.S. 143-58.4, G.S. 143-212,
33 G.S. 143-215.8D, G.S. 143-215.18, G.S. 143-215.22L, G.S. 143-215.40, G.S. 143-215.70,
34 G.S. 143-215.77, G.S. 143-215.86, G.S. 143-215.94HH, G.S. 143-215.107D,
35 G.S. 143-215.126, G.S. 143-243, G.S. 143-320, G.S. 143-726, G.S. 143B-86, G.S. 143B-115,
36 G.S. 143B-279.4, G.S. 143B-279.5, G.S. 143B-279.7, G.S. 143B-279.8, G.S. 143B-281.1,
37 G.S. 143B-282.1, G.S. 143B-283, G.S. 143B-285.23, G.S. 143B-289.50, G.S. 143B-289.53,
38 G.S. 143B-291, G.S. 143B-293.2, G.S. 143B-300, G.S. 143B-301, G.S. 143B-324.1,
39 G.S. 143B-407, G.S. 143B-411.1, G.S. 143B-426.25, G.S. 143B-431.01, G.S. 148-26,
40 G.S. 153A-301, G.S. 158-7.3, G.S. 159G-20, G.S. 159I-7, G.S. 160A-515.1, G.S. 162A-33,
41 G.S. 162A-35. In any other instances in the General Statutes in which there is a reference to the
42 Secretary of Environment and Natural Resources or a derivative thereof, the Revisor of Statutes
43 may replace that reference with a reference to the Secretary of Environmental Quality, as
44 appropriate.

45 **SECTION 14.30.(w)** The following statutes are amended by deleting the language
46 "Department of Environment and Natural Resources" wherever it appears and substituting
47 "Department of Natural and Cultural Resources": G.S. 100-11, G.S. 100-12, G.S. 100-13,
48 G.S. 100-14, G.S. 146-30. In any other instances in the General Statutes in which there is a
49 reference to the Department of Environment and Natural Resources or a derivative thereof, the
50 Revisor of Statutes may replace that reference with a reference to the Department of Natural
51 and Cultural Resources, as appropriate.

1 **SECTION 14.30.(x)** The following statutes are amended by deleting the language
2 "Secretary of the Department of Cultural Resources" wherever it appears and substituting
3 "Secretary of Natural and Cultural Resources": G.S. 70-1, G.S. 70-3, G.S. 70-4,
4 G.S. 113A-259, G.S. 116-37.1, G.S. 116-65, G.S. 121-13, G.S. 132-5.1, G.S. 143-640,
5 G.S. 143B-53.2, G.S. 143B-131.1, G.S. 143B-131.2, G.S. 143B-131.6, G.S. 143B-131.9. In
6 any other instances in the General Statutes in which there is a reference to the Secretary of the
7 Department of Cultural Resources or a derivative thereof, the Revisor of Statutes may replace
8 that reference with a reference to the Secretary of Natural and Cultural Resources, as
9 appropriate.

10 **SECTION 14.30.(y)** The following statutes are amended by deleting the language
11 "Secretary of the Department of Environment and Natural Resources" wherever it appears and
12 substituting "Secretary of Environmental Quality": G.S. 113-173.1, G.S. 127C-2. In any other
13 instances in the General Statutes in which there is a reference to the Secretary of the
14 Department of Environment and Natural Resources or a derivative thereof, the Revisor of
15 Statutes may replace that reference with a reference to the Secretary of Environmental Quality,
16 as appropriate.

17 18 **CONFORMING CHANGES**

19 **SECTION 14.30.(z)** The following statutes are amended by deleting the language
20 "Article 2C of Chapter 113" wherever it appears and substituting "Part 32 of Article 7 of
21 Chapter 143B": G.S. 20-81.12, G.S. 143-260.10, G.S. 143B-260.10C, G.S. 143B-260.10D,
22 G.S. 143B-260.10E.

23 **SECTION 14.30.(aa)** The following statutes are amended by deleting the language
24 "G.S. 113-44.14" wherever it appears and substituting "G.S. 143B-135.54": G.S. 143-260.10,
25 G.S. 143B-260.10C, G.S. 143B-260.10D, G.S. 143B-260.10G.

26 **SECTION 14.30.(bb)** G.S. 14-131 reads as rewritten:

27 **"§ 14-131. Trespass on land under option by the federal government.**

28 On lands under option which have formally or informally been offered to and accepted by
29 either the North Carolina Department of ~~Environment and Natural and Cultural Resources~~ or
30 the Department of Environmental Quality by the acquiring federal agency and tentatively
31 accepted by ~~said a~~ Department for administration as State forests, State parks, State game
32 refuges or for other public purposes, it shall be unlawful to cut, dig, break, injure or remove any
33 timber, lumber, firewood, trees, shrubs or other plants; or any fence, house, barn or other
34 structure; or to pursue, trap, hunt or kill any bird or other wild animals or take fish from streams
35 or lakes within the boundaries of such areas without the written consent of the local official of
36 the United States having charge of the acquisition of such lands.

37 Any person, firm or corporation convicted of the violation of this section shall be guilty of a
38 Class 3 misdemeanor.

39 The Department of ~~Environment and Natural Resources~~ Environmental Quality through its
40 legally appointed forestry, fish and game wardens is hereby authorized and empowered to assist
41 the county law-enforcement officers in the enforcement of this section."

42 **SECTION 14.30.(cc)** G.S. 14-415.11(c1) reads as rewritten:

43 "(c1) Any person who has a concealed handgun permit may carry a concealed handgun on
44 the grounds or waters of a park within the State Parks System as defined in
45 ~~G.S. 113-44.9~~ G.S. 143B-135.44."

46 **SECTION 14.30.(dd)** G.S. 20-79.7(b) reads as rewritten:

47 "(b) Distribution of Fees. – The Special Registration Plate Account and the Collegiate
48 and Cultural Attraction Plate Account are established within the Highway Fund. The Division
49 must credit the additional fee imposed for the special registration plates listed in subsection (a)
50 of this section among the Special Registration Plate Account (SRPA), the Collegiate and
51 Cultural Attraction Plate Account (CCAPA), the Clean Water Management Trust Fund

1 (CWMTF), which is established under G.S. 113A-253, and the Parks and Recreation Trust
2 Fund, which is established under ~~G.S. 113-44.15~~, G.S. 143B-135.56, as follows:

3"

4 **SECTION 14.30.(ee)** G.S. 20-125(b) reads as rewritten:

5 "(b) Every vehicle owned or operated by a police department or by the Department of
6 Public Safety including the State Highway Patrol or by the Wildlife Resources Commission or
7 the Division of Marine Fisheries, ~~Fisheries of the Department of Environmental Quality~~, or by
8 the Division of Parks and Recreation of the Department of ~~Environment and Natural~~ Cultural
9 Resources, or by the North Carolina Forest Service of the Department of Agriculture
10 and Consumer Services, and used exclusively for law enforcement, firefighting, or other
11 emergency response purposes, or by the Division of Emergency Management, or by a fire
12 department, either municipal or rural, or by a fire patrol, whether such fire department or patrol
13 be a paid organization or a voluntary association, vehicles used by an organ procurement
14 organization or agency for the recovery and transportation of human tissues and organs for
15 transplantation, and every ambulance or emergency medical service emergency support vehicle
16 used for answering emergency calls, shall be equipped with special lights, bells, sirens, horns or
17 exhaust whistles of a type approved by the Commissioner of Motor Vehicles.

18 The operators of all such vehicles so equipped are hereby authorized to use such equipment
19 at all times while engaged in the performance of their duties and services, both within their
20 respective corporate limits and beyond.

21 In addition to the use of special equipment authorized and required by this subsection, the
22 chief and assistant chiefs of any police department or of any fire department, whether the same
23 be municipal or rural, paid or voluntary, county fire marshals, assistant fire marshals, transplant
24 coordinators, and emergency management coordinators, are hereby authorized to use such
25 special equipment on privately owned vehicles operated by them while actually engaged in the
26 performance of their official or semiofficial duties or services either within or beyond their
27 respective corporate limits.

28 And vehicles driven by law enforcement officers of the North Carolina Division of Motor
29 Vehicles shall be equipped with a bell, siren, or exhaust whistle of a type approved by the
30 Commissioner, and all vehicles owned and operated by the State Bureau of Investigation for
31 the use of its agents and officers in the performance of their official duties may be equipped
32 with special lights, bells, sirens, horns or exhaust whistles of a type approved by the
33 Commissioner of Motor Vehicles.

34 Every vehicle used or operated for law enforcement purposes by the sheriff or any salaried
35 deputy sheriff or salaried rural policeman of any county, whether owned by the county or not,
36 may be, but is not required to be, equipped with special lights, bells, sirens, horns or exhaust
37 whistles of a type approved by the Commissioner of Motor Vehicles. Such special equipment
38 shall not be operated or activated by any person except by a law enforcement officer while
39 actively engaged in performing law enforcement duties.

40 In addition to the use of special equipment authorized and required by this subsection, the
41 chief and assistant chiefs of each emergency rescue squad which is recognized or sponsored by
42 any municipality or civil preparedness agency, are hereby authorized to use such special
43 equipment on privately owned vehicles operated by them while actually engaged in their
44 official or semiofficial duties or services either within or beyond the corporate limits of the
45 municipality which recognizes or sponsors such organization."

46 **SECTION 14.30.(ff)** G.S. 20-130.1(b)(18) reads as rewritten:

47 "(b) The provisions of subsection (a) of this section do not apply to the following:

48 ...

49 (18) A vehicle operated by the Division of Marine Fisheries of the Department of
50 Environmental Quality or the Division of Parks and Recreation of the

1 Department of ~~Environment and Natural~~ and Cultural Resources that is used
2 for law enforcement, firefighting, or other emergency response purpose."

3 **SECTION 14.30.(gg)** G.S. 20-145 reads as rewritten:

4 "**§ 20-145. When speed limit not applicable.**

5 The speed limitations set forth in this Article shall not apply to vehicles when operated with
6 due regard for safety under the direction of the police in the chase or apprehension of violators
7 of the law or of persons charged with or suspected of any such violation, nor to fire department
8 or fire patrol vehicles when traveling in response to a fire alarm, nor to public or private
9 ambulances and rescue squad emergency service vehicles when traveling in emergencies, nor
10 to vehicles operated by county fire marshals and civil preparedness coordinators when traveling
11 in the performances of their duties, nor to any of the following when either operated by a law
12 enforcement officer in the chase or apprehension of violators of the law or of persons charged
13 with or suspected of any such violation, when traveling in response to a fire alarm, or for other
14 emergency response purposes: (i) a vehicle operated by the Division of Marine Fisheries of the
15 Department of Environmental Quality or the Division of Parks and Recreation of the
16 Department of ~~Environment and Natural~~ and Cultural Resources or (ii) a vehicle operated by
17 the North Carolina Forest Service of the Department of Agriculture and Consumer Services.
18 This exemption shall not, however, protect the driver of any such vehicle from the consequence
19 of a reckless disregard of the safety of others."

20 **SECTION 14.30.(hh)** G.S. 20-156(b) reads as rewritten:

21 "(b) The driver of a vehicle upon the highway shall yield the right-of-way to police and
22 fire department vehicles and public and private ambulances, vehicles used by an organ
23 procurement organization or agency for the recovery or transportation of human tissues and
24 organs for transplantation or a vehicle operated by a transplant coordinator who is an employee
25 of an organ procurement organization or agency when the transplant coordinator is responding
26 to a call to recover or transport human tissues or organs for transplantation, and to rescue squad
27 emergency service vehicles and vehicles operated by county fire marshals and civil
28 preparedness coordinators, and to a vehicle operated by the Division of Marine Fisheries of the
29 Department of Environmental Quality or the Division of Parks and Recreation of the
30 Department of ~~Environment and Natural~~ and Cultural Resources when used for law
31 enforcement, firefighting, or other emergency response purpose, and to a vehicle operated by
32 the North Carolina Forest Service of the Department of Agriculture and Consumer Services
33 when used for a law enforcement, firefighting, or other emergency response purpose, when the
34 operators of said vehicles are giving a warning signal by appropriate light and by bell, siren or
35 exhaust whistle audible under normal conditions from a distance not less than 1,000 feet. When
36 appropriate warning signals are being given, as provided in this subsection, an emergency
37 vehicle may proceed through an intersection or other place when the emergency vehicle is
38 facing a stop sign, a yield sign, or a traffic light which is emitting a flashing strobe signal or a
39 beam of steady or flashing red light. This provision shall not operate to relieve the driver of a
40 police or fire department vehicle, or a vehicle owned or operated by the Department of
41 Environment and Natural Resources, or the Department of Agriculture and Consumer Services,
42 or public or private ambulance or vehicles used by an organ procurement organization or
43 agency for the recovery or transportation of human tissues and organs for transplantation or a
44 vehicle operated by a transplant coordinator who is an employee of an organ procurement
45 organization or agency when the transplant coordinator is responding to a call to recover or
46 transport human tissues or organs for transplantation, or rescue squad emergency service
47 vehicle or county fire marshals or civil preparedness coordinators from the duty to drive with
48 due regard for the safety of all persons using the highway, nor shall it protect the driver of any
49 such vehicle or county fire marshal or civil preparedness coordinator from the consequence of
50 any arbitrary exercise of such right-of-way."

51 **SECTION 14.30.(ii)** G.S. 20-157(a) reads as rewritten:

1 (a) Upon the approach of any law enforcement or fire department vehicle or public or
 2 private ambulance or rescue squad emergency service vehicle, or a vehicle operated by the
 3 Division of Marine ~~Fisheries~~, Fisheries of the Department of Environmental Quality, or the
 4 Division of Parks and Recreation of the Department of ~~Environment and Natural~~ and Cultural
 5 Resources, or the North Carolina Forest Service of the Department of Agriculture and
 6 Consumer Services when traveling in response to a fire alarm or other emergency response
 7 purpose, giving warning signal by appropriate light and by audible bell, siren or exhaust
 8 whistle, audible under normal conditions from a distance not less than 1000 feet, the driver of
 9 every other vehicle shall immediately drive the same to a position as near as possible and
 10 parallel to the right-hand edge or curb, clear of any intersection of streets or highways, and
 11 shall stop and remain in such position unless otherwise directed by a law enforcement or traffic
 12 officer until the law enforcement or fire department vehicle, or the vehicle operated by the
 13 Division of Marine ~~Fisheries~~, Fisheries of the Department of Environmental Quality, or the
 14 Division of Parks and Recreation of the Department of ~~Environment and Natural~~ and Cultural
 15 Resources, or the North Carolina Forest Service of the Department of Agriculture and
 16 Consumer Services, or the public or private ambulance or rescue squad emergency service
 17 vehicle shall have passed. Provided, however, this subsection shall not apply to vehicles
 18 traveling in the opposite direction of the vehicles herein enumerated when traveling on a
 19 four-lane limited access highway with a median divider dividing the highway for vehicles
 20 traveling in opposite directions, and provided further that the violation of this subsection shall
 21 be negligence per se. Violation of this subsection is a Class 2 misdemeanor."

22 **SECTION 14.30.(jj)** G.S. 66-58 reads as rewritten:

23 **"§ 66-58. Sale of merchandise or services by governmental units.**

24 ...
 25 (b) The provisions of subsection (a) of this section shall not apply to:

26 ...
 27 (9) The Department of ~~Environment and Natural Resources~~, except that the
 28 ~~Department shall not construct, maintain, operate or lease a hotel or tourist~~
 29 ~~inn in any park over which it has jurisdiction.~~ Environmental Quality. The
 30 North Carolina Wildlife Resources Commission may sell wildlife
 31 memorabilia as a service to members of the public interested in wildlife
 32 conservation.

33 ...
 34 (9b) The Department of Natural and Cultural Resources for the sale of food
 35 pursuant to G.S. 111-47.2 and the sale of books, crafts, gifts, and other
 36 tourism-related items and revenues from public and private special events,
 37 activities, and programming at historic sites and museums administered by
 38 the Department, provided that the resulting profits are used to support the
 39 operation of historic sites or ~~museums~~ museums and provided further that
 40 the Department shall not construct, maintain, operate, or lease a hotel or
 41 tourist inn in any park over which it has jurisdiction.

42 ...
 43 (c) The provisions of subsection (a) shall not prohibit:

44 ...
 45 (2) The sale of learned journals, works of art, books or publications of the
 46 Department of Natural and Cultural Resources or other agencies, or the
 47 Supreme Court Reports or Session Laws of the General Assembly.

48 ...
 49 (9b) The Department of Natural and Cultural Resources for the sale of food
 50 pursuant to G.S. 111-47.2 and the sale of books, crafts, gifts, and other
 51 tourism-related items and revenues from public and private special events,

1 activities, and programming at historic sites and museums administered by
2 the Department, provided that the resulting profits are used to support the
3 operation of historic sites or ~~museums-museums~~ and provided further that
4 the Department shall not construct, maintain, operate, or lease a hotel or
5 tourist inn in any park over which it has jurisdiction.

6"

7 **SECTION 14.30.(kk)** G.S. 74-50(b3) reads as rewritten:

8 "(b3) When the Department receives an application for a new mining permit or for a
9 modification of a mining permit to add land to the permitted area, the Department shall send a
10 notice of the application to each of the following agencies with a request that each agency
11 review and provide written comment on the application within 30 days of the date on which the
12 request is made:

- 13 (1) Division of Air Quality, Department of ~~Environment and Natural~~
14 ~~Resources~~Environmental Quality.
- 15 (2) Division of Parks and Recreation, Department of ~~Environment and Natural~~
16 ~~and Cultural Resources.~~
- 17 (3) Repealed by Session Laws 2013-413, s. 57(b), effective August 23, 2013.
- 18 (4) Division of Water Resources, Department of ~~Environment and Natural~~
19 ~~Resources~~Environmental Quality.
- 20 (5) North Carolina Geological Survey, Division of Energy, Mineral, and Land
21 Resources, Department of ~~Environment and Natural~~
22 ~~Resources~~Environmental Quality.
- 23 (6) Wildlife Resources Commission, Department of ~~Environment and Natural~~
24 ~~Resources~~Environmental Quality.
- 25 (7) Office of Archives and History, Department of Cultural Resources.
- 26 (8) United States Fish and Wildlife Service, United States Department of the
27 Interior.
- 28 (9) Any other federal or State agency that the Department determines to be
29 appropriate, including the Division of Coastal Management, ~~Department of~~
30 ~~Environment and Natural Resources;~~ the Division of Marine Fisheries,
31 ~~Department of Environment and Natural Resources;~~ and the Division of
32 Waste Management, Management of the Department of Environment and
33 Natural Resources; Environmental Quality; and the Department of
34 Transportation."

35 **SECTION 14.30.(ll)** G.S. 106-202.17(b) reads as rewritten:

36 "(b) The Scientific Committee shall consist of the Directors of The University of North
37 Carolina at Chapel Hill Herbarium, the North Carolina State University Herbarium, the North
38 Carolina Botanical Garden of The University of North Carolina at Chapel Hill, the North
39 Carolina State Museum of Natural Sciences of the Department of Natural and Cultural
40 Resources, and the North Carolina Natural Heritage Program of the Department of
41 ~~Environment and Natural Resources~~Environmental Quality or their designees, a representative
42 of the North Carolina Association of Nurserymen, Inc., appointed by the Commissioner, and a
43 representative of a conservation organization, appointed by the Commissioner. Members shall
44 serve for three-year terms and may succeed themselves."

45 **SECTION 14.30.(mm)** G.S. 106-803(a) reads as rewritten:

46 "**§ 106-803. Siting requirements for swine houses, lagoons, and land areas onto which**
47 **waste is applied at swine farms.**

48 (a) A swine house or a lagoon that is a component of a swine farm shall be located:

- 49 (1) At least 1,500 feet from any occupied residence.
- 50 (2) At least 2,500 feet from any school; hospital; church; outdoor recreational
51 facility; national park; State Park, as defined in ~~G.S. 113-44.9;~~

1 G.S. 143B-135.44; historic property acquired by the State pursuant to
 2 G.S. 121-9 or listed in the North Carolina Register of Historic Places
 3 pursuant to G.S. 121-4.1; or child care center, as defined in G.S. 110-86, that
 4 is licensed under Article 7 of Chapter 110 of the General Statutes.

5 (3) At least 500 feet from any property boundary.

6 (4) At least 500 feet from any well supplying water to a public water system, as
 7 defined in G.S. 130A-313.

8 (5) At least 500 feet from any other well that supplies water for human
 9 consumption. This subdivision does not apply to a well located on the same
 10 parcel or tract of land on which the swine house or lagoon is located and that
 11 supplies water only for use on that parcel or tract of land or for use on
 12 adjacent parcels or tracts of land all of which are under common ownership
 13 or control."

14 **SECTION 14.30.(nn)** G.S. 113-8 reads as rewritten:

15 **"§ 113-8. Powers and duties of the Department.**

16 The Department shall make investigations of the natural resources of the State, and take
 17 such measures as it may deem best suited to promote the conservation and development of such
 18 resources.

19 It shall have the protection of lands and water supplies; it shall also have the care of ~~State~~
 20 ~~parks, and other~~ recreational areas now owned or to be acquired by the State, including the
 21 lakes referred to in G.S. 146-7.

22 It shall make such examination, survey and mapping of the geology, mineralogy and
 23 topography of the State, including their industrial and economic utilization, as it may consider
 24 necessary; make investigations of water supplies and water powers, prepare and maintain a
 25 general inventory of the water resources of the State, and take such measures as it may consider
 26 necessary to promote their development.

27 It shall have the duty of enforcing all laws relating to the conservation of marine and
 28 estuarine resources.

29 The Department may take such other measures as it may deem advisable to obtain and
 30 make public a more complete knowledge of the State and its resources, and it is authorized to
 31 cooperate with other departments and agencies of the State in obtaining and making public such
 32 information.

33 The Department may acquire such real and personal property as may be found desirable and
 34 necessary for the performance of the duties and functions of the Department and pay for same
 35 out of any funds appropriated for the Department or available unappropriated revenues of the
 36 Department, when such acquisition is approved by the Governor and Council of State. The title
 37 to any real estate acquired shall be in the name of the State of North Carolina for the use and
 38 benefit of the Department."

39 **SECTION 14.30.(oo)** G.S. 113-28.1 reads as rewritten:

40 **"§ 113-28.1. Designated employees commissioned special peace officers by Governor.**

41 Upon application by either the Secretary of ~~Environment and Natural Resources, Natural~~
 42 and Cultural Resources or the Secretary of Environmental Quality, the Governor is hereby
 43 authorized and empowered to commission as special peace officers such of the employees of
 44 the ~~Department of Environment and Natural Resources-Departments~~ as the Secretary may
 45 designate for the purpose of enforcing the laws and rules enacted or adopted for the protection,
 46 preservation and government of State parks, lakes, reservations and other lands or waters under
 47 the control or supervision of the ~~Department of Environment and Natural Resources-respective~~
 48 Departments."

49 **SECTION 14.30.(pp)** G.S. 113-28.2 reads as rewritten:

50 **"§ 113-28.2. Powers of arrest.**

1 Any employee of either the Department of ~~Environment and~~ Natural and Cultural
2 Resources or the Department of Environmental Quality commissioned as a special peace
3 officer shall have the right to arrest with warrant any person violating any law or rule on or
4 relating to the State parks, lakes, reservations and other lands or waters under the control or
5 supervision of the ~~Department of Environment and Natural Resources~~, employee's respective
6 Department, and shall have the power to pursue and arrest without warrant any person violating
7 in his presence any law or rule on or relating to said parks, lakes, reservations and other lands
8 or waters under the control or supervision of the ~~Department of Environment and Natural~~
9 ~~Resources~~. employee's respective Department."

10 **SECTION 14.30.(qq)** G.S. 113-28.2A reads as rewritten:

11 **"§ 113-28.2A. Cooperation between law enforcement agencies.**

12 Special peace officers employed by either the Department of ~~Environment and~~ Natural and
13 Cultural Resources or the Department of Environmental Quality are officers of a "law
14 enforcement agency" for purposes of G.S. 160A-288, and ~~the each~~ Department shall have the
15 same authority as a city or county governing body to approve cooperation between law
16 enforcement agencies under that section."

17 **SECTION 14.30.(rr)** G.S. 113-28.4 reads as rewritten:

18 **"§ 113-28.4. Oaths required.**

19 Before any employee of either the Department of ~~Environment and~~ Natural and Cultural
20 Resources or the Department of Environmental Quality commissioned as a special peace
21 officer shall exercise any power of arrest under this ~~Article~~ Article, the employee shall take
22 the oaths required of public officers before an officer authorized to administer oaths."

23 **SECTION 14.30.(ss)** G.S. 113-307.1(a) reads as rewritten:

24 "(a) The consent of the General Assembly of North Carolina is hereby given to the
25 making by the Congress of the United States, or under its authority, of all such rules and
26 regulations as the federal government shall determine to be needful in respect to game animals,
27 game and nongame birds, and fish on such lands in the western part of North Carolina as shall
28 have been, or may hereafter be, purchased by the United States under the terms of the act of
29 Congress of March 1, 1911, entitled "An act to enable any state to cooperate with any other
30 state or states, or with the United States, for the protection of the watersheds of navigable
31 streams, and to appoint a commission for the acquisition of lands for the purposes of
32 conserving the navigability of navigable rivers" (36 Stat. 961), and acts of Congress
33 supplementary thereto and amendatory thereof, and in or on the waters thereon.

34 Nothing in this subsection shall be construed as conveying the ownership of wildlife from
35 the State of North Carolina or permit the trapping, hunting, or transportation of any game
36 animals, game or nongame birds, or fish by any person, including any agency, department, or
37 instrumentality of the United States or agents thereof, on the lands in North Carolina, as shall
38 have been or may hereafter be purchased by the United States under the terms of any act of
39 Congress, except in accordance with the provisions of this Subchapter and its implementing
40 regulations. Provided, that the provisions of ~~G.S. 113-39~~ G.S. 143B-135.20 apply with respect
41 to licenses.

42 Any person, including employees or agents of any department or instrumentality of the
43 United States, violating the provisions of this subsection is guilty of a Class 1 misdemeanor."

44 **SECTION 14.30.(tt)** G.S. 120-306(a)(1)c. is repealed.

45 **SECTION 14.30.(uu)** G.S. 121-7.7(c) reads as rewritten:

46 "(c) Reports. – The Department of Natural and Cultural Resources must submit to the
47 Joint Legislative Commission on Governmental Operations, the chairs of the House of
48 Representatives ~~and Appropriations Committee on Agriculture and Natural and Environmental~~
49 Resources, the Chairs of the Senate Appropriations ~~Subcommittees~~ Committee on General
50 Government, Natural and Economic Resources, and the Fiscal Research Division by September
51 30 of each year a report on the Fund that includes the source and amounts of all funds credited

1 to the Fund and the purpose and amount of all expenditures from the Fund during the prior
2 fiscal year."

3 **SECTION 14.30.(vv)** G.S. 121-21.1(c) reads as rewritten:

4 "(c) The Tryon Palace Commission shall submit to the Joint Legislative Commission on
5 Governmental Operations, the House ~~and of Representatives Appropriations Committee on~~
6 Agriculture and Natural and Economic Resources, the Senate Appropriations ~~Subcommittees~~
7 Committee on General Government, Natural and Economic Resources, and the Fiscal Research
8 Division by September 30 of each year a report on the Tryon Palace Historic Sites and Gardens
9 Fund that shall include the source and amounts of all funds credited to the Fund and the
10 purpose and amount of all expenditures from the Fund during the prior fiscal year."

11 **SECTION 14.30.(ww)** G.S. 136-44.12 reads as rewritten:

12 "**§ 136-44.12. Maintenance of roads and parking lots in areas administered by the**
13 **Division of Parks and Recreation.**

14 The Department of Transportation shall maintain all roads and parking lots which are not
15 part of the State Highway System, leading into and located within the boundaries of all areas
16 administered by the Division of Parks and Recreation of the Department of ~~Environment and~~
17 Natural and Cultural Resources.

18 All such roads and parking lots shall be planned, designed, and engineered through joint
19 action between the Department of Transportation and the Division of Parks and Recreation of
20 the Department of ~~Environment and~~ Natural and Cultural Resources. This joint action shall
21 encompass all accepted park planning and design principles. Particular concern shall be given
22 to traffic counts and vehicle weight, minimal cutting into or through any natural and scenic
23 areas, width of shoulders, the cutting of natural growth along roadways, and the reduction of
24 any potential use of roads or parking lots for any purpose other than by park users. All State
25 park roads and parking lots shall conform to the standards regarding width and other roadway
26 specifications as agreed upon by the Division of Parks and Recreation of the Department of
27 ~~Environment and~~ Natural and Cultural Resources and the Department of Transportation.

28 The State park road systems may be closed to the public in accordance with approved park
29 practices that control the use of State areas so as to protect these areas from overuse and abuse
30 and provide for functional use of the park areas, or for any other purpose considered in the best
31 interest of the public by the Division of Parks and Recreation of the Department of
32 ~~Environment and~~ Natural and Cultural Resources.

33 Nothing herein shall be construed to include the transfer to the Department of
34 Transportation the powers now vested in the Division of Parks and Recreation of the
35 Department of ~~Environment and~~ Natural and Cultural Resources relating to the patrol and
36 safeguarding of State park roads or State park parking lots."

37 **SECTION 14.30.(xx)** G.S. 143-116.8 reads as rewritten:

38 "**§ 143-116.8. Motor vehicle laws applicable to State parks and forests road system.**

39 (a) Except as otherwise provided in this section, all the provisions of Chapter 20 of the
40 General Statutes relating to the use of highways and public vehicular areas of the State and the
41 operation of vehicles thereon are made applicable to the State parks and forests road system.
42 For the purposes of this section, the term "State parks and forests road system" shall mean the
43 streets, alleys, roads, public vehicular areas and driveways of the State parks, State forests,
44 State recreation areas, State lakes, and all other lands administered by the Department of
45 ~~Environment and~~ Natural and Cultural Resources or the Department of Agriculture and
46 Consumer Services. This term shall not be construed, however, to include streets that are a part
47 of the State highway system. Any person violating any of the provisions of Chapter 20 of the
48 General Statutes hereby made applicable in the State parks and forests road system shall, upon
49 conviction, be punished in accordance with Chapter 20 of the General Statutes. Nothing herein
50 contained shall be construed as in any way interfering with the ownership and control of the

1 State parks road system by the Department of ~~Environment and~~ Natural and Cultural Resources
2 and the forests road system by the Department of Agriculture and Consumer Services.

3 (b) (1) It shall be unlawful for a person to operate a vehicle in the State parks road
4 system at a speed in excess of twenty-five miles per hour (25 mph). When
5 the Secretary of ~~Environment and~~ Natural and Cultural Resources
6 determines that this speed is greater than reasonable and safe under the
7 conditions found to exist in the State parks road system, the Secretary may
8 establish a lower reasonable and safe speed limit. No speed limit established
9 by the Secretary pursuant to this provision shall be effective until posted in
10 the part of the system where the limit is intended to apply.

11 ...

12 (c) The Secretary of ~~Environment and~~ Natural and Cultural Resources may, by rule,
13 regulate parking and establish parking areas, and provide for the removal of illegally parked
14 motor vehicles on the State parks road system, and the Commissioner of Agriculture may, by
15 rule, regulate and establish parking areas and provide for the removal of illegally parked motor
16 vehicles on the State forests road system. Any rule of the Secretary or the Commissioner shall
17 be consistent with the provisions of G.S. 20-161, 20-161.1, and 20-162. Any removal of
18 illegally parked motor vehicles shall be in compliance with Article 7A of Chapter 20 of the
19 General Statutes.

20 (d) A violation of the rules issued by the Secretary of ~~Environment and~~ Natural and
21 Cultural Resources or the Commissioner of Agriculture under subsection (c) of this section is
22 an infraction pursuant to G.S. 20-162.1, and shall be punished as therein provided. These rules
23 may be enforced by the Commissioner of Motor Vehicles, the Highway Patrol, forest law
24 enforcement officers, or other law enforcement officers of the State, counties, cities or other
25 municipalities having authority under Chapter 20 of the General Statutes to enforce laws or
26 rules on travel or use or operation of vehicles or the use or protection of the highways of the
27 State.

28 ...

29 (f) Notwithstanding any other provision of this section, a person may petition the
30 Department of ~~Environment and~~ Natural and Cultural Resources for a waiver authorizing the
31 person to operate a vehicle in the State parks road system at a speed in excess of 25 miles per
32 hour in connection with a special event. The Secretary may impose any conditions on a waiver
33 that the Secretary determines to be necessary to protect public health, safety, welfare, and the
34 natural resources of the State park. These conditions shall include a requirement that the person
35 receiving the waiver execute an indemnification agreement with the Department and obtain
36 general liability insurance in an amount not to exceed three million dollars (\$3,000,000)
37 covering personal injury and property damage that may result from driving in excess of 25
38 miles per hour in the State parks road system subject to the conditions determined by the
39 Secretary.

40"

41 **SECTION 14.30.(yy)** G.S. 143-129.8A(a) reads as rewritten:

42 "(a) Exemption. – The North Carolina Zoological Park is a State entity whose primary
43 purpose is the attraction of, interaction with, and education of the public regarding issues of
44 global conservation, ecological preservation, and scientific exploration, and that purpose
45 presents unique challenges requiring greater flexibility and faster responsiveness in meeting the
46 needs of and creating the attractions for the Park. Accordingly, the Department of ~~Environment~~
47 ~~and~~ Natural and Cultural Resources may use the procedure set forth in this section, in addition
48 to or instead of any other procedure available under North Carolina law, to contract with a
49 non-State entity on behalf of the Park for the acquisition of goods and services where: (i) the
50 contract directly results in the generation of revenue for the State of North Carolina or (ii) the

1 use of the acquired goods and services by the Park results in increased revenue or decreased
2 expenditures for the State of North Carolina."

3 **SECTION 14.30.(zz)** G.S. 143-135.9(e) reads as rewritten:

4 "(e) North Carolina Zoological Park. – The acquisition of goods and services under a
5 contract entered pursuant to the exemption of G.S. 143-129.8A(a) by the Department of
6 ~~Environment and Natural and Cultural Resources~~ on behalf of the North Carolina Zoological
7 Park may be conducted using the Best Value procurement method. For acquisitions which the
8 procuring agency deems to be highly complex, the use of Government-Vendor partnership is
9 authorized."

10 **SECTION 14.30.(aaa)** G.S. 143-215.31(e) reads as rewritten:

11 "(e) The minimum streamflow in the length of the stream affected by a dam to which
12 subsections (c) and (d) of this section do not apply shall be established as provided in
13 subsection (b) of this section. Subsections (c) and (d) of this section do not apply if the length
14 of the stream affected:

- 15 (1) Receives a discharge of waste from a treatment works for which a permit is
16 required under Part 1 of this Article; or
- 17 (2) Includes any part of a river or stream segment that:
 - 18 a. Is designated as a component of the State Natural and Scenic Rivers
19 System by ~~G.S. 113A-35.1~~ G.S. 143B-135.152 or
20 ~~G.S. 113A-35.2~~ G.S. 143B-135.154.
 - 21 b. Is designated as a component of the national Wild and Scenic Rivers
22 System by 16 U.S.C. § 1273 and 1274."

23 **SECTION 14.30.(bbb)** G.S. 143-215.73F reads as rewritten:

24 **"§ 143-215.73F. Shallow Draft Navigation Channel Dredging and Lake Maintenance**
25 **Fund.**

26 The Shallow Draft Navigation Channel Dredging and Lake Maintenance Fund is
27 established as a special revenue fund. The Fund consists of fees credited to it under G.S. 75A-3,
28 75A-38, and 105-449.126. Revenue in the Fund may only be used to provide the State's share
29 of the costs associated with any dredging project designed to keep shallow draft navigation
30 channels located in State waters or waters of the state located within lakes navigable and safe,
31 or for aquatic weed control projects in waters of the State located within lakes under Article 15
32 of Chapter 113A of the General Statutes. Funding for aquatic weed control projects is limited to
33 five hundred thousand dollars (\$500,000) in each fiscal year. Any project funded by revenue
34 from the Fund must be cost-shared with non-State dollars on a one-to-one basis, provided that
35 the cost-share for a lake located within a component of the State Parks System shall be
36 provided by the Division of Parks and Recreation of the Department of ~~Environment and~~
37 ~~Natural and Cultural Resources~~. The Division of Parks and Recreation may use funds allocated
38 to the State Parks System for capital projects under ~~G.S. 113-44.15~~ G.S. 143B-135.56 for the
39 cost-share. For purposes of this section, "shallow draft navigation channel" means (i) a
40 waterway connection with a maximum depth of 16 feet between the Atlantic Ocean and a bay
41 or the Atlantic Intracoastal Waterway, (ii) a river entrance to the Atlantic Ocean through which
42 tidal and other currents flow, or (iii) other interior coastal waterways. "Shallow draft navigation
43 channel" includes the Atlantic Intracoastal Waterway and its side channels, Beaufort Harbor,
44 Bogue Inlet, Carolina Beach Inlet, the channel from Back Sound to Lookout Back, channels
45 connected to federal navigation channels, Lockwoods Folly River, Manteo/Shallowbag Bay,
46 including Oregon Inlet, Masonboro Inlet, New River, New Topsail Inlet, Rodanthe, Rollinson,
47 Shallotte River, Silver Lake Harbor, and the waterway connecting Pamlico Sound and Beaufort
48 Harbor."

49 **SECTION 14.30.(ccc)** G.S. 147-12(b) reads as rewritten:

50 "(b) The Department of Transportation, the Division of Adult Correction of the
51 Department of Public Safety, the State Highway Patrol, the Wildlife Resources Commission,

1 the Division of Parks and Recreation in the Department of ~~Environment and Natural and~~
2 ~~Natural Resources~~, and the Division of Marine Fisheries in the Department of ~~Environment and~~
3 ~~Natural Resources~~ Environmental Quality shall deliver to the Governor by February 1 of each
4 year detailed information on the agency's litter enforcement, litter prevention, and litter removal
5 efforts. The Administrative Office of the Courts shall deliver to the Governor, by February 1 of
6 each year, detailed information on the enforcement of the littering laws of the State, including
7 the number of charges and convictions under the littering laws of the State. The Governor shall
8 gather the information submitted by the respective agencies and deliver a consolidated annual
9 report, on or before March 1 of each year, to the Environmental Review Commission, the Joint
10 Legislative Transportation Oversight Committee, and the House of Representatives and the
11 Senate ~~Appropriations Subcommittees on Natural and Economic Resources~~ appropriations
12 committees with jurisdiction over natural and economic resources."

13 **SECTION 14.30.(ddd)** The title of Article 2 of Chapter 143B of the General
14 Statutes reads as rewritten:

15 "Article 2.

16 Department of Natural and Cultural Resources."

17 **SECTION 14.30.(eee)** The title of Article 7 of Chapter 143B of the General
18 Statutes is rewritten to read:

19 "Article 7.

20 Department of Environmental Quality."

21 **SECTION 14.30.(fff)** G.S. 143B-50 reads as rewritten:

22 "**§ 143B-50. Duties of the Department.**

23 It shall be the duty of the Department to do the following:

24 (1) To provide the necessary management, development of policy and
25 establishment and enforcement of standards for the furtherance of resources,
26 services and programs involving the arts and the historical and cultural
27 aspects of the lives of the citizens of North Carolina.

28 (2) To provide and keep a museum or collection of the natural history of the
29 State and to maintain the North Carolina Biological Survey."

30 **SECTION 14.30.(ggg)** G.S. 143B-53 reads as rewritten:

31 "**§ 143B-53. Organization of the Department.**

32 (a) The Department of Cultural Resources shall be organized initially to include the Art
33 Commission, the Art Museum Building Commission, the North Carolina Historical
34 Commission, the Tryon Palace Commission, the U.S.S. North Carolina Battleship Commission,
35 the Sir Walter Raleigh Commission, the Executive Mansion Fine Arts Committee, the
36 American Revolution Bicentennial Committee, the North Carolina Awards Committee, the
37 America's Four Hundredth Anniversary Committee, the North Carolina Arts Council, the
38 Public Librarian Certification Commission, the State Library Commission, the North Carolina
39 Symphony Society, Inc., and the Division of the State Library, the Division of Archives and
40 History, the Division of the Arts, and such other divisions as may be established under the
41 provisions of the Executive Organization Act of 1973.

42 (b) The Department of Natural and Cultural Resources shall include the currently
43 existing entities listed in subsection (a) of this section and the following additional entities:

44 (1) The Parks and Recreation Division.

45 (2) The State Parks System, including Mount Mitchell State Park.

46 (3) The North Carolina Aquariums Division.

47 (4) The North Carolina Zoological Park.

48 (5) The Museum of Natural Sciences.

49 (6) North Carolina Parks and Recreation Authority.

50 (7) North Carolina Trails Committee.

51 (8) North Carolina Zoological Park Council.

1 (9) Advisory Commission for North Carolina State Museum of Natural
2 Sciences."

3 **SECTION 14.30.(hhh)** G.S. 143B-53.3(c) reads as rewritten:

4 "(c) Reports. – The Department of Natural and Cultural Resources shall submit a report
5 by September 30 of each year to the Joint Legislative Commission on Governmental
6 Operations, the chairs of the House of Representatives Appropriations Subcommittee
7 Committee on General Government, Agriculture and Natural and Economic Resources, the
8 chairs of the Senate Appropriations Committee on General Government and Information
9 Technology, Natural and Economic Resources, and the Fiscal Research Division. This report
10 shall include the source and amount of all funds credited to the Fund and the purpose and
11 amount of all expenditures from the Fund during the prior fiscal year."

12 **SECTION 14.30.(iii)** G.S. 143B-87.2(c) reads as rewritten:

13 "(c) Reports. – The Department shall submit a report to the Joint Legislative
14 Commission on Governmental Operations, the House of Representatives Appropriations
15 Subcommittee Committee on General Government, Agriculture and Natural and Economic
16 Resources, the Senate Appropriations Committee on General Government and Information
17 Technology, Natural and Economic Resources, and the Fiscal Research Division by September
18 30 of each year that includes the source and amount of all funds credited to the Fund and the
19 purpose and amount of all expenditures from the Fund during the prior fiscal year."

20 **SECTION 14.30.(jjj)** G.S. 143B-131.4 reads as rewritten:

21 "**§ 143B-131.4. Commission reports.**

22 The Commission shall submit a quarterly report to the Chairs of the House of
23 Representatives Appropriations Subcommittee Committee on General Government and
24 Agriculture and Natural and Economic Resources, the Chairs of the Senate Appropriations
25 Committee on General Government and Information Technology Natural and Economic
26 Resources, and to the Fiscal Research Division of the General Assembly. The report shall
27 include:

- 28 (1) A summary of actions taken by the Commission consistent with the powers
29 and duties of the Commission set forth in G.S. 143B-131.2.
- 30 (2) Recommendations for legislation and administrative action to promote and
31 develop the Elizabeth II State Historic Site and Visitor Center.
- 32 (3) An accounting of funds received and expended."

33 **SECTION 14.30.(kkk)** G.S. 143B-279.2(2a) is repealed.

34 **SECTION 14.30.(lll)** Subdivisions (9) and (12) of subsection (a) and subdivisions
35 (17), (19), and (22) of subsection (b) of G.S. 143B-279.3 are repealed.

36 **SECTION 14.30.(mmm)** G.S. 143B-344.49 reads as rewritten:

37 "**§ 143B-344.49. Definitions.**

38 The following definitions apply to this Part:

- 39 (1) Applicant. – A member of the family residing in the dwelling unit, the
40 owner, or designated agent of the owner of a dwelling unit applying for
41 program services.
- 42 (2) Department. – The Environment and Natural Resources Department of
43 Environmental Quality.
- 44 (3) Secretary. – The Secretary of the Department of Environment and Natural
45 Resources-Environmental Quality.
- 46 (4) Subgrantee. – An entity managing a weatherization project that receives a
47 federal grant of funds awarded pursuant to 10 C.F.R. § 440 (1 January 2006
48 edition) from this State or other entity named in the Notification of Grant
49 Award and otherwise referred to as the grantee.

1 (5) Weatherization. – The modification of homes and home heating and cooling
2 systems to improve heating and cooling efficiency by caulking and weather
3 stripping, as well as insulating ceilings, attics, walls, and floors."

4 **SECTION 14.30.(nnn)** G.S. 146-29.2(e) reads as rewritten:

5 "(e) Land in the State Parks System, as defined in ~~G.S. 113-449.9~~, G.S. 143B-135.44,
6 may only be leased or conveyed for the purposes of this section upon the approval of the
7 Secretary of ~~the Department of Environment and Natural~~ and Cultural Resources. Lease or
8 conveyance of land in the State Parks System for the purposes of this section shall comply with
9 the requirements of ~~Articles 2 and 2C of Chapter 113~~ Parts 31 and 32 of Article 7 of Chapter
10 143B of the General Statutes. When selecting a location for a communications tower or antenna
11 in the State Parks System, the State shall choose a location that minimizes the visual impact on
12 the surrounding landscape. No land acquired or developed using funds from the Federal Land
13 and Water Conservation Fund shall be leased or conveyed for the purposes of this section."
14

15 **LIMITED AUTHORITY TO RECLASSIFY AND ELIMINATE CERTAIN POSITIONS**

16 **SECTION 14.30.(ooo)** Notwithstanding any other provision of law, subject to the
17 approval of the Director of the Budget, the Office of State Budget and Management or the
18 Secretary of the Department of Natural and Cultural Resources may reclassify or eliminate
19 existing administrative positions that are not specifically addressed in this act as needed for the
20 efficient operation of the Department.
21

22 **BUDGETARY TRANSITION PROVISIONS**

23 **SECTION 14.30.(ppp)** The Office of State Budget and Management shall ensure
24 that future budget documents show the Department of Natural and Cultural Resources, as
25 renamed and reorganized by this section, in the Natural and Economic Resources section of the
26 budget.

27 **SECTION 14.30.(qqq)** The Department of Natural and Cultural Resources shall
28 transfer to the Department of Environmental Quality any funds necessary to cover outstanding
29 liabilities of the attractions, divisions, or entities transferred by this section that come due to the
30 Department of Environmental Quality on or after August 1, 2016.

31 **SECTION 14.30.(rrr)** The Department of Environmental Quality shall transfer to
32 the Department of Natural and Cultural Resources any funds remaining after covering
33 outstanding liabilities of the attractions, divisions, or entities transferred by this section.
34

35 **REPORTING AND EFFECTIVE DATE**

36 **SECTION 14.30.(sss)** The Office of State Budget and Management, in
37 consultation with the Department of Environment and Natural Resources and the Department
38 of Cultural Resources, shall make the following reports on progress implementing this section
39 to the Environmental Review Commission, the Senate and the House of Representatives
40 appropriations committees with jurisdiction over natural and cultural resources, and the Fiscal
41 Research Division:

42 (1) An interim report on or before October 1, 2015.

43 (2) A final report on or before January 15, 2016.

44 These reports shall include (i) the proposed new organization structure, including
45 proposed movement of positions or funds between fund codes, and (ii) information about any
46 reclassifications of positions or reductions in force pursuant to subsection (ooo) of this section,
47 and may include any recommendations for changes to the statutes revised or recodified by this
48 section.

49 **SECTION 14.30.(ttt)** Other than subsection (sss) of this section, this section
50 becomes effective August 1, 2016. Any references in this act to any program, office, section,

1 division, council, or committee transferred under this section shall be construed to be consistent
2 with the transfers under this section.

3
4 **STUDY FURTHER EFFICIENCIES IN ORGANIZATION OF DEPARTMENT OF**
5 **NATURAL AND CULTURAL RESOURCES AND DEPARTMENT OF**
6 **ENVIRONMENTAL QUALITY**

7 **SECTION 14.31.(a)** The Department of Cultural Resources, in consultation with
8 the Department of Environment and Natural Resources and the Wildlife Resources
9 Commission, shall study and report on the potential for efficiency, cost savings, and alignment
10 of core mission and values that would be created from the transfer of the following agencies,
11 divisions, or programs to the reorganized Department of Natural and Cultural Resources
12 created by Section 14.30 of this act:

- 13 (1) Albemarle-Pamlico National Estuary Partnership.
- 14 (2) Coastal Reserves Program.
- 15 (3) Office of Land and Water Stewardship.
- 16 (4) All or a portion of the Office of Environmental Education and Public
17 Affairs.
- 18 (5) Division of Marine Fisheries.
- 19 (6) Wildlife Resources Commission.

20 **SECTION 14.31.(b)** The Department shall report as required by subsection (a) of
21 this section no later than April 1, 2016, to the chairs of the Senate Appropriations Committee
22 on Natural and Economic Resources, the chairs of the House Appropriations Committee on
23 Agriculture and Natural and Economic Resources, and the Fiscal Research Division.

24
25 **NC MUSEUM OF NATURAL SCIENCES AT WHITEVILLE**

26 **SECTION 14.32.(a)** If the governing board of the City of Whiteville resolves by
27 August 1, 2015, to accept ownership of the property used for the North Carolina Museum of
28 Natural Sciences at Whiteville, then no later than November 1, 2015, the State of North
29 Carolina shall convey to the City of Whiteville for consideration of one dollar (\$1.00), all its
30 right, title, and interest in the property used for the North Carolina Museum of Natural Sciences
31 at Whiteville allocated to the Department of Environment and Natural Resources.

32 **SECTION 14.32.(b)** The State of North Carolina shall convey the real property
33 described in subsection (a) of this section without warranty. The State makes no representations
34 or warranties concerning the title to the property, the boundaries of the property, the uses to
35 which the property may be put, zoning, local ordinances, or any physical, environmental,
36 health, and safety conditions relating to the property. All costs associated with the conveyance
37 of the property shall be borne by the City of Whiteville.

38 **SECTION 14.32.(c)** The conveyance of the State's right, title, and interest in the
39 North Carolina Museum of Natural Sciences at Whiteville shall be exempt from the provisions
40 of Article 7 of Chapter 146 of the General Statutes. The conveyance shall comply with the
41 provisions of Article 16 of Chapter 146 of the General Statutes; provided that the provisions of
42 G.S. 146-74 shall not apply. The transaction shall be reported to the Fiscal Research Division
43 within 30 days of the transaction being finalized.

44 **SECTION 14.32.(d)** If the governing board of the City of Whiteville does not
45 resolve to accept ownership of the property used for the North Carolina Museum of Natural
46 Sciences at Whiteville under this section or the conveyance does not occur by November 1,
47 2015, then:

- 48 (1) The Department of Administration shall dispose of the property in
49 accordance with Article 7 of Chapter 146 of the General Statutes, provided
50 that the net proceeds of the disposition shall be deposited to the General
51 Fund.

(2) The Department of Environment and Natural Resources shall close the North Carolina Museum of Natural Sciences at Whiteville no later than November 1, 2015, and shall eliminate all positions for the Museum no later than December 1, 2015. The Department of Environment and Natural Resources may use any funds available to the Department during the 2015-2016 fiscal year for any costs associated with operating and then closing the Museum and for supporting positions for the Museum until the Museum is sold, closed, or November 1, 2015, whichever date occurs earliest.

SECTION 14.32.(e) G.S. 143B-344.23, or any recodification of that statute, is repealed.

SECTION 14.32.(f) Subsection (e) of this section becomes effective November 1, 2015.

TECHNICAL CORRECTION RELATING TO ROANOKE ISLAND COMMISSION LEGAL COUNSEL

SECTION 14.33. G.S. 143B-131.7 is repealed.

PART XV. DEPARTMENT OF COMMERCE

EDPNC STATE BUDGET ACT EXEMPTION

SECTION 15.1. G.S. 143B-431.01(b) reads as rewritten:

"(b) Contract. – The Department of Commerce is authorized to contract with a North Carolina nonprofit corporation to perform one or more of the Department's functions, powers, duties, and obligations set forth in G.S. 143B-431, except as provided in this subsection. The contract entered into pursuant to this section between the Department and the Economic Development Partnership of North Carolina is exempt from Articles 3 and 3C of Chapter 143 of the General Statutes. ~~Statutes~~ and G.S. 143C-6-23. If the Department contracts with a North Carolina nonprofit corporation to promote and grow the travel and tourism industries, then all funds appropriated to the Department for tourism marketing purposes shall be used for a research-based, comprehensive marketing program directed toward consumers in key markets most likely to travel to North Carolina and not for ancillary activities, such as statewide branding and business development marketing. The Department may not contract with a North Carolina nonprofit corporation regarding any of the following:

- (1) The obligation or commitment of funds under this Article, such as the One North Carolina Fund, the Job Development Investment Grant Program, the Industrial Development Fund, or the Job Maintenance and Capital Development Fund.
- (2) The Division of Employment Security, including the administration of unemployment insurance.
- (3) The functions set forth in G.S. 143B-431(a)(2).
- (4) The administration of funds or grants received from the federal government or its agencies."

COMMERCE STUDY TIME SPENT ADMINISTERING PROGRAMS SUPPORTED BY FEDERAL FUNDS

SECTION 15.3.(a) The Department of Commerce shall study the amount of time all persons in General Fund-supported positions spend performing duties related to the operation and administration of programs that receive federal funds, including the Division of Employment Security and the Division of Workforce Solutions, to determine whether some or all of the costs related to the performance of these duties should be supported by federal

1 indirect cost receipts and, therefore, should be paid for with federal funds instead of General
2 Fund appropriations.

3 **SECTION 15.3.(b)** No later than March 1, 2016, the Department of Commerce
4 shall report the findings of the study required under subsection (a) of this section to the chairs
5 of the House of Representatives Appropriations Committee on Agriculture and Natural and
6 Economic Resources, the Senate Appropriations Committee on Natural and Economic
7 Resources, and the Fiscal Research Division.
8

9 DEPARTMENT OF COMMERCE/CONFORMING STATUTORY CHANGES

10 **SECTION 15.4.(a)** G.S. 20-81.12 reads as rewritten:

11 "**§ 20-81.12. Collegiate insignia plates and certain other special plates.**

12 ...

13 (b124) Travel and Tourism. – The Division must receive 300 or more applications for the
14 "Travel and Tourism" plate before the plate may be developed. The Division shall transfer
15 quarterly the money in the Collegiate and Cultural Attraction Plate Account derived from the
16 sale of "Travel and Tourism" plates to the ~~Division of Tourism, Film, and Sports~~
17 ~~Development~~ Department of Commerce to be used for programs in support of travel and
18 tourism in North Carolina.

19"

20 **SECTION 15.4.(b)** G.S. 143B-434.2 reads as rewritten:

21 "**§ 143B-434.2. Travel and Tourism Policy Act.**

22 ...

23 (d) The Department of Commerce, and the ~~Division of Tourism, Film, and Sports~~
24 ~~Development~~ within that Department, nonprofit corporation with whom the Department
25 contracts pursuant to G.S. 143B-431.01(b) to promote and market tourism, shall implement the
26 policies set forth in this section. The ~~Division of Tourism, Film, and Sports~~
27 ~~Development~~ nonprofit corporation shall make an annual report to the General Assembly
28 regarding the status of the travel and tourism industry in North Carolina; the report shall be
29 submitted to the General Assembly by October 15 of each year beginning ~~October 15,~~
30 ~~2011.~~ October 15, 2015. The duties and responsibilities of the ~~Department of Commerce~~
31 through the Division of Tourism, Film, and Sports Development nonprofit corporation shall be
32 to:

- 33 (1) Organize and coordinate programs designed to promote tourism within the
34 State and to the State from other states and foreign countries.
- 35 (2) Measure and forecast tourist volume, receipts, and impact, both social and
36 economic.
- 37 (3) Develop a comprehensive plan to promote tourism to the State.
- 38 (4) Encourage the development of the State's tourism infrastructure, facilities,
39 services, and attractions.
- 40 (5) Cooperate with neighboring states and the federal government to promote
41 tourism to the State from other countries.
- 42 (6) Develop opportunities for professional education and training in the tourism
43 industry.
- 44 (7) Provide advice and technical assistance to local public and private tourism
45 organizations in promoting tourism to the State.
- 46 (8) Encourage cooperation between State agencies and private individuals and
47 organizations to advance the State's tourist interests and seek the views of
48 these agencies and the private sector in the development of State tourism
49 programs and policies.
- 50 (9) Give leadership to all concerned with tourism in the State.

- 1 (10) Perform other functions necessary to the orderly growth and development of
- 2 tourism.
- 3 (11) Develop informational materials for visitors which, among other things,
- 4 shall:
- 5 a. Describe the State's travel and tourism resources and the State's
- 6 history, economy, political institutions, cultural resources, outdoor
- 7 recreational facilities, and principal festivals.
- 8 b. Urge visitors to protect endangered species, natural resources,
- 9 archaeological artifacts, and cultural treasures.
- 10 c. Instill the ethic of stewardship of the State's natural resources.
- 11 (12) Foster an understanding among State residents and civil servants of the
- 12 economic importance of hospitality and tourism to the State.
- 13 (13) Work with local businesses, including banks and hotels, with educational
- 14 institutions, and with the United States Travel and Tourism Administration,
- 15 to provide special services for international visitors, such as currency
- 16 exchange facilities.
- 17 (14) Encourage the reduction of architectural and other barriers which impede
- 18 travel by physically handicapped persons."

19 **SECTION 15.4.(c)** G.S. 143B-472.35 reads as rewritten:

20 **"§ 143B-472.35. Establishment of fund; use of funds; application for grants; disbursal;**
 21 **repayment; inspections; rules; reports.**

22 ...
 23 (a2) Definitions. – For purposes of this section, the following definitions shall apply:

24 ...
 25 (9) Main Street Center. – The agency within the North Carolina Department of
 26 ~~Commerce, Office of Urban Development, Commerce~~ which receives
 27 applications and makes decisions with respect to Main Street Solutions Fund
 28 grant applications from eligible local governments.

29"

30 **SECTION 15.4.(d)** The Department of Commerce shall, in accordance with
 31 Article 2A of Chapter 150B of the General Statutes, amend its rules to reflect the division name
 32 changes provided for in this section.

33 **SECTION 15.4.(e)** The Revisor of Statutes may conform names and titles changed
 34 by this section, and may correct statutory references as required by this section, throughout the
 35 General Statutes. In making the changes authorized by this section, the Revisor may also adjust
 36 subject and verb agreement and the placement of conjunctions.

37
 38 **NER BLOCK GRANTS/2016 AND 2017 PROGRAM YEARS**

39 **SECTION 15.5.(a)** Appropriations from federal block grant funds are made for the
 40 fiscal years ending June 30, 2016, and June 30, 2017, according to the following schedule:

41 **COMMUNITY DEVELOPMENT BLOCK GRANT**

42		
43	01. State Administration	\$ 1,037,500
44		
45	02. Economic Development	15,737,500
46		
47	03. Infrastructure	26,725,000
48		

49 **TOTAL COMMUNITY DEVELOPMENT**

50	BLOCK GRANT – 2016 Program Year	\$ 43,500,000
51	2017 Program Year	\$ 43,500,000

1 **SECTION 15.5.(b)** Decreases in Federal Fund Availability. – If federal funds are
2 reduced below the amounts specified in this section after the effective date of this act, then
3 every program in each of these federal block grants shall be reduced by the same percentage as
4 the reduction in federal funds.

5 **SECTION 15.5.(c)** Increases in Federal Fund Availability. – Any block grant
6 funds appropriated by the Congress of the United States in addition to the funds specified in
7 this section shall be expended as follows: each program category under the Community
8 Development Block Grant shall be increased by the same percentage as the increase in federal
9 funds.

10 **SECTION 15.5.(d)** Limitations on Community Development Block Grant Funds. –
11 Of the funds appropriated in this section for the Community Development Block Grant, the
12 following shall be allocated in each category for each program year: up to one million
13 thirty-seven thousand five hundred dollars (\$1,037,500) may be used for State Administration;
14 up to fifteen million seven hundred thirty-seven thousand five hundred dollars (\$15,737,500)
15 may be used for Economic Development; and up to twenty-six million seven hundred
16 twenty-five thousand dollars (\$26,725,000) may be used for Infrastructure. If federal block
17 grant funds are reduced or increased by the Congress of the United States after the effective
18 date of this act, then these reductions or increases shall be allocated in accordance with
19 subsection (b) or (c) of this section, as applicable.

20 **SECTION 15.5.(e)** The Department of Commerce shall consult with the Joint
21 Legislative Commission on Governmental Operations prior to reallocating Community
22 Development Block Grant Funds. Notwithstanding the provisions of this subsection, whenever
23 the Director of the Budget finds that:

24 (1) A reallocation is required because of an emergency that poses an imminent
25 threat to public health or public safety, the Director of the Budget may
26 authorize the reallocation without consulting the Commission. The
27 Department of Commerce shall report to the Commission on the reallocation
28 no later than 30 days after it was authorized and shall identify in the report
29 the emergency, the type of action taken, and how it was related to the
30 emergency.

31 (2) The State will lose federal block grant funds or receive less federal block
32 grant funds in the next fiscal year unless a reallocation is made, the
33 Department of Commerce shall provide a written report to the Commission
34 on the proposed reallocation and shall identify the reason that failure to take
35 action will result in the loss of federal funds. If the Commission does not
36 hear the issue within 30 days of receipt of the report, the Department may
37 take the action without consulting the Commission.

38 **SECTION 15.5.(f)** By September 1, 2015, and September 1, 2016, the Department
39 of Commerce shall report to the Joint Legislative Commission on Governmental Operations
40 and the Fiscal Research Division on the use of Community Development Block Grant Funds
41 appropriated in the prior fiscal year. The report shall include the following:

42 (1) A discussion of each of the categories of funding and how the categories
43 were selected, including information on how a determination was made that
44 there was a statewide need in each of the categories.

45 (2) Information on the number of applications that were received in each
46 category and the total dollar amount requested in each category.

47 (3) A list of grantees, including the grantee's name, county, category under
48 which the grant was funded, the amount awarded, and a narrative description
49 of the project.

50 **SECTION 15.5.(g)** For purposes of this section, eligible activities under the
51 category of Infrastructure in subsection (a) of this section shall be defined as provided in the

1 HUD State Administered Community Development Block Grant definition of the term
2 "infrastructure". Notwithstanding the provisions of subsection (e) of this section, funds
3 allocated to the Infrastructure category in subsection (a) of this section shall not be reallocated
4 to any other category.
5

6 **USE OF DEOBLIGATED COMMUNITY DEVELOPMENT BLOCK GRANT FUNDS**
7 **AND SURPLUS FEDERAL ADMINISTRATIVE FUNDS**

8 **SECTION 15.6.(a)** Throughout each year, deobligated funds arise in the various
9 funding categories and program years of the Community Development Block Grant (CDBG)
10 program as a result of (i) projects coming in under budget, (ii) projects being cancelled, or (iii)
11 projects being required to repay funds. Surplus federal administrative funds in the CDBG
12 program may vary from year-to-year based upon the amount of State-appropriated funds
13 allocated and the amount of eligible in-kind funds identified.

14 **SECTION 15.6.(b)** To allow the Department of Commerce and the Department of
15 Environment and Natural Resources to quickly deploy deobligated CDBG funds and surplus
16 federal administrative funds as they are identified throughout the program year, the following
17 shall apply to the use of deobligated CDBG funds and surplus federal administrative funds:

- 18 (1) The Department of Commerce may use the sum of five million nine hundred
19 eight thousand four hundred ninety-seven dollars (\$5,908,497) in
20 deobligated CDBG funds as follows:
21 a. Four million nine hundred eight thousand four hundred ninety-seven
22 dollars (\$4,908,497) for:
23 1. Providing public services and public facilities. The category
24 of public services includes providing substance abuse
25 services and employment services, including job training for
26 veterans in high unemployment areas in the State.
27 2. If House Bill 108, 2015 Regular Session, becomes law,
28 providing up to one million dollars (\$1,000,000) in the
29 2016-2017 fiscal year to be used to fund a loan fund for site,
30 infrastructure, and building development. Program income
31 generated from awards made from the loan fund shall be
32 captured in the existing CDBG revolving loan fund.
33 b. Five hundred thousand dollars (\$500,000) for existing CDBG
34 programs that encounter cost overruns.
35 c. Five hundred thousand dollars (\$500,000) for providing training and
36 guidance to local governments relative to the CDBG program, its
37 management, and administration requirements.
38 (2) All deobligated CDBG funds remaining after the provisions of subdivision
39 (1) of this subsection have been met and all surplus federal administrative
40 funds shall be divided equally between the Department of Commerce and
41 the Department of Environment and Natural Resources and shall be used as
42 provided in subdivisions (3) and (4) of this subsection.
43 (3) The Department of Commerce may use the funds provided for in subdivision
44 (2) of this subsection for the following:
45 a. To issue grants in the CDBG economic development program
46 category.
47 b. For providing training and guidance to local governments relative to
48 the CDBG program, its management, and administrative
49 requirements.

- 1 (4) The Department of Environment and Natural Resources may use the funds
 2 provided for in subdivision (2) of this subsection to issue grants in the
 3 CDBG infrastructure program category.
 4

5 **RURAL INFRASTRUCTURE AUTHORITY/ECONOMIC DEVELOPMENT GRANTS**
 6 **& LOANS**

7 **SECTION 15.6A.** G.S. 143B-472.127 reads as rewritten:

8 **"§ 143B-472.127. Programs administered.**

9 (a) The Rural Economic Development Division shall be responsible for administering
 10 the program whereby economic development grants or loans are awarded by the Rural
 11 Infrastructure Authority as provided in G.S. 143B-472.128 to local government units. The
 12 Rural Infrastructure Authority shall, in awarding economic development grants or loans under
 13 the provisions of this subsection, give priority to (i) local government units of the counties that
 14 have one of the 80 highest rankings under G.S. 143B-437.08 after the adjustment of that
 15 ~~section~~-section and (ii) local government units located in a rural census tract in a development
 16 tier three area. For purposes of this section, the term "rural census tract" means a census tract
 17 having a population density of less than 500 people per square mile according to the most
 18 recent decennial federal census. The development tier designation of a county shall be
 19 determined as provided in G.S. 143B-437.08. The funds available for grants or loans under this
 20 program may be used as follows:

- 21 (1) To construct critical water and wastewater facilities or to provide other
 22 infrastructure needs, including, but not limited to, natural gas, broadband,
 23 and rail to sites where these facilities will generate private job-creating
 24 investment. The grants under this subdivision shall not be subject to the
 25 provisions of G.S. 143-355.4.
 26 (2) To provide matching grants or loans to local government units ~~located in~~
 27 ~~either (i) a development tier one or tier two area or (ii) a rural census tract in~~
 28 ~~a development tier three area that will productively reuse or demolish~~
 29 ~~buildings and properties or construct or expand rural health care facilities,~~
 30 ~~with priority given to towns or communities with populations of less than~~
 31 ~~5,000. The development tier designation of a county shall be determined as~~
 32 ~~provided in G.S. 143B-437.08. For purposes of this section, the term "rural~~
 33 ~~census tract" means a census tract having a population density of less than~~
 34 ~~500 people per square mile according to the most recent decennial federal~~
 35 ~~census.~~

36"
 37

38 **FUNDS TO CERTAIN COUNTIES FOR APPALACHIAN REGIONAL COMMISSION**
 39 **MATCH**

40 **SECTION 15.8.(a)** Of the funds appropriated in this act to the Department of
 41 Commerce for the Rural Grant Program Expansion for the 2015-2016 fiscal year, the sum of
 42 two hundred fifty-three thousand nine hundred fifty-six dollars (\$253,956) in nonrecurring
 43 funds shall be allocated to the following counties to be used for the Appalachian Regional
 44 Commission match requirement:

- | | |
|-------------------|----------|
| 45 (1) Cherokee | \$63,606 |
| 46 (2) Graham | 103,450 |
| 47 (3) Rutherford | 43,450 |
| 48 (4) Swain | 43,450. |

49 **SECTION 15.8.(b)** The match funds provided for in subsection (a) of this section
 50 shall be used for infrastructure projects only.
 51

1 MAIN STREET SOLUTIONS FUND ALLOCATION

2 **SECTION 15.8A.** Of the funds appropriated by this act to the Department of
3 Commerce for the Main Street Solutions Fund for the 2015-2016 fiscal year, the Department
4 shall allocate one million dollars (\$1,000,000) in nonrecurring funds for the 2015-2016 fiscal
5 year for a downtown revitalization project that will stimulate economic growth along the main
6 street corridor of a municipality meeting all of the following:

- 7 (1) The municipality had a population, as of July 2013, of not fewer than
8 105,000 and not in excess of 110,000.
9 (2) The municipality is located, in whole or in part, in a county that moved from
10 a development tier three area status to development tier two area status in the
11 annual ranking performed by the Department of Commerce pursuant to
12 G.S. 143B-437.08 for the 2015 calendar year.
13 (3) The municipality provides no less than one dollar forty-three cents (\$1.43)
14 for every one dollar (\$1.00) allocated from the Fund.
15

16 WANCHESE MARINE INDUSTRIAL PARK

17 **SECTION 15.8B.(a)** The Department of Commerce shall transfer the cash balance
18 remaining in fund code 14600-1561 on June 30, 2015, to an enterprise fund created for the
19 North Carolina Marine Industrial Park. Thereafter, the enterprise fund shall be used for the
20 operations, maintenance, repair, and capital improvements of the Wanchese Marine Industrial
21 Park.

22 **SECTION 15.8B.(b)** This section becomes effective June 30, 2015.
23

24 MODIFY ECONOMIC DEVELOPMENT GRANT REPORT

25 **SECTION 15.10.(a)** G.S. 143B-437.07 reads as rewritten:

26 "§ 143B-437.07. Economic development grant reporting.

27 (a) Report. – The Department of Commerce must publish on or before October 1 of
28 each year the information required by this subsection, itemized by business entity, for each
29 business or joint private venture to which the State has, in whole or in part, granted one or more
30 economic development incentives during the previous fiscal year-relevant time period. The
31 relevant time period ends June 30 preceding the publication date of this subsection and begins
32 (i) for incentives not awarded under Part 2G of this Article with the 2007 calendar year and (ii)
33 for incentives awarded under Part 2G of this Article with the 2002 calendar year. The
34 information in the report must include all of the following:

- 35 ...
36 (3) The name, mailing address, telephone number, and Web site of the business
37 recipient, or recipients if a joint venture, and the physical location of the site
38 receiving the incentive. If the physical location of the site is undecided, then
39 the name of the county in which the site will be located. The information
40 regarding the physical location must indicate whether the physical location is
41 a new or expanded facility.
42 (3a) A determination of whether the award is to a business that is new to the State
43 or an expansion of an existing business within the State.

44"

45 **SECTION 15.10.(b)** This section is effective for reports published for fiscal years
46 beginning on or after July 1, 2015.
47

48 WORKFORCE DEVELOPMENT BOARDS/CHANGES TO CONFORM WITH
49 FEDERAL LAW

50 **SECTION 15.11.(a)** G.S. 143B-438.10 reads as rewritten:

51 "§ 143B-438.10. ~~Commission on Workforce Development.~~ NCWorks Commission.

1 (a) Creation and Duties. – There is created within the Department of Commerce the
2 ~~North Carolina Commission on Workforce Development. NCWorks Commission (hereinafter~~
3 ~~"Commission").~~ The Commission shall have the following powers and duties:

4 ...
5 (9) To serve as the State's Workforce Investment Board for purposes of the
6 federal ~~Workforce Investment Act of 1998.~~ Workforce Innovation and
7 Opportunity Act.

8 ...
9 (13) To develop performance accountability measures for local workforce
10 development boards consistent with the requirements of section 116 of the
11 Workforce Innovation and Opportunity Act and to recommend to the
12 Governor sanctions against local workforce development boards that fail to
13 meet the performance accountability measures.

14 (14) To develop fiscal control and fund accounting procedures for local
15 workforce development boards consistent with the requirements of section
16 184 of the Workforce Innovation and Opportunity Act and to recommend to
17 the Governor sanctions against local workforce development boards that fail
18 to meet the fiscal control and fund accounting procedures.

19 (b) ~~Membership; Terms.~~ Effective January 1, 2013, the Membership. – The
20 ~~Commission on Workforce Development~~ shall consist of ~~25-33~~ members appointed as follows:

21 (1) By virtue of their offices, the following ~~department and agency heads or~~
22 ~~their respective designees~~ persons, or their designees, shall serve on the
23 Commission: ~~the~~

24 a. The Governor.

25 b. The Secretary of the Department of Administration, ~~the~~
26 Administration.

27 c. The Secretary of the Department of Commerce.

28 d. The Secretary of the Department of Health and Human Services, ~~the~~
29 Services.

30 e. The Superintendent of Public Instruction, ~~the~~ Instruction.

31 f. The President of the Community Colleges System Office, ~~the~~
32 Commissioner of the Department of Labor, ~~and the Secretary of the~~
33 Department of Commerce. Office.

34 g. The President of The University of North Carolina system.

35 (2) ~~The Pursuant to the provisions of section 101 of the Workforce Innovation~~
36 ~~and Opportunity Act, the Governor shall appoint 19-26~~ members as follows:

37 a. ~~Two-Seventeen~~ members representing public, postsecondary, and
38 vocational education, business and industry in the State.

39 b. ~~One member~~ Seven members representing community-based
40 organizations, the workforce in the State.

41 c. ~~Three members representing labor.~~ One member representing local
42 elected city officials in the State.

43 d. ~~Thirteen members representing business and industry.~~ One member
44 representing local elected county officials in the State.

45 (3) ~~The terms of the members appointed by the Governor shall be for four years.~~

46 (b1) Terms. – The persons listed in subdivision (1) of subsection (b) of this section shall
47 serve on the Commission while they hold their respective offices. The terms of the members
48 appointed by the Governor pursuant to subdivision (2) of subsection (b) of this section shall be
49 for four years, except as provided in this subsection. The terms shall be staggered and shall
50 begin on August 1 and expire on July 31. Upon the expiration of the term of each member in
51 subdivision (2) of subsection (b) of this section, the Governor shall fill the vacancy by

1 reappointing the member or appointing another person of like qualification to serve a four-year
2 term. If a vacancy occurs for any reason other than the expiration of the member's term, the
3 Governor shall appoint a person of like qualification to serve for the remainder of the unexpired
4 term.

5 In order to provide for staggered terms, six persons appointed to the positions designated in
6 sub-subdivision a. of subdivision (2) of subsection (b) of this section and three persons
7 appointed to the positions designated in sub-subdivision b. of subdivision (2) of subsection (b)
8 of this section shall be appointed for initial terms ending on July 31, 2019. Five persons
9 appointed to the positions designated in sub-subdivision a. of subdivision (2) of subsection (b)
10 of this section, two persons appointed to the positions designated in sub-subdivision b. of
11 subdivision (2) of subsection (b) of this section, and one person appointed to the position
12 designated in sub-subdivision c. of subdivision (2) of subsection (b) of this section shall be
13 appointed for initial terms ending on July 31, 2017. Six persons appointed to the positions
14 designated in sub-subdivision a. of subdivision (2) of subsection (b) of this section, two persons
15 appointed to the positions designated in sub-subdivision b. of subdivision (2) of subsection (b)
16 of this section, and one person appointed to the position designated in sub-subdivision d. of
17 subdivision (2) of subsection (b) of this section shall be appointed for initial terms ending on
18 July 31, 2016.

19"

20 **SECTION 15.11.(b)** The terms of office of the Commissioner of the Department
21 of Labor and the 19 public members appointed by the Governor and currently serving on the
22 North Carolina Commission on Workforce Development shall expire on July 31, 2015.

23 **SECTION 15.11.(c)** G.S. 143B-438.11 reads as rewritten:

24 **"§ 143B-438.11. Local Workforce Development Boards.**

25 (a) Duties. – Local Workforce Development Boards shall have the following powers
26 and duties:

27 ...

28 (7) To serve as the Workforce Investment Board for the designated substate area
29 for the purpose of the federal Workforce ~~Investment Act of 1998~~Innovation
30 and Opportunity Act.

31 (7a) To designate through a competitive selection process, by no later than July 1,
32 2014, the providers of adult and dislocated worker services authorized in the
33 Workforce ~~Investment Act of 1998~~Innovation and Opportunity Act.

34 (8) To provide the appropriate guidance and information to Workforce
35 ~~Investment~~Innovation and Opportunity Act consumers to ensure that they
36 are prepared and positioned to make informed choices in selecting a training
37 provider. Each local Workforce Development Board shall ensure that
38 consumer choice is properly maintained in the one-stop centers and that
39 consumers are provided the full array of public and private training provider
40 information.

41 ...

42 (10) To comply with the performance accountability measures established by the
43 NCWorks Commission pursuant to section 116 of the Workforce Innovation
44 and Opportunity Act.

45 (11) To comply with the fiscal control and fund accounting procedures
46 established by the NCWorks Commission pursuant to Section 184 of the
47 Workforce Innovation and Opportunity Act.

48 (b) Members. – Members of local Workforce Development Boards shall be appointed
49 by local elected officials in accordance with criteria established by the Governor and with
50 provisions of the federal Workforce ~~Investment~~Innovation and Opportunity Act. The local
51 Workforce Development Boards shall have a majority of business members and shall also

1 include representation of workforce and education providers, labor organizations,
2 community-based organizations, and economic development boards as determined by local
3 elected officials. The Chairs of the local Workforce Development Boards shall be selected from
4 among the business members.

5 (c) Assistance. – ~~The North Carolina Commission on Workforce Development~~
6 NCWorks Commission and the Department of Commerce shall provide programmatic,
7 technical, and other assistance to any local Workforce Development Board that realigns its
8 service area with the boundaries of a local regional council of governments established
9 pursuant to G.S. 160A-470."

10 **SECTION 15.11.(d)** G.S. 96-32 reads as rewritten:

11 **"§ 96-32. Common follow-up information management system created.**

12 ...

13 (d) The LEAD shall do the following:

14 (1) Collaborate with the ~~Commission on Workforce Development~~ NCWorks
15 Commission to develop common performance measures across workforce
16 programs in the Department of Commerce, the Department of Health and
17 Human Services, the Community Colleges System Office, the Department of
18 Administration, and the Department of Public Instruction that can be tracked
19 through the CFS in order to assess and report on workforce development
20 program performance.

21"

22 **SECTION 15.11.(e)** G.S. 143B-157 reads as rewritten:

23 **"§ 143B-157. Commission for the Blind – creation, powers and duties.**

24 There is recreated the Commission for the Blind of the Department of Health and Human
25 Services with the power and duty to adopt rules governing the conduct of the State's
26 rehabilitative programs for the blind that are necessary to carry out the provisions and purposes
27 of this Article.

28 ...

29 (3e) The Commission shall coordinate with other councils within the State,
30 including the statewide Independent Living Council established under
31 section 705 of the federal Rehabilitation Act, 29 U.S.C. § 720, et seq., the
32 advisory panel established under section 612(a)(21) of the Individuals with
33 Disabilities Education Act, 20 U.S.C. § 1413(A)(12), the Council on
34 Developmental Disabilities described in section 124 of the Developmental
35 Disabilities Assistance and Bill of Rights Act, 42 U.S.C. § 6024, the State
36 Mental Health Planning Council established pursuant to section 1916(e) of
37 the Public Health Service Act, 42 U.S.C. § 300x-4(e), and the ~~Commission~~
38 on Workforce Development; NCWorks Commission;

39"

40 **SECTION 15.11.(f)** G.S. 143B-158 reads as rewritten:

41 **"§ 143B-158. Commission for the Blind.**

42 (a) The Commission for the Blind of the Department of Health and Human Services
43 shall consist of 19 members as follows:

44 ...

45 (12) One representative of the ~~Commission on Workforce~~
46 Development; NCWorks Commission.

47"

48 **SECTION 15.11.(g)** G.S. 143B-438.12 reads as rewritten:

49 **"§ 143B-438.12. Federal Program Administration.**

50 (a) Federal Workforce ~~Investment~~ Innovation and Opportunity Act. – In accordance
51 with the federal Workforce ~~Investment~~ Innovation and Opportunity Act, the ~~Commission on~~

1 ~~Workforce Development-NCWorks Commission~~ shall develop a ~~Five-Year Strategic Plan~~
2 ~~Four-Year Unified State Plan~~ to be submitted to the U.S. Secretary of Labor. The ~~Strategic Plan~~
3 ~~Unified State Plan~~ shall describe the ~~workforce development activities to be undertaken in the~~
4 ~~State to implement the federal Workforce Investment Act and how special populations shall be~~
5 ~~served.~~ State's strategic vision and goals for preparing an educated and skilled workforce as
6 required in section 102 of the federal Workforce Innovation and Opportunity Act.

7 (b) Other Workforce Grant Applications. – The ~~Commission on Workforce~~
8 ~~Development-NCWorks Commission~~ may submit grant applications for workforce
9 development initiatives and may manage the initiatives and demonstration projects."

10 **SECTION 15.11.(h)** G.S. 143B-438.13 reads as rewritten:

11 **"§ 143B-438.13. Employment and Training Grant Program.**

12 (a) Employment and Training Grant Program. – There is established in the Department
13 of Commerce, Division of ~~Employment and Training~~, Workforce Solutions, an Employment
14 and Training Grant Program. Grant funds shall be allocated to local Workforce Development
15 Boards for the purposes of enabling recipient agencies to implement local employment and
16 training programs in accordance with existing resources, local needs, local goals, and selected
17 training occupations. The State program of workforce performance standards shall be used to
18 measure grant program outcomes.

19 (b) Use of Grant Funds. – Local agencies may use funds received under this section for
20 the purpose of providing services, such as training, education, placement, and supportive
21 services. Local agencies may use grant funds to provide services only to individuals who are (i)
22 18 years of age or older and meet the federal Workforce ~~Investment- Innovation and~~
23 Opportunity Act, title I adult eligibility definitions, or meet the federal Workforce ~~Investment~~
24 Innovation and Opportunity Act, title I dislocated worker eligibility definitions, or (ii)
25 incumbent workers with annual family incomes at or below two hundred percent (200%) of
26 poverty guidelines established by the federal Department of Health and Human Services.

27 (c) Allocation of Grants. – The Department of Commerce may reserve and allocate up
28 to ten percent (10%) of the funds available to the Employment and Training Grant Program for
29 State and local administrative costs to implement the Program. The Division of ~~Employment~~
30 ~~and Training~~ Workforce Solutions shall allocate employment and training grant funds to local
31 Workforce Development Boards serving federal Workforce ~~Investment- Innovation and~~
32 Opportunity Act local workforce ~~investment-development~~ areas based on the following
33 formula:

34 (1) One-half of the funds shall be allocated on the basis of the relative share of
35 the local workforce ~~investment-development~~ area's share of federal
36 Workforce ~~Investment- Innovation and Opportunity Act~~, title I adult funds as
37 compared to the total of all local areas adult shares under the federal
38 Workforce ~~Investment- Innovation and Opportunity Act~~, title I.

39 (2) One-half of the funds shall be allocated on the basis of the relative share of
40 the local workforce ~~investment-development~~ area's share of federal
41 Workforce ~~Investment- Innovation and Opportunity Act~~, title I dislocated
42 worker funds as compared to the total of all local areas dislocated worker
43 shares under the federal Workforce ~~Investment- Innovation and Opportunity~~
44 Act, title I.

45 (3) Local workforce ~~investment-development~~ area adult and dislocated shares
46 shall be calculated using the current year's allocations to local areas under
47 the federal Workforce ~~Investment- Innovation and Opportunity Act~~, title I.

48 (d) Repealed by Session Laws 2009-451, s. 14.5(d), effective July 1, 2009.

49 (e) Nonreverting Funds. – Funds appropriated to the Department of Commerce for the
50 Employment and Training Grant Program that are not expended at the end of the fiscal year

1 shall not revert to the General Fund, but shall remain available to the Department for the
2 purposes established in this section."

3 **SECTION 15.11.(i)** G.S. 143B-438.14 reads as rewritten:

4 **"§ 143B-438.14. "No Adult Left Behind" Initiative.**

5 (a) ~~The Commission on Workforce Development, NCWorks Commission,~~ acting as the
6 lead agency, with the cooperation of other participating agencies, including the Department of
7 Labor, the Department of Commerce, the Employment Security Commission, the North
8 Carolina Community College System, The University of North Carolina, and the North
9 Carolina Independent Colleges and Universities shall initiate the "No Adult Left Behind"
10 Initiative (Initiative) geared toward achievement of major statewide workforce development
11 goals. The Initiative may also include community-based nonprofit organizations that provide
12 services or assistance in the areas of worker training, workforce development, and transitioning
13 North Carolinians between industries in the current global labor market.

14 (b) The first goal of the Initiative is to increase dramatically to forty percent (40%) the
15 percentage of North Carolinians who earn associate degrees, other two-year educational
16 credentials, and baccalaureate degrees. Specific fields of study may be selected for the most
17 intense efforts. ~~The Commission on Workforce Development NCWorks Commission~~ shall, as
18 the lead agency along with the North Carolina Community College System and The University
19 of North Carolina as key cooperating institutions, do all of the following:

20 ...

21 (c) ~~The Commission on Workforce Development NCWorks Commission~~ and the other
22 lead participating institutions may enter into contracts with other qualified organizations,
23 especially community-based nonprofits, to carry out components of the Initiative set forth in
24 subsection (b) of this section.

25 (d) ~~The Commission on Workforce Development NCWorks Commission~~ shall submit
26 to the Governor and to the General Assembly by May 1, 2012, and annually thereafter, details
27 of its implementation of this section that shall include at least the following:

28"

29 **SECTION 15.11.(j)** The Revisor of Statutes may conform names and titles
30 changed by this section, and may correct statutory references as required by this section,
31 throughout the General Statutes. In making the changes authorized by this section, the Revisor
32 may also adjust subject and verb agreement and the placement of conjunctions.

33
34 **REPEAL STATUTES AUTHORIZING TRADE JOBS FOR SUCCESS/INITIATIVE**
35 **ENDED JUNE 30, 2013**

36 **SECTION 15.12.** Part 3C of Article 10 of Chapter 143B of the General Statutes is
37 repealed.

38
39 **REPEAL APPRENTICESHIP FEE**

40 **SECTION 15.13.** G.S. 94-12 is repealed.

41
42 **INDUSTRIAL COMMISSION ADOPT DRUG FORMULARY**

43 **SECTION 15.13A.(a)** G.S. 97-26 reads as rewritten:

44 **"§ 97-26. Fees allowed for medical treatment; drug formulary; reimbursement of medical**
45 **fees; malpractice of physician.**

46 (a) Medical Compensation Fee Schedule. – The Commission shall ~~adopt by rule~~adopt,
47 by rule, a schedule of maximum fees for medical compensation and shall periodically review
48 the schedule and make revisions.

49 The fees adopted by the Commission in its schedule shall be adequate to ensure: that (i)
50 injured workers are provided the standard of services and care intended by this Chapter, (ii)

1 providers are reimbursed reasonable fees for providing these services, and (iii) medical costs
2 are adequately contained.

3 The Commission may consider any and all reimbursement systems and plans in establishing
4 its fee schedule, including, but not limited to, the State Health Plan for Teachers and State
5 Employees (hereinafter, "State Plan"), Blue Cross and Blue Shield, and any other private or
6 governmental plans. The Commission may also consider any and all reimbursement
7 methodologies, including, but not limited to, the use of current procedural terminology ("CPT")
8 codes, diagnostic-related groupings ("DRGs"), per diem rates, capitated payments, and
9 resource-based relative-value system ("RBRVS") payments. The Commission may consider
10 statewide fee averages, geographical and community variations in provider costs, and any other
11 factors affecting provider costs.

12 (a1) Drug Schedule. – The Commission shall adopt, by rule, a nationally recognized
13 drug formulary that approves certain prescription drugs, prescribed over-the-counter drugs, and
14 professional pharmaceutical services for the treatment of a compensable injury or occupational
15 disease. All medications and pharmaceutical services prescribed and provided in accordance
16 with the Commission's drug formulary rules shall, for purposes of this Article, be presumed to
17 be reasonably required to effect a cure, give relief, or lessen the period of disability resulting
18 from a compensable injury or occupational disease. The Commission shall ensure that the
19 formulary rules remain up-to-date and in accordance with the adopted drug formulary. The
20 drug formulary rules shall allow an injured employee the option to purchase a nonformulary
21 medication rather than a formulary medication. The injured employee shall be responsible for
22 paying the difference between the cost of the nonformulary medication and the cost of the
23 formulary medication, unless an agreement by the parties provides otherwise.

24 (a2) Independent Review. – The Commission shall, by rule, provide for the independent
25 review of claims in which the authorized health care provider or authorized pharmacy has
26 determined that a deviation from the adopted drug formulary is reasonably required to effect a
27 cure, give relief, or lessen the period of disability resulting from a compensable injury or
28 occupational disease. The Commission shall also adopt rules regarding procedures and
29 minimum qualifications for the approval of independent review organizations by the
30 Commission for purposes of this section and for the selection of independent review
31 organizations to conduct reviews of specified cases. Claimants and employers or carriers may
32 appeal the determination of an independent review organization pursuant to G.S. 97-25(f)(2) or
33 G.S. 97-83. The Commission shall establish fees related to processing requests for review by
34 independent review organizations and shall set a schedule of fees that may be charged to the
35 parties by the independent review organization conducting the review.

36 (b) Hospital Fees. – Each hospital subject to the provisions of this section shall be
37 reimbursed the amount provided for in this section unless it has agreed under contract with the
38 insurer, managed care organization, employer (or other payor obligated to reimburse for
39 inpatient hospital services rendered under this Chapter) to accept a different amount or
40 reimbursement methodology.

41 The explanation of the fee schedule change that is published pursuant to
42 G.S. 150B-21.2(c)(2) shall include a summary of the data and calculations on which the fee
43 schedule rate is based.

44 A hospital's itemized charges on the UB-92 claim form for workers' compensation services
45 shall be the same as itemized charges for like services for all other payers.

46 (c) Maximum Reimbursement for Providers Under Subsection (a). – Each health care
47 provider subject to the provisions of subsection (a) of this section shall be reimbursed the
48 amount specified under the fee schedule unless the provider has agreed under contract with the
49 insurer or managed care organization to accept a different amount or reimbursement
50 methodology. In any instance in which neither the fee schedule nor a contractual fee applies,
51 the maximum reimbursement to which a provider under subsection (a) is entitled under this

1 Article is the usual, customary, and reasonable charge for the service or treatment rendered. In
2 no event shall a provider under subsection (a) charge more than its usual fee for the service or
3 treatment rendered.

4 (c1) Drug and Pharmacy Reimbursement Limits. – Nothing contained in subsection (a1)
5 or (a2) of this section shall be construed to permit any act in conflict with the provisions of
6 G.S. 97-26.2 governing reimbursement for prescription drugs, prescribed over-the-counter
7 drugs, and professional pharmaceutical services.

8 (d) Information to Commission. – Each health care provider seeking reimbursement for
9 medical compensation under this Article shall provide the Commission information requested
10 by the Commission for the development of fee schedules and the determination of appropriate
11 reimbursement.

12 (e) ~~When Charges/Bills Submitted. – Health care providers shall submit charges to the~~
13 ~~insurer or managed care organization within 30 days of treatment, within 30 days after the end~~
14 ~~of the month during which multiple treatments were provided, or within such other reasonable~~
15 ~~period of time as allowed by the Commission. If an insurer or managed care organization~~
16 ~~disputes a portion of a health care provider's bill, it shall pay the uncontested portion of the bill~~
17 ~~and shall resolve disputes regarding the balance of the charges in accordance with this Article~~
18 ~~or its contractual arrangement.~~

19 (f) Repeating Diagnostic Tests. – A health care provider shall not authorize a
20 diagnostic test previously conducted by another provider, unless the health care provider has
21 reasonable grounds to believe a change in patient condition may have occurred or the quality of
22 the prior test is doubted. The Commission may adopt rules establishing reasonable
23 requirements for reports and records to be made available to other health care providers to
24 prevent unnecessary duplication of tests and examinations. A health care provider that violates
25 this subsection shall not be reimbursed for the costs associated with administering or analyzing
26 the test.

27 (g) Direct Reimbursement. – ~~The Commission may adopt rules to allow insurers and~~
28 ~~insurers, managed care organizations to organizations, and employers shall review and~~
29 ~~reimburse charges adjudicate bills for medical compensation without submitting the charges~~
30 ~~bills to the Commission for review and approval.~~

31 (g1) Administrative Simplification. – The applicable administrative standards for code
32 sets, identifiers, formats, and electronic transactions to be used in processing electronic medical
33 bills under this Article shall comply with 45 C.F.R. § 162. The Commission shall adopt rules to
34 require electronic medical billing and payment processes, to standardize the necessary medical
35 documentation for billing adjudication, to provide for effective ~~dates and compliance dates and~~
36 ~~reasonable sanctions for noncompliance,~~ and for further implementation of this subsection.

37 (h) Malpractice. – The employer shall not be liable in damages for malpractice by a
38 ~~physician or surgeon~~ health care provider furnished by him pursuant to the provisions of this
39 section, but the consequences of any such malpractice shall be deemed part of the injury
40 resulting from the accident, and shall be compensated for as such.

41 (i) Resolution of Dispute. – If an insurer or managed care organization disputes a
42 portion of a health care provider's bill, it shall pay the uncontested portion of the bill and shall
43 resolve disputes regarding the balance of the charges in accordance with this Article or its
44 contractual arrangement. The employee or health care provider may apply to the Commission
45 by motion or for a hearing to resolve any dispute regarding the payment of charges for medical
46 compensation in accordance with this Article. The Commission may adopt rules for purposes of
47 resolving medical fee disputes."

48 **SECTION 15.13A.(b)** The Industrial Commission shall adopt temporary and
49 permanent rules for the implementation of this section. Rules adopted pursuant to this section
50 shall not be subject to G.S. 150B-19.1(e), 150B-19.1(f), and 150B-21.4.

51 **SECTION 15.13A.(c)** This section is effective when this act becomes law.

1
2 **INDUSTRIAL COMMISSION/REIMBURSEMENT FOR PRESCRIPTION DRUGS**
3 **AND PROFESSIONAL PHARMACEUTICAL SERVICES**

4 **SECTION 15.13B.(a)** G.S. 97-26.2 reads as rewritten:

5 "**§ 97-26.2. Reimbursement for prescription ~~drugs—drugs, prescribed over-the-counter~~**
6 **drugs, and professional pharmaceutical services.**

7 (a) The reimbursement amount for prescription ~~drugs—drugs, prescribed~~
8 ~~over-the-counter drugs,~~ and professional pharmaceutical services shall be limited to the lesser
9 of ninety-five percent (95%) of the average wholesale price (AWP) of the product, calculated
10 on a per unit basis, as of the date of ~~dispensing.~~dispensing or the reimbursement amount
11 provided for in an agreement between the dispensing health care provider and the payor
12 employer or workers' compensation insurance carrier.

13 (b) All of the following shall apply to the reimbursement for prescription drugs and
14 professional pharmaceutical services:

- 15 (1) A health care provider seeking reimbursement for ~~drugs dispensed by a~~
16 ~~physician—health care provider-dispensed prescription drugs, prescribed~~
17 ~~over-the-counter drugs, and pharmaceutical services~~ shall include the
18 original manufacturer's National Drug Code (NDC) number, as assigned by
19 the United States Food and Drug Administration, on ~~the bills and reports~~
20 ~~required by this section.~~any billing documents or invoices issued.
- 21 (2) In no event may a ~~physician—health care provider~~ receive reimbursement in
22 excess of ninety-five percent (95%) of the AWP of the drugs dispensed by a
23 ~~physician,health care provider,~~ as determined by reference to the original
24 manufacturer's NDC number.
- 25 (3) A repackaged NDC number may not be individually used on any billing
26 documents or invoices issued, and will not be considered the original
27 manufacturer's NDC number. A repackaged NDC number may only appear
28 in conjunction with the manufacturer's NDC number. If a health care
29 provider seeking reimbursement for drugs dispensed by a ~~physician—health~~
30 ~~care provider~~ does not include the original manufacturer's NDC number on
31 ~~the bills and reports required by this section,~~any billing documents or
32 invoices issued, reimbursement shall be limited to one hundred percent
33 (100%) of the AWP of the least expensive clinically equivalent drug,
34 calculated on a per unit basis.
- 35 (4) No outpatient health care provider, other than a licensed pharmacy, may
36 receive reimbursement for a Schedule II controlled substance, as defined in
37 G.S. 90-90, ~~or~~a Schedule III controlled substance, as defined in G.S. 90-91,
38 a Schedule IV controlled substance, as defined in G.S. 90-92, or a Schedule
39 V controlled substance, as defined in G.S. 90-93, dispensed in excess of an
40 initial five-day supply, commencing upon the employee's initial treatment
41 following injury. Reimbursement under this subdivision shall be made for
42 the five-day supply at the rates provided in this section.
- 43 (5) For purposes of this section, the term "clinically equivalent" means a drug
44 has chemical equivalents which, when administered in the same amounts,
45 will provide essentially the same therapeutic effect as measured by the
46 control of a symptom or disease."

47 **SECTION 15.13B.(b)** This section becomes effective September 1, 2015.

48
49 **INDUSTRIAL COMMISSION/USE OF IT FUNDS**

50 **SECTION 15.14.** In each year of the 2015-2017 fiscal biennium, the Industrial
51 Commission, in consultation with the State Chief Information Officer, may use available funds

1 in Budget Code 24611 (Fund 2200) to maintain its Consolidated Case Management System,
 2 including, but not limited to, covering the costs of related service contracts and information
 3 technology personnel.

4
 5 **UTILITIES COMMISSION/PUBLIC STAFF REALIGN CERTIFIED BUDGET WITH**
 6 **ANTICIPATED AGENCY REQUIREMENTS**

7 **SECTION 15.15.(a)** No later than November 1, 2015, the Utilities Commission
 8 and Public Staff, in conjunction with the Department of Commerce and the Office of State
 9 Budget and Management, shall realign the certified budget for the following funds for each
 10 year of the 2015-2017 fiscal biennium to reflect the anticipated spending requirements for the
 11 Utilities Commission and Public Staff for each year of the 2015-2017 biennium:

Budget Code	Fund	Description
54600	5211	Utilities – Commission Staff
54600	5217	Utilities – Gas Pipelines
54600	5218	PUC Capacity Grant – ARRA
54600	5221	Utilities – Public Staff
64605	6431	Utility and Public Staff.

12
 13
 14
 15
 16
 17
 18 **SECTION 15.15.(b)** In realigning the certified budget for the funds described in
 19 subsection (a) of this section, the Utilities Commission and Public Staff shall prioritize
 20 eliminating unnecessary vacant positions and making line-item modifications that reflect
 21 anticipated agency requirements. The Utilities Commission and Public Staff shall not expend
 22 any funds unless they are appropriated in this act for fiscal year 2015-2016 and fiscal year
 23 2016-2017.

24
 25 **SET REGULATORY FEE FOR UTILITIES COMMISSION**

26 **SECTION 15.16.(a)** G.S. 62-302(a) reads as rewritten:

27 "(a) Fee Imposed. – It is the policy of the State of North Carolina to provide fair
 28 regulation of public utilities in the interest of the public, as provided in G.S. 62-2. The cost of
 29 regulating public utilities is a burden incident to the privilege of operating as a public utility.
 30 Therefore, for the purpose of defraying the cost of regulating public utilities, every public
 31 utility subject to the jurisdiction of the Commission shall pay a quarterly regulatory fee, in
 32 addition to all other fees and taxes, as provided in this section. The fees collected shall be used
 33 only to pay the expenses of the Commission and the Public Staff in regulating public utilities in
 34 the interest of the ~~public~~ public and to maintain a reasonable margin for a reserve fund. The
 35 amount of the reserve may not exceed one-half of the cost of operating the Commission and the
 36 Public Staff as reflected in the certified budget for the previous fiscal year.

37 It is also the policy of the State to provide limited oversight of certain electric membership
 38 corporations as provided in G.S. 62-53. Therefore, for the purpose of defraying the cost of
 39 providing the oversight authorized by G.S. 62-53 and G.S. 117-18.1, each fiscal year each
 40 electric membership corporation whose principal purpose is to furnish or cause to be furnished
 41 bulk electric supplies at wholesale as provided in G.S. 117-16 shall pay an annual fee as
 42 provided in this section."

43 **SECTION 15.16.(b)** Subdivisions 14.19(c1)(4), (5), (6), and (10) of S.L. 2009-451
 44 are repealed.

45 **SECTION 15.16.(c)** G.S. 62-302, as amended by subsection (a) of this section,
 46 reads as rewritten:

47 "(a) Fee Imposed. – It is the policy of the State of North Carolina to provide fair
 48 regulation of public utilities in the interest of the public, as provided in G.S. 62-2. The cost of
 49 regulating public utilities is a burden incident to the privilege of operating as a public utility.
 50 Therefore, for the purpose of defraying the cost of regulating public utilities, every public
 51 utility subject to the jurisdiction of the Commission shall pay a quarterly regulatory fee, in

1 addition to all other fees and taxes, as provided in this section. The fees collected shall be used
 2 only to pay the expenses of the Commission and the Public Staff in regulating public utilities in
 3 the interest of the public and to maintain a reasonable margin for a reserve fund. The amount of
 4 the reserve may not exceed one-half of the cost of operating the Commission and the Public
 5 Staff as reflected in the certified budget for the previous fiscal year.

6 It is also the policy of the State to provide limited oversight of certain electric membership
 7 corporations as provided in G.S. 62-53. Therefore, for the purpose of defraying the cost of
 8 providing the oversight authorized by G.S. 62-53 and G.S. 117-18.1, each fiscal year each
 9 electric membership corporation whose principal purpose is to furnish or cause to be furnished
 10 bulk electric supplies at wholesale as provided in G.S. 117-16 shall pay an annual fee as
 11 provided in this section.

12 (b) Public Utility Rate. –

13 (1) Repealed by Session Laws 2000-140, s. 56, effective July 21, 2000.

14 (2) Unless adjusted under subdivision (3) of this subsection, the public utility
 15 fee is a percentage of a utility's jurisdictional revenues as follows:

16 <u>Noncompetitive jurisdictional revenues</u>	<u>0.148%</u>
17 <u>Subsection (h) competitive jurisdictional revenues</u>	<u>0.06%</u>
18 <u>Subsection (m) competitive jurisdictional revenues</u>	<u>0.05%</u>

19 ~~For noncompetitive jurisdictional revenues as defined in sub-subdivision~~
 20 ~~(4)a. of this subsection, the public utility regulatory fee for each~~
 21 ~~fiscal year is the greater of (i) a percentage rate, established by the~~
 22 ~~General Assembly, of each public utility's noncompetitive~~
 23 ~~jurisdictional revenues for each quarter or (ii) six dollars and~~
 24 ~~twenty five cents (\$6.25) each quarter. For subsection (h)~~
 25 ~~competitive jurisdictional revenues as defined in sub-subdivision~~
 26 ~~(4)b. of this subsection, and subsection (m) competitive jurisdictional~~
 27 ~~revenues as defined in sub-subdivision (4)c. of this subsection, the~~
 28 ~~public utility regulatory fee for each fiscal year is a percentage rate~~
 29 ~~established by the General Assembly of each public utility's~~
 30 ~~competitive jurisdictional revenues for each quarter.~~

31 ~~When the Commission prepares its budget request for the upcoming~~
 32 ~~fiscal year, the Commission shall propose a percentage rate of the public~~
 33 ~~utility regulatory fee. For fiscal years beginning in an odd-numbered year,~~
 34 ~~that proposed rate shall be included in the budget message the Governor~~
 35 ~~submits to the General Assembly pursuant to G.S. 143C 3-5. For fiscal years~~
 36 ~~beginning in an even-numbered year, that proposed rate shall be included in~~
 37 ~~a special budget message the Governor shall submit to the General~~
 38 ~~Assembly. The General Assembly shall set the percentage rate of the public~~
 39 ~~utility regulatory fee by law.~~

40 ~~The percentage rate may not exceed the amount necessary to generate~~
 41 ~~funds sufficient to defray the estimated cost of the operations of the~~
 42 ~~Commission and the Public Staff for the upcoming fiscal year, including a~~
 43 ~~reasonable margin for a reserve fund. The amount of the reserve may not~~
 44 ~~exceed the estimated cost of operating the Commission and the Public Staff~~
 45 ~~for the upcoming fiscal year. In calculating the amount of the reserve, the~~
 46 ~~General Assembly shall consider all relevant factors that may affect the cost~~
 47 ~~of operating the Commission or the Public Staff or a possible unanticipated~~
 48 ~~increase or decrease in North Carolina jurisdictional revenues.~~

49 (3) In the first half of each calendar year, the Commission shall review the
 50 estimated cost of operating the Commission and the Public Staff for the next
 51 fiscal year, including a reasonable margin for the reserve fund allowed under

1 this section. In making this determination, the Commission shall consider all
2 relevant factors that may affect the cost of operating the Commission or the
3 Public Staff or a possible unanticipated change in competitive and
4 noncompetitive jurisdictional revenues. If the estimated receipts provided for
5 under this section are less than the estimated cost of operating the
6 Commission and the Public Staff for the next fiscal year, including the
7 reasonable margin for the reserve fund, then ~~If the Commission, the Public~~
8 Staff, or both experience a revenue shortfall, the Commission shall ~~may~~
9 implement a temporary increase the public utility regulatory fee surcharge on
10 noncompetitive jurisdictional revenues effective for the next fiscal year to
11 avert the deficiency that would otherwise occur. In no event may the total
12 percentage rate of the public utility regulatory fee on noncompetitive
13 jurisdictional revenues plus any surcharge established by the Commission
14 exceed ~~twenty five hundredths percent (0.25%)~~ seventeen and one-half
15 hundredths of one percent (0.175%). If the estimated receipts provided for
16 under this section are more than the estimated cost of operating the
17 Commission and the Public Staff for the next fiscal year, including the
18 reasonable margin for the reserve fund, then the Commission shall decrease
19 the public utility regulatory fee on noncompetitive jurisdictional revenues
20 effective for the next fiscal year.

21 (4) As used in this section:

- 22 a. "Noncompetitive jurisdictional revenues" means all revenues derived
23 or realized from intrastate tariffs, rates, and charges approved or
24 allowed by the Commission or collected pursuant to Commission
25 order or rule, but not including tap-on fees or any other form of
26 contributions in aid of construction.
- 27 b. "Subsection (h) competitive jurisdictional revenues" means all
28 revenues derived from retail services provided by local exchange
29 companies and competing local providers that have elected to operate
30 under G.S. 62-133.5(h).
- 31 c. "Subsection (m) competitive jurisdictional revenues" means all
32 revenues derived from retail services provided by local exchange
33 companies and competing local providers that have elected to operate
34 under G.S. 62-133.5(m).

35 (b1) Electric Membership Corporation Rate. – The electric membership corporation
36 regulatory fee for each fiscal year shall ~~be a dollar amount as established by the General~~
37 Assembly by law is two hundred thousand dollars (\$200,000).

38 ~~When the Commission prepares its budget request for the upcoming fiscal year, the~~
39 ~~Commission shall propose the amount of the electric membership corporation regulatory fee.~~
40 ~~For fiscal years beginning in an odd numbered year, the proposed amount shall be included in~~
41 ~~the budget message the Governor submits to the General Assembly pursuant to G.S. 143C-3-5.~~
42 ~~For fiscal years beginning in an even numbered year, the proposed amount shall be included in~~
43 ~~a special budget message the Governor shall submit to the General Assembly.~~

44 ~~The amount of the electric membership corporation regulatory fee proposed by the~~
45 ~~Commission may not exceed the amount necessary to defray the estimated cost of the~~
46 ~~operations of the Commission and the Public Staff for the regulation of the electric membership~~
47 ~~corporations in the upcoming fiscal year, including a reasonable margin for a reserve fund. The~~
48 ~~amount of the reserve may not exceed the estimated cost of the Commission and the Public~~
49 ~~Staff for the regulation of the electric membership corporations for the upcoming fiscal year.~~

50 ...

1 (c) ~~Recovery of fee increase.~~ Fee Changes. – If a utility's regulatory fee obligation is
 2 ~~increased, changed,~~ the Commission shall either adjust the utility's rates to reflect the change
 3 ~~allow for the recovery of the increased fee obligation,~~ or approve the utility's request for an
 4 accounting order allowing deferral of the ~~increase change~~ in the fee obligation."

5 **SECTION 15.16.(d)** G.S. 62-302(b)(2), as amended by subsection (c) of this
 6 section, reads as rewritten:

7 "(2) Unless adjusted under subdivision (3) of this subsection, the public utility
 8 fee is a percentage of a utility's jurisdictional revenues as follows:

9 Noncompetitive jurisdictional revenues	0.148%
10 Subsection (h) competitive jurisdictional revenues	0.06% 0.04%
11 Subsection (m) competitive jurisdictional revenues	0.05% 0.02%"

12 **SECTION 15.16.(e)** Subsection (c) of this section is effective July 1, 2015, and
 13 applies to jurisdictional revenues earned in each quarter that begins on or after July 1, 2015.
 14 Subsection (d) of this section is effective July 1, 2016, and applies to jurisdictional revenues
 15 earned in each quarter that begins on or after July 1, 2016. The remainder of this section is
 16 effective on the date this section becomes law.

17 18 **UTILITY COMMISSION FEES AND CHARGES**

19 **SECTION 15.16A.(a)** The Utilities Commission and Public Staff shall jointly
 20 review all fees and charges provided for in G.S. 62-300 to determine (i) whether the fees and
 21 charges are sufficient to cover the costs of processing the applications and filings required by
 22 G.S. 62-300 and (ii) whether new categories should be established to impose fees or charges on
 23 persons or entities who make applications or filings to the Utilities Commission but are not
 24 expressly included in any of the current categories listed in G.S. 62-300. The review may also
 25 include any other relevant matters related to fees and charges for applications and filings made
 26 to the Utilities Commission.

27 **SECTION 15.16A.(b)** By April 1, 2016, the Utilities Commission and Public Staff
 28 shall report their findings, including any recommendations on amending the fees and charges
 29 for applications and filings under G.S. 62-300, to the Joint Legislative Commission on Energy
 30 Policy, the chairs of the House of Representatives Appropriations Committee on Agriculture
 31 and Natural and Economic Resources and the Senate Appropriations Committee on Natural and
 32 Economic Resources, and the Fiscal Research Division.

33 34 **MUNICIPAL SERVICE DISTRICTS/CONTRACTS & REFERENDUM AUTHORITY**

35 **SECTION 15.16B.(a)** G.S. 160A-536 reads as rewritten:

36 "**§ 160A-536. Purposes for which districts may be established.**

37 ...

38 (d) Contracts. – A city may provide services, facilities, functions, or promotional and
 39 developmental activities in a service district with its own forces, through a contract with
 40 another governmental agency, through a contract with a private agency, or by any combination
 41 thereof. Any contracts entered into pursuant to this ~~paragraph~~ subsection shall (i) specify the
 42 purposes for which city moneys are to be used and shall be used, (ii) require specific approval by
 43 the city council for all expenditures of moneys pursuant to the contract, and (iii) require an
 44 appropriate accounting for those moneys at the end of each fiscal year or other appropriate
 45 period.

46"

47 **SECTION 15.16B.(b)** G.S. 160A-541 reads as rewritten:

48 "**§ 160A-541. Abolition of service ~~districts.~~districts by city council.**

49 Upon finding that there is no longer a need for a particular service district, the city council
 50 may by resolution abolish that district. The council shall hold a public hearing before adopting
 51 a resolution abolishing a district. Notice of the hearing shall state the date, hour and place of the

1 hearing, and its subject, and shall be published at least once not less than one week before the
2 date of the hearing. The abolition of any service district shall take effect at the end of a fiscal
3 year following passage of the resolution, as determined by the council."

4 **SECTION 15.16B.(c)** Article 23 of Chapter 160A of the General Statutes is
5 amended by adding a new section to read as follows:

6 **"§ 160A-541.1. Abolition of service districts by referendum.**

7 (a) A petition seeking the abolition of any service district established under
8 G.S. 160A-536 shall be filed with the city clerk, who shall immediately forward the petition to
9 the county board of elections that conducts elections for the city. The petition shall bear the
10 signatures equal in number to at least fifteen percent (15%) of the registered voters of the
11 service district, as shown by the registration records of the last preceding general municipal
12 election, each voter's residence address, and each voter's date of birth.

13 (b) The county board of elections shall verify the petition signatures. If a sufficient
14 petition is submitted, the county board of elections shall certify its sufficiency to the city
15 council, and the city council shall adopt a resolution setting the date for the referendum. The
16 city council shall notify the county board of elections of the date set for the referendum and
17 shall provide the board with a legible map and clear written description of the affected service
18 district. The referendum may be called only if there are no outstanding general obligation
19 bonds of the service district. No referendum shall be held in a service district in which there are
20 no voters.

21 (c) The county board of elections shall cause legal notice of the election to be
22 published. The notice shall include the general statement of the referendum. The referendum
23 shall be conducted, returned, and the results declared as in other municipal elections in the city.
24 Only registered voters of the affected service district shall be allowed to vote on the
25 referendum. The city shall reimburse the county board of elections for the cost incurred in
26 conducting the election, as required by G.S. 163-284.

27 (d) The referendum of the proposed abolition of more than one service district may be
28 submitted at the same election, but, as to the proposed abolition of each service district, there
29 shall be an entirely separate ballot question.

30 (e) The ballots used in a referendum shall submit the following proposition:

31 " FOR AGAINST

32 The abolition of (name of the service district)."

33 (f) If a majority of the votes cast are in favor of abolishing the service district, the
34 abolition of the service district shall take effect at the end of the fiscal year immediately
35 following the date the county board of elections certifies the results of the election, and the city
36 council shall thereafter have no authority to levy a tax under G.S. 160A-542 within the
37 abolished service district. If a majority of the votes cast are against abolishing the service
38 district, the service district shall remain in effect until amended or abolished as provided for in
39 this Article."

40 **SECTION 15.16B.(d)** This section is effective when this act becomes law.

41
42 **GRASSROOTS SCIENCE PROGRAM**

43 **SECTION 15.18.(a)** Of the funds appropriated in this act to the Department of
44 Commerce for State-Aid, the sum of two million two hundred fifty thousand dollars
45 (\$2,250,000) is allocated as grants-in-aid for the 2015-2016 fiscal year:

	2015-2016
47 Aurora Fossil Museum	\$60,526
48 Cape Fear Museum	\$60,488
49 Carolina Raptor Center	\$60,483
50 Catawba Science Center	\$93,328
51 Colburn Earth Science Museum, Inc.	\$58,640

1	Core Sound Waterfowl Museum	\$59,430
2	Cowan Museum of History and Science	\$58,514
3	Dan Nicholas Park (Rowan County)	\$58,000
4	Discovery Place	\$94,939
5	Discovery Place KIDS (Rockingham)	\$58,000
6	Eastern NC Regional Science Center	\$59,637
7	Fascinate-U	\$65,792
8	Granville County Museum Commission,	
9	Inc. – Harris Gallery	\$61,068
10	Greensboro Children's Museum	\$79,322
11	Greensboro Science Center	\$115,410
12	Hands On! – A Child's Gallery	\$58,534
13	Highlands Nature Center	\$62,887
14	Imagination Station	\$65,349
15	The Iredell Museums, Inc.	\$58,360
16	Kidsenses	\$64,967
17	Marbles Kids Museum	\$70,582
18	Museum of Coastal Carolina	\$59,117
19	North Carolina Estuarium	\$62,359
20	North Carolina Museum of Life	
21	and Science	\$77,040
22	Pisgah Astronomical Research Institute	\$83,281
23	Port Discover: Northeastern	
24	North Carolina's Center for	
25	Hands-On Science, Inc.	\$60,248
26	Rocky Mount Children's Museum	\$67,464
27	Schiele Museum of Natural History	
28	and Planetarium, Inc.	\$107,868
29	Sci Works Science Center and	
30	Environmental Park of Forsyth County	\$61,943
31	Sylvan Heights Waterfowl Park	
32	and Eco-Center	\$68,981
33	The Rankin Museum, Inc.	\$58,000
34	Western North Carolina Nature Center	\$59,893
35	Wilmington Children's Museum	\$59,550
36	Total	\$2,250,000.

37
38 **SECTION 15.18.(b)** No later than March 1, 2016, the Department of Commerce
39 shall report to the Fiscal Research Division all of the following information for each museum
40 that receives funds under this section:

- 41 (1) For museums that operate on a fiscal year, the actual operating budget for
42 the 2014-2015 fiscal year. For museums that operate on a calendar year, the
43 actual operating budget for the 2014 calendar year.
44 (2) The proposed operating budget for the 2015-2016 fiscal year.
45 (3) The total attendance at the museum during the 2015 calendar year.

46 **SECTION 15.18.(c)** As a condition for qualifying to receive funding under this
47 section, all of the following documentation shall, no later than November 1, 2015, be submitted
48 for each museum under this section to the Department of Commerce for the fiscal year that
49 most recently ended and only those costs that are properly documented under this subsection
50 are allowed by the Department in calculating the distribution of funds under this section:

- 1 (1) Each museum under this section shall submit its IRS (Internal Revenue
2 Service) Form 990 to show its annual operating expenses, its annual report,
3 and a reconciliation that explains any differences between expenses as
4 shown on the IRS Form 990 and the annual report.
- 5 (2) Each friends association of a museum under this section shall submit its IRS
6 Form 990 to show its reported expenses for the museum, its annual report,
7 and a reconciliation that explains any differences between expenses as
8 shown on the IRS Form 990 and the annual report, unless the association
9 does not have both an IRS Form 990 and an annual report available; in
10 which case, it shall submit either an IRS Form 990 or an annual report.
- 11 (3) The chief financial officer of each county or municipal government that
12 provides funds for the benefit of the museum shall submit a detailed signed
13 statement of documented costs spent for the benefit of the museum that
14 includes documentation of the name, address, title, and telephone number of
15 the person making the assertion that the museum receives funds from the
16 county or municipality for the benefit of the museum.
- 17 (4) The chief financial officer of each county or municipal government or each
18 friends association that provides indirect or allocable costs that are not
19 directly charged to a museum under this section but that benefit the museum
20 shall submit in the form of a detailed statement enumerating each cost by
21 type and amount that is verified by the financial officer responsible for the
22 completion of the documentation and that includes the name, address, title,
23 and telephone number of the person making the assertion that the county,
24 municipality, or association provides indirect or allocable costs to the
25 museum.

26 **SECTION 15.18.(d)** As used in subsection (c) of this section, "friends association"
27 means a nonprofit corporation established for the purpose of supporting and assisting a
28 museum that receives funding under this section.

29 **SECTION 15.18.(e)** Each museum listed in subsection (a) of this section shall do
30 the following:

- 31 (1) By September 1, 2015, and more frequently as requested, report to the Joint
32 Legislative Commission on Governmental Operations and the Fiscal
33 Research Division on prior State fiscal year program activities, objectives,
34 and accomplishments and prior State fiscal year itemized expenditures and
35 fund sources.
- 36 (2) Provide to the Fiscal Research Division a copy of the museum's annual
37 audited financial statement within 30 days of issuance of the statement.
38

39 **GRASSROOTS SCIENCE PROGRAM/COMPETITIVE GRANT PROGRAM**

40 **SECTION 15.18A.(a)** Effective July 1, 2016, the Grassroots Science Program
41 within the Department of Commerce is transferred to the North Carolina State Museum of
42 Natural Sciences in the Department of Natural and Cultural Resources, as enacted by Section
43 14.30 of this act.

44 **SECTION 15.18A.(b)** Part 40 of Article 2 of Chapter 143B of the General
45 Statutes, as enacted by Section 14.30 of this act, is amended by adding a new section to read as
46 follows:

47 **"§ 143B-135.227. Grassroots science competitive grant program.**

48 (a) The North Carolina State Museum of Natural Sciences (hereinafter "Museum of
49 Natural Sciences") shall administer the Grassroots Science Program as a competitive grant
50 program. Any museum in the State may apply for a grant under the program, including a
51 museum that has received a grant-in-aid as a grassroots science museum in prior fiscal years.

1 but grant funds shall be awarded only if the museum meets the criteria established in subsection
2 (c) of this section. No museum shall be guaranteed a grant under the competitive grant
3 program.

4 (b) For each fiscal year, the Museum of Natural Sciences shall reserve seven hundred
5 fifty thousand dollars (\$750,000) for the purpose of awarding grants to museums located in
6 development tier one counties and six hundred thousand dollars (\$600,000) for museums
7 located in development tier two counties. The development tier designation of a county shall be
8 determined as provided in G.S. 143B-437.08. If, after the initial awarding of grants to all
9 museum applicants who meet the eligibility criteria provided for in subsection (c) of this
10 section, there are funds remaining in any development tier category, the Museum of Natural
11 Sciences may reallocate those funds to another development tier category. The maximum
12 amount of each grant awarded in each fiscal year shall be (i) seventy-five thousand dollars
13 (\$75,000) for a museum in a development tier one county; (ii) sixty thousand dollars (\$60,000)
14 for a museum in a development tier two county; and (iii) fifty thousand (\$50,000) for a
15 museum in a development tier three county.

16 (c) To be eligible to receive a grant under the competitive grant program, a museum
17 shall demonstrate:

- 18 (1) That it is a science center or museum or a children's museum that is
19 physically located in the State.
- 20 (2) That it has been open, operating, and exhibiting science or Science,
21 Technology, Engineering, and Math (STEM) education objects to the
22 general public at least 120 days of each year for the past two or more years.
- 23 (3) That it is a nonprofit organization that is exempt from federal income taxes
24 pursuant to section 501(c)(3) of the Internal Revenue Code.
- 25 (4) That it has on its staff at least one full-time professional person.
- 26 (5) That its governing body has adopted a mission statement that includes
27 language that shows the museum has a concentration on science or STEM
28 education and that the adopted mission statement has been in effect for the
29 past two or more years.

30 (d) The Museum of Natural Sciences shall, in awarding grants under this section, give
31 priority to museums that:

- 32 (1) When compared to other museum applicants:
 - 33 a. Are located in counties that are more economically distressed
34 according to the annual rankings prepared by the Department of
35 Commerce pursuant to G.S. 143B-437.08(c).
 - 36 b. Generate a larger portion of their operating funds from non-State
37 revenue.
 - 38 c. Have a higher attendance to population ratio.
- 39 (2) Partner with other museums in the State to share exhibits, programs, or other
40 activities.
- 41 (3) Are not located in close proximity to other science or STEM education
42 museums."

43 **SECTION 15.18A.(c)** Subsection (b) of this section is effective July 1, 2016.

44 **SECTION 15.18A.(d)** By March 1, 2016, the Museum of Natural Sciences shall
45 submit guidelines for the submission of applications and the awarding of grants for the
46 competitive grant program provided for in subsection (b) of this section to the chairs of the
47 House of Representatives Appropriations Committee on Agriculture and Natural and Economic
48 Resources and the Senate Appropriations Committee on Natural and Economic Resources and
49 the Fiscal Research Division.

50 **COMMERCE NONPROFITS/REPORTING REQUIREMENTS**

- 1 (2) Review compliance of budget actions directed by the General Assembly.
2 (3) Monitor expenditures, deviations, and changes made by the agencies set out
3 in subdivision (1) of subsection (a) of this section to the certified budget.
4 (4) Review policy changes as directed by law.
5 (5) Receive presentations of reports from agencies directed in the law, including
6 audits, studies, and other reports.
7 (6) Review any issues that arise during the interim period between sessions of
8 the General Assembly and provide a venue for any of these issues to be
9 heard in a public setting.
10 (7) Monitor the quality of services provided by cultural, natural, and economic
11 resources agencies to other agencies and the public.
12 (8) Identify opportunities for cultural, natural, and economic resources agencies
13 to coordinate and collaborate to eliminate duplicative functions.
14 (9) Have presentations and reports on any other matters that the Committee
15 considers necessary to fulfill its mandate.
16 (b) The Committee may make reports to the General Assembly. A report to the General
17 Assembly may contain legislation needed to implement a recommendation of the Committee.

18 **"§ 120-312. Organization of Committee.**

19 (a) The President Pro Tempore of the Senate and the Speaker of the House of
20 Representatives shall each designate a cochair of the Joint Legislative Oversight Committee on
21 Natural and Economic Resources. The Committee shall meet upon the joint call of the cochairs.

22 (b) A quorum of the Committee is five members. No action may be taken except by a
23 majority vote at a meeting at which a quorum is present. While in the discharge of its official
24 duties, the Committee has the powers of a joint committee under G.S. 120-19 and
25 G.S. 120-19.1 through G.S. 120-19.4.

26 (c) Members of the Committee shall receive subsistence and travel expenses as
27 provided in G.S. 120-3.1. The Committee may contract for consultants or hire employees in
28 accordance with G.S. 120-32.02. The Legislative Services Commission, through the Legislative
29 Services Officer, shall assign professional staff to assist the Committee in its work. Upon the
30 direction of the Legislative Services Commission, the Directors of Legislative Assistants of the
31 Senate and of the House of Representatives shall assign clerical staff to the Committee. The
32 expenses for clerical employees shall be borne by the Committee.

33 (d) The Committee cochairs may establish subcommittees for the purpose of examining
34 issues relating to services provided by particular divisions within the State's cultural, natural,
35 and economic resources departments.

36 **"§ 120-313. Reports to Committee.**

37 Whenever a department, office, or agency set out in subdivision (1) of subsection (a) of
38 G.S. 120-296 is required by law to report to the General Assembly or to any of its permanent
39 committees or subcommittees on matters affecting the services the department or agency
40 provides, the department or agency shall transmit a copy of the report to the cochairs of the
41 Joint Legislative Oversight Committee on Natural and Economic Resources."

42 **SECTION 15.24.(b)** This section is effective August 1, 2015.

43
44 **PART XVI. DEPARTMENT OF PUBLIC SAFETY**

45
46 **SUBPART XVI-A. GENERAL PROVISIONS**

47
48 **GRANT REPORTING AND MATCHING FUNDS**

49 **SECTION 16A.1.(a)** The Department of Public Safety, the Department of Justice,
50 and the Judicial Department shall report by May 1 of each year to the chairs of the House of
51 Representatives and Senate Appropriations Committees on Justice and Public Safety on grant

1 funds received or preapproved for receipt by those departments. The report shall include
2 information on the amount of grant funds received or preapproved for receipt by each
3 department, the use of the funds, the State match expended to receive the funds, and the period
4 to be covered by each grant. If the department intends to continue the program beyond the end
5 of the grant period, the department shall report on the proposed method for continuing the
6 funding of the program at the end of the grant period. Each department shall also report on any
7 information it may have indicating that the State will be requested to provide future funding for
8 a program presently supported by a local grant.

9 **SECTION 16A.1.(b)** Notwithstanding the provisions of G.S. 143C-6-9, the
10 Department of Public Safety may use up to the sum of one million two hundred thousand
11 dollars (\$1,200,000) during the 2015-2016 fiscal year from funds available to the Department
12 to provide the State match needed in order to receive grant funds. Prior to using funds for this
13 purpose, the Department shall report to the chairs of the House of Representatives and Senate
14 Appropriations Committees on Justice and Public Safety on the grants to be matched using
15 these funds.

16 **CHANGE RECIPIENTS OF VICTIMS' COMPENSATION REPORT**

17 **SECTION 16A.2.** G.S. 15B-21 reads as rewritten:

18 **"§ 15B-21. Annual report.**

19 The Commission shall, by March 15 each year, prepare and transmit to the ~~Governor and~~
20 ~~the General Assembly~~ chairs of the Joint Legislative Oversight Committee on Justice and Public
21 Safety and to the chairs of the House and Senate Appropriations Committees on Justice and
22 Public Safety a report of its activities in the prior fiscal year and the current fiscal year to date.

23 The report shall include:

- 24 (1) The number of claims filed;
- 25 (2) The number of awards made;
- 26 (2a) The number of pending cases by year received;
- 27 (3) The amount of each award;
- 28 (4) A statistical summary of claims denied and awards made;
- 29 (5) The administrative costs of the Commission, including the compensation of
30 commissioners;
- 31 (6) The current unencumbered balance of the North Carolina Crime Victims
32 Compensation Fund;
- 33 (7) The amount of funds carried over from the prior fiscal year;
- 34 (8) The amount of funds received in the prior fiscal year from the Division of
35 Adult Correction of the Department of Public Safety and from the
36 compensation fund established pursuant to the Victims Crime Act of 1984,
37 42 U.S.C. § 10601, et seq.; and
- 38 (9) The amount of funds expected to be received in the current fiscal year, as
39 well as the amount actually received in the current fiscal year on the date of
40 the report, from the Division of Adult Correction of the Department of
41 Public Safety and from the compensation fund established pursuant to the
42 Victims Crime Act of 1984, 42 U.S.C. § 10601, et seq.

43 The Attorney General and State Auditor shall assist the Commission in the preparation of
44 the report required by this section."
45

46 **LIMITED AUTHORITY TO ELIMINATE AND RECLASSIFY CERTAIN POSITIONS**

47 **SECTION 16A.3.** Notwithstanding any other provision of law, subject to the
48 approval of the Director of the Budget, the Secretary of the Department of Public Safety may
49 reclassify or eliminate existing positions in the Division of Administration that are not
50 specifically addressed in this act as needed for the efficient operation of the Department. No
51

1 position shall be reclassified pursuant to this section solely for the purpose of providing a
2 person in that position with a salary increase. The Secretary of the Department of Public Safety
3 shall report any position reclassification undertaken pursuant to this section to the chairs of the
4 House and Senate Appropriations Committees on Justice and Public Safety and the Fiscal
5 Research Division within 30 days of the reclassification. The report shall include the position
6 number, original title, original fund code, original budgeted salary, new title, new fund code,
7 and new budgeted salary for each reclassified position.
8

9 **SAMARCAND TRAINING ACADEMY**

10 **SECTION 16A.4.** The former juvenile detention facility known as Samarkand
11 Manor, located in Moore County, is redesignated a law enforcement and corrections training
12 facility and assigned to the Office of the Secretary of the Department of Public Safety. The
13 facility shall be renamed Samarcand Training Academy and shall be administered by a
14 Director. The operating budget for Samarcand Training Academy shall be funded by the
15 Department of Public Safety but shall be independent of the operating budget of any Division
16 within the Department and shall be managed and administered by the Director of the Academy
17 with oversight by the Office of the Secretary of the Department of Public Safety.
18

19 **SENSITIVE PUBLIC SECURITY INFORMATION IS NOT A PUBLIC RECORD**

20 **SECTION 16A.5.** G.S. 132-1.7 reads as rewritten:

21 **"§ 132-1.7. Sensitive public security information.**

22 (a) Public records, as defined in G.S. 132-1, shall not include information containing
23 specific details of public security plans and arrangements or the detailed plans and drawings of
24 public buildings and infrastructure ~~facilities~~ facilities or plans, schedules, or other documents
25 that include information regarding patterns or practices associated with executive protection
26 and security.

27 (a1) Public records, as defined in G.S. 132-1, shall not include specific security
28 information or detailed plans, patterns, or practices associated with prison operations.

29 (a2) Public records, as defined in G.S. 132-1, shall not include specific security
30 information or detailed plans, patterns, or practices to prevent or respond to criminal, gang, or
31 organized illegal activity.

32 (b) Public records as defined in G.S. 132-1 do not include plans to prevent or respond to
33 terrorist activity, to the extent such records set forth vulnerability and risk assessments,
34 potential targets, specific tactics, or specific security or emergency procedures, the disclosure
35 of which would jeopardize the safety of governmental personnel or the general public or the
36 security of any governmental facility, building, structure, or information storage system.

37 (c) Information relating to the general adoption of public security plans and
38 arrangements, and budgetary information concerning the authorization or expenditure of public
39 funds to implement public security plans and arrangements, or for the construction, renovation,
40 or repair of public buildings and infrastructure facilities shall be public records."
41

42 **LAPSED SALARY SAVINGS**

43 **SECTION 16A.6.** Notwithstanding G.S. 143C-6-9, the Department of Public
44 Safety shall revert to the General Fund a minimum of seventeen million eight hundred ninety
45 thousand two hundred nine dollars (\$17,890,209) from lapsed salary savings by June 30, 2016.
46

47 **SUBPART XVI-B. DIVISION OF LAW ENFORCEMENT**

48 **USE OF SEIZED AND FORFEITED PROPERTY TRANSFERRED TO STATE LAW** 49 **ENFORCEMENT AGENCIES BY THE FEDERAL GOVERNMENT** 50

1 **SECTION 16B.1.(a)** Seized and forfeited assets transferred to the Department of
2 Public Safety during the 2015-2017 fiscal biennium pursuant to applicable federal law shall be
3 credited to the budget of the department and shall result in an increase of law enforcement
4 resources for the department. The Department of Public Safety shall make the following reports
5 to the chairs of the House of Representatives and Senate Appropriations Committees on Justice
6 and Public Safety:

- 7 (1) A report upon receipt of any assets.
- 8 (2) A report that shall be made prior to use of the assets on their intended use
9 and the departmental priorities on which the assets may be expended.
- 10 (3) A report on receipts, expenditures, encumbrances, and availability of these
11 assets for the previous fiscal year, which shall be made no later than
12 September 1 of each year.

13 **SECTION 16B.1.(b)** The General Assembly finds that the use of seized and
14 forfeited assets transferred pursuant to federal law for new personnel positions, new projects,
15 acquisition of real property, repair of buildings where the repair includes structural change, and
16 construction of or additions to buildings may result in additional expenses for the State in
17 future fiscal periods. Therefore, the Department of Public Safety is prohibited from using these
18 assets for such purposes without the prior approval of the General Assembly.

19 **SECTION 16B.1.(c)** Nothing in this section prohibits North Carolina law
20 enforcement agencies from receiving funds from the United States Department of Justice, the
21 United States Department of the Treasury, and the United States Department of Health and
22 Human Services.

23 24 **VOICE INTEROPERABILITY PLAN FOR EMERGENCY RESPONSE (VIPER)** 25 **SYSTEM**

26 **SECTION 16B.2.** The Department of Public Safety shall report annually no later
27 than March 1 to the chairs of the Joint Legislative Oversight Committee on Justice and Public
28 Safety on the progress of the State's VIPER system.

29 30 **GANGNET REPORT AND RECOMMENDATIONS**

31 **SECTION 16B.3.(a)** Article 4 of Chapter 20 of the General Statutes is amended by
32 adding a new section to read:

33 **"§ 20-196.5. Report on gang prevention recommendations.**

34 The State Highway Patrol, in conjunction with the State Bureau of Investigation and the
35 Governor's Crime Commission, shall develop recommendations concerning the establishment
36 of priorities and needed improvements with respect to gang prevention and shall report those
37 recommendations to the chairs of the House of Representatives and Senate Appropriations
38 Committees on Justice and Public Safety and to the chairs of the Joint Legislative Oversight
39 Committee on Justice and Public Safety on or before March 1 of each year."

40 **SECTION 16B.3.(b)** G.S. 143B-1101(b) reads as rewritten:

41 "(b) The Governor's Crime Commission shall review the level of gang activity
42 throughout the State and assess the progress and accomplishments of the State, and of local
43 governments, in preventing the proliferation of gangs and addressing the needs of juveniles
44 who have been identified as being associated with gang activity.

45 ~~The Governor's Crime Commission shall develop recommendations concerning the~~
46 ~~establishment of priorities and needed improvements with respect to gang prevention and shall~~
47 ~~report those recommendations to the Chairs of the Senate Appropriations Committee on Justice~~
48 ~~and Public Safety, the Chairs of the House of Representatives Appropriations Subcommittee on~~
49 ~~Justice and Public Safety, and to the Chairs of the Joint Legislative Oversight Committee on~~
50 ~~Justice and Public Safety on or before March 1 of each year."~~

STATE CAPITOL POLICE/RECEIPT-SUPPORTED POSITIONS

SECTION 16B.4.(a) The State Capitol Police may contract with State agencies for the creation of receipt-supported positions to provide security services to the buildings occupied by those agencies.

SECTION 16B.4.(b) The State Capitol Police shall report the creation of any position pursuant to this section to the chairs of the House of Representatives and Senate Appropriations Committees on Justice and Public Safety and to the Fiscal Research Division within 30 days of the position's creation.

CHANGES TO EXPUNCTION AND METHAMPHETAMINE REPORTING REQUIREMENTS

SECTION 16B.5.(a) G.S. 15A-160 reads as rewritten:
"§ 15A-160. Reporting requirement.

The Department of Public Safety, in conjunction with the Department of Justice and the Administrative Office of the Courts—Courts, shall report jointly to the Chairs of the Joint Legislative Oversight Committee on Justice and Public Safety Oversight by September 1 of each year regarding expunctions. The report shall include all of the following information:

- (1) The number and types of expunctions granted during the fiscal year in which the report is made.
- (2) The number and type of expunctions granted each fiscal year for the five fiscal years preceding the date of the report.
- (3) A full accounting of how the agencies have spent the receipts generated by the expunction fees received during the fiscal year in which the report is made and for the five preceding fiscal years."

SECTION 16B.5.(b) G.S. 90-113.64 reads as rewritten:
"§ 90-113.64. SBI annual report.

Beginning with the 2011 calendar year, the State Bureau of Investigation shall determine the number of methamphetamine laboratories discovered in the State each calendar year and report its findings to the Joint Legislative Oversight Committee on Justice and Public Safety and to the Legislative Commission on Methamphetamine Abuse by March 1, 2012, for the 2011 calendar year and each March 1 thereafter for the preceding calendar year. The State Bureau of Investigation shall participate in the High Intensity Drug Trafficking Areas (HIDTA) program, assist in coordinating the drug control efforts between local and State law enforcement agencies, and monitor the implementation and effectiveness of the electronic record-keeping requirements included in G.S. 90-113.52A and G.S. 90-113.56. The SBI shall include its findings in the report to the Commission required by this section."

CLARIFY BOXING COMMISSION FEE

SECTION 16B.6.(a) G.S. 143-655(b1) reads as rewritten:

"(b1) Admission Fees. – The Branch shall collect a fee in the amount of two dollars (\$2.00) per ~~each ticket sold~~ spectator to attend events regulated in this Article."

SECTION 16B.6.(b) This section is effective on July 1, 2015, and applies to fees collected or assessed on or after that date.

SBI/ALE ASHEVILLE REGIONAL OFFICE

SECTION 16B.7. Section 17.1(aaaa) of S.L. 2014-100 reads as rewritten:

"SECTION 17.1.(aaaa) The Department of Public Safety shall consolidate ALE and SBI Regions and Regional Offices. The Asheville Regional Office shall be operational ~~by July 1, 2015~~ upon completion of a new facility. All other Regional Offices shall be operational by October 1, 2014."

1 **CLARIFY HAZARDOUS MATERIALS FEE**2 **SECTION 16B.8.(a)** G.S. 166A-29.1 reads as rewritten:3 **"§ 166A-29.1. Hazardous materials facility fee.**

4 (a) Definitions. – The following definitions apply in this section:

5 (1) EPCRA. – The federal Emergency Planning and Community Right-to-Know
6 Act, P.L. No. 99-499 et. seq.7 (2) Extremely hazardous substance. – Any substance, regardless of its state, set
8 forth in 40 C.F.R. Part 355, Appendix A or B.9 (3) Hazardous chemical. – As defined in 29 C.F.R. 1910.1200(c), except that the
10 term does not include any of the following:11 a. Any food, food additive, color additive, drug, or cosmetic regulated
12 by the Food and Drug Administration.13 b. Any substance present as a solid in any manufactured item to the
14 extent exposure to the substance does not occur under normal
15 conditions of use.16 c. Any substance to the extent that it is used for personal, family, or
17 household purposes or is present in the same form and concentration
18 as a product packaged for distribution and use by the public.19 d. Any substance to the extent that it is used in a research laboratory or
20 a hospital or other medical facility under the direct supervision of a
21 technically qualified individual.22 e. Any substance to the extent that it is used in routine agricultural
23 operations or is a fertilizer held for sale by a retailer to the ultimate
24 consumer.25 (b) Annual Fee Shall Be Charged. – A person or business required under Section 302 or
26 312 of EPCRA to submit a notification or an annual inventory form to the Division shall be
27 required to pay to the Department an annual fee in the amount set forth in subsection (c) of this
28 section.29 (c) Amount of Fee. – The amount of the annual fee charged pursuant to subsection (b)
30 of this section shall be calculated in accordance with the following, up to a maximum annual
31 amount of ~~five thousand dollars (\$5,000);~~ five thousand dollars (\$5,000) per reporting site:32 (1) A fee of fifty dollars (\$50.00) shall be assessed for each substance at each
33 site reported by a facility person or business that is classified as a hazardous
34 chemical.35 (2) A fee of ninety dollars (\$90.00) shall be assessed for each substance at each
36 site reported by a facility person or business that is classified as an extremely
37 hazardous substance.38 (d) Late Fees. – The Division may impose a late fee against a person or business for
39 failure to submit a report or filing that substantially complies with the requirements of EPCRA
40 by the federal filing deadline or for failure to pay any fee, including a late fee. This fee shall be
41 in addition to the fee imposed pursuant to subsection (c) of this section. Prior to imposing a late
42 fee, the Division shall provide the person or business who will be assessed the late fee with
43 written notice that identifies the specific requirements that have not been met and informs the
44 person or business of its intent to assess a late fee. The assessment of a late fee shall be subject
45 to the following limitations:46 (1) If the report filing or fee is submitted within 30 days after receipt of the
47 Division's notice that it intends to assess a late fee, no late fee shall be
48 assessed.49 (2) If the report filing or fee has not been submitted by the end of the period set
50 forth in subdivision (1) of this subsection, the Division may impose a late fee

- 1 in an amount equal to the amount of the fee charged pursuant to subsection
2 (c) of this section.
- 3 (e) Exemptions. – No fee shall be charged under this section to any of the following:
- 4 (1) An owner or operator of a family farm enterprise, a facility owned by a State
5 or local government, or a nonprofit corporation.
- 6 (2) An owner or operator of a facility where motor vehicle fuels are stored and
7 from which such fuels are offered for retail sale. However, hazardous
8 chemicals or extremely hazardous substances at such a facility, other than
9 motor vehicle fuels for retail sale, shall not be subject to this exemption.
- 10 (3) A motor vehicle dealer, as that term is defined in G.S. 20-286(11).
- 11 (f) Use of Fee Proceeds. – The proceeds of fees assessed pursuant to this section shall
12 be used for the following:
- 13 (1) To ~~pay-offset~~ costs associated with the establishment and maintenance of a
14 hazardous materials database-database and a hazardous materials response
15 application.
- 16 (2) To ~~support the~~ offset costs associated with the operations of the regional
17 response program for hazardous materials emergencies and terrorist
18 incidents.
- 19 (3) To provide grants to counties for hazardous materials emergency response
20 planning, training, and related exercises.
- 21 (4) To offset Division costs that directly support hazardous materials emergency
22 preparedness and response."

23 **SECTION 16B.8.(b)** This section becomes effective on July 1, 2015, and applies
24 to fees assessed or collected on or after that date.

25
26 **AMEND NATIONAL GUARD FAMILY ASSISTANCE CENTERS ANNUAL REPORT**
27 **REQUIREMENTS**

28 **SECTION 16B.9.** G.S. 127A-64(b) reads as rewritten:

29 "(b) The Department of Public Safety shall report annually no later than September 1 to
30 the Chairs of the House of Representatives and Senate Appropriations ~~Subcommittees~~
31 Committees on Justice and Public Safety and to the House of Representatives Committee on
32 Homeland Security, Military, and Veterans Affairs on the activities of the National Guard
33 Family Assistance ~~Centers-Centers~~ during the previous fiscal year. This report shall include
34 information on services provided as well as on the number and type of members of the active or
35 reserve components of the Armed Forces of the United States, veterans, and family members
36 served."

37
38 **SUBPART XVI-C. DIVISION OF ADULT CORRECTION**

39
40 **REIMBURSE COUNTIES FOR HOUSING AND EXTRAORDINARY MEDICAL**
41 **COSTS FOR INMATES, PAROLEES, AND POST-RELEASE SUPERVISEES**
42 **AWAITING TRANSFER TO STATE PRISON SYSTEM**

43 **SECTION 16C.1.** Notwithstanding G.S. 143C-6-9, the Department of Public
44 Safety may use funds available to the Department for the 2015-2017 fiscal biennium to pay the
45 sum of forty dollars (\$40.00) per day as reimbursement to counties for the cost of housing
46 convicted inmates, parolees, and post-release supervisees awaiting transfer to the State prison
47 system, as provided in G.S. 148-29. The Department shall report annually by February 1 of
48 each year to the chairs of the Joint Legislative Oversight Committee on Justice and Public
49 Safety and the chairs of the House of Representatives and Senate Appropriations Committees
50 on Justice and Public Safety on the expenditure of funds to reimburse counties for prisoners
51 awaiting transfer.

1
2 **CENTER FOR COMMUNITY TRANSITIONS/CONTRACT AND REPORT**

3 **SECTION 16C.2.** The Department of Public Safety may continue to contract with
4 The Center for Community Transitions, Inc., a nonprofit corporation, for the purchase of prison
5 beds for minimum security female inmates during the 2015-2017 fiscal biennium. The Center
6 for Community Transitions, Inc., shall report by February 1 of each year to the Chairs of the
7 House of Representatives and Senate Appropriations Committees on Justice and Public Safety
8 on the annual cost per inmate and the average daily inmate population compared to bed
9 capacity using the same methodology as that used by the Department of Public Safety.

10
11 **USE OF CLOSED FACILITIES**

12 **SECTION 16C.3.** In conjunction with the closing of prison facilities, youth
13 detention centers, and youth development centers, the Department of Public Safety shall
14 consult with the county or municipality in which the facility is located, with the elected State
15 and local officials, and with State and federal agencies about the possibility of converting that
16 facility to other use. The Department may also consult with any private for-profit or nonprofit
17 firm about the possibility of converting the facility to other use. In developing a proposal for
18 future use of each facility, the Department shall give priority to converting the facility to other
19 criminal justice use. Consistent with existing law and the future needs of the Department of
20 Public Safety, the State may provide for the transfer or the lease of any of these facilities to
21 counties, municipalities, State agencies, federal agencies, or private firms wishing to convert
22 them to other use. G.S. 146-29.1(f) through (g) shall not apply to a transfer made pursuant to
23 this section. The Department of Public Safety may also consider converting some of the
24 facilities recommended for closing from one security custody level to another, where that
25 conversion would be cost-effective. A prison unit under lease to a county pursuant to the
26 provisions of this section for use as a jail is exempt for the period of the lease from any of the
27 minimum standards adopted by the Secretary of Health and Human Services pursuant to
28 G.S. 153A-221 for the housing of adult prisoners that would subject the unit to greater
29 standards than those required of a unit of the State prison system.

30
31 **MEDICAL COSTS FOR INMATES AND JUVENILE OFFENDERS**

32 **SECTION 16C.4.** Article 13 of Chapter 143B of the General Statutes is amended
33 by adding a new section to read:

34 **"§ 143B-707.3. Medical costs for inmates and juvenile offenders.**

35 (a) The Department of Public Safety shall reimburse those providers and facilities
36 providing approved medical services to inmates and juvenile offenders outside the correctional
37 or juvenile facility the lesser amount of either a rate of seventy percent (70%) of the provider's
38 then-current prevailing charge or two times the then-current Medicaid rate for any given
39 service. The Department shall have the right to audit any given provider to determine the actual
40 prevailing charge to ensure compliance with this provision.

41 This section does apply to vendors providing services that are not billed on a fee-for-service
42 basis, such as temporary staffing. Nothing in this section shall preclude the Department from
43 contracting with a provider for services at rates that provide greater documentable cost
44 avoidance for the State than do the rates contained in this section or at rates that are less
45 favorable to the State but that will ensure the continued access to care.

46 (b) The Department of Public Safety shall make every effort to contain medical costs
47 for inmates and juvenile offenders by making use of its own hospital and health care facilities
48 to provide health care services to inmates and juvenile offenders. To the extent that the
49 Department of Public Safety must utilize other facilities and services to provide health care
50 services to inmates and juvenile offenders, the Department shall make reasonable efforts to
51 make use of hospitals or other providers with which it has a contract or, if none is reasonably

1 available, hospitals with available capacity or other health care facilities in a region to
2 accomplish that goal. The Department shall make reasonable efforts to equitably distribute
3 inmates and juvenile offenders among all hospitals or other appropriate health care facilities.

4 (c) The Department of Public Safety shall report quarterly to the Joint Legislative
5 Oversight Committee on Justice and Public Safety and the chairs of the House of
6 Representative and Senate Appropriations Committees on Justice and Public Safety on:

- 7 (1) The percentage of the total inmates and juvenile offenders requiring
8 hospitalization or hospital services who receive that treatment at each
9 hospital.
- 10 (2) The volume of services provided by community medical providers that can
11 be scheduled in advance and, of that volume, the percentage of those
12 services that are provided by contracted providers.
- 13 (3) The volume of services provided by community medical providers that
14 cannot be scheduled in advance and, of that volume, the percentage of those
15 services that are provided by contracted providers.
- 16 (4) The volume of services provided by community medical providers that are
17 emergent cases requiring hospital admissions and emergent cases not
18 requiring hospital admissions.
- 19 (5) The volume of inpatient medical services provided to Medicaid-eligible
20 inmates and juvenile offenders, the cost of treatment, and the estimated
21 savings of paying the nonfederal portion of Medicaid for the services.
- 22 (6) The hospital utilization, including the amount paid to individual hospitals,
23 the number of inmates and juvenile offenders served, and the number of
24 claims."

25 26 STATEWIDE MISDEMEANANT CONFINEMENT FUND/MONTHLY AND ANNUAL 27 REPORTS

28 **SECTION 16C.6.(a)** The North Carolina Sheriffs' Association shall report monthly
29 by the 15th day of each month to the Office of State Budget and Management and the Fiscal
30 Research Division on the Statewide Misdemeanant Confinement Program. Each monthly report
31 shall include the following:

- 32 (1) The daily population, delineated by misdemeanor or DWI monthly housing.
- 33 (2) The cost of housing prisoners under the Program.
- 34 (3) The cost of transporting prisoners under the Program.
- 35 (4) Personnel costs.
- 36 (5) Inmate medical care costs.
- 37 (6) The number of counties that volunteer to house inmates under the Program.
- 38 (7) The administrative costs paid to the Sheriffs' Association and to the
39 Department of Public Safety.

40 **SECTION 16C.6.(b)** The North Carolina Sheriffs' Association shall report by
41 October 1 of each year to the Chairs of the House of Representatives and Senate
42 Appropriations Committees on Justice and Public Safety and the Joint Legislative Oversight
43 Committee on Justice and Public Safety on the Statewide Misdemeanant Confinement
44 Program. The annual report shall include the following with respect to the prior fiscal year:

- 45 (1) Revenue collected by the Statewide Misdemeanant Confinement Program.
- 46 (2) The cost of housing prisoners by county under the Program.
- 47 (3) The cost of transporting prisoners by county under the Program.
- 48 (4) Personnel costs by county.
- 49 (5) Inmate medical care costs by county.
- 50 (6) The number of counties that volunteer to house inmates under the Program.

(7) The administrative costs paid to the Sheriffs' Association and to the Department of Public Safety.

INMATE CONSTRUCTION PROGRAM

SECTION 16C.7. Notwithstanding G.S. 66-58 or any other provision of law, during the 2015-2017 fiscal biennium, the State Construction Office may, wherever feasible, utilize inmates in the custody of the Division of Adult Correction of the Department of Public Safety through the Inmate Construction Program for repair and renovation projects on State-owned facilities, with priority given to Department of Public Safety construction projects.

MAINTENANCE OF PRISONS

SECTION 16C.8. The Department of Public Safety shall not expand private maintenance contracts to additional prison facilities or continue existing private contracts for prison maintenance unless authorized by the General Assembly. If the Department determines that expanding private maintenance contracts to additional prison facilities or continuing existing contracts is necessary, then it shall submit its request to the General Assembly by May 1, 2016, stating (i) the ways in which the State can realize savings by doing so and (ii) that safety can be maintained at the facilities where those contracts are expanded or continued.

REPORT ON CONTRACTS FOR HOUSING STATE PRISONERS/REPEAL AUTHORIZATION FOR LEASE-PURCHASE OF PRISON FACILITIES FROM PRIVATE FIRMS

SECTION 16C.10.(a) G.S. 148-37(i) reads as rewritten:

"(i) The Division of Adult Correction of the Department of Public Safety shall make a written report no later than March 1 of every ~~odd-numbered~~ year, beginning in 1997, on the substance of all outstanding contracts for the housing of State prisoners entered into under the authority of this section. The report shall be submitted to ~~the Council of State, the Department of Administration, the Joint Legislative Commission on Governmental Operations, and the~~ Joint Legislative Oversight Committee on Justice and Public Safety. ~~In addition to the report, the Division of Adult Correction of the Department of Public Safety shall provide information on contracts for the housing of State prisoners as requested by these groups."~~

SECTION 16C.10.(b) G.S. 148-37.2 is repealed.

ANNUAL REPORT ON SAFEKEEPERS

SECTION 16C.11. Article 13 of Chapter 143B of the General Statutes is amended by adding a new section to read:

"§ 143B-707.4. Annual report on safekeepers.

The Department of Public Safety shall report by October 1 of each year to the chairs of the House of Representatives and Senate Appropriations Committees on Justice and Public Safety and the chairs of the Joint Legislative Oversight Committee on Justice and Public Safety on county prisoners housed in the State prison system pursuant to safekeeping orders under G.S. 162-39. The report shall include:

- (1) The number of safekeepers currently housed by the Department.
- (2) A list of the facilities where safekeepers are housed and the population of safekeepers by facility.
- (3) The average length of stay by a safekeeper in one of those facilities.
- (4) The amount paid by counties for housing and extraordinary medical care of safekeepers.
- (5) A list of the counties in arrears for safekeeper payments owed to the Department at the end of the fiscal year."

COLLECTION OF DELINQUENT SAFEKEEPER REIMBURSEMENTS

SECTION 16C.12. G.S. 148-10.4 is amended by adding a new subsection to read:

"(f) Upon notification from the Division of Adult Correction that an amount owed by a county for safekeeper reimbursements authorized under G.S. 162-39 is more than 120 days overdue, the Sheriffs' Association shall withhold funds from any reimbursements due to a county under this section and transmit those funds to the Division until that overdue safekeeper reimbursement is satisfied."

PRISON BEHAVIORAL HEALTH POSITIONS

SECTION 16C.13. Notwithstanding any other provision of law, the Section of Prisons of the Division of Adult Correction may post, advertise, accept applications for, and interview for positions established or authorized by this act related to behavioral health treatment prior to the effective date of the establishment of those positions.

EVALUATION REQUIREMENT FOR ELECTRICAL DEVICES

SECTION 16C.13A. G.S. 66-25 reads as rewritten:

"§ 66-25. Acceptable listings as to safety of goods.

(a) All electrical materials, devices, appliances, and equipment shall be evaluated for safety and suitability for intended use. Except as provided in subsection (b) of this section, this evaluation shall be conducted in accordance with nationally recognized standards and shall be conducted by a qualified testing laboratory. The Commissioner of Insurance, through the Engineering Division of the Department of Insurance, shall implement the procedures necessary to approve suitable national standards and to approve suitable qualified testing laboratories. The Commissioner may assign his authority to implement the procedures for specific materials, devices, appliances, or equipment to other agencies or bodies when they would be uniquely qualified to implement those procedures.

In the event that the Commissioner determines that electrical materials, devices, appliances, or equipment in question cannot be adequately evaluated through the use of approved national standards or by approved qualified testing laboratories, the Engineering Division of the Department of Insurance shall specify any alternative evaluations which safety requires.

The Engineering Division of the Department of Insurance shall keep in file, where practical, copies of all approved national standards and resumes of approved qualified testing laboratories.

(b) ~~Electrical devices, appliances, or equipment used by the Division of Adult Correction of the Department of Public Safety may be evaluated for safety and suitability by the Central Engineering Section of the Department of Public Safety. The evaluation shall be conducted in accordance with nationally recognized standards. Electrical devices, appliances, and equipment used by the Division that are not evaluated by the Central Engineering Section as provided by this subsection are subject to~~ in institutional kitchens and manufacturing equipment used by Correction Enterprises are exempt from the evaluation requirement of subsection (a) of this section."

PAROLE ELIGIBILITY REPORT

SECTION 16C.14. Article 13 of Chapter 143B of the General Statutes is amended by adding a new section to read:

"§ 143B-721.1. Parole eligibility reports.

(a) Each fiscal year the Post-Release Supervision and Parole Commission shall, with the assistance of the North Carolina Sentencing and Policy Advisory Commission and the Department of Public Safety, analyze the amount of time each inmate who is eligible for parole on or before July 1 of the previous fiscal year has served¹ compared to the time served by offenders under Structured Sentencing for comparable crimes. The Commission shall

1 determine if the person has served more time in custody than the person would have served if
2 sentenced to the maximum sentence under the provisions of Article 81B of Chapter 15A of the
3 General Statutes. The "maximum sentence", for the purposes of this section, shall be calculated
4 as set forth in subsection (b) of this section.

5 (b) For the purposes of this section, the following rules apply for the calculation of the
6 maximum sentence:

7 (1) The offense upon which the person was convicted shall be classified as the
8 same felony class as the offense would have been classified if committed
9 after the effective date of Article 81B of Chapter 15A of the General
10 Statutes.

11 (2) The minimum sentence shall be the maximum number of months in the
12 presumptive range of minimum durations in Prior Record Level VI of
13 G.S. 15A-1340.17(c) for the felony class determined under subdivision (1)
14 of this subsection. The maximum sentence shall be calculated using
15 G.S. 15A-1340.17(d), (e), or (e1).

16 (3) If a person is serving sentences for two or more offenses that are concurrent
17 in any respect, then the offense with the greater classification shall be used
18 to determine a single maximum sentence for the concurrent offenses. The
19 fact that the person has been convicted of multiple offenses may be
20 considered by the Commission in making its determinations under
21 subsection (a) of this section.

22 (c) The Commission shall reinitiate the parole review process for each offender who
23 has served more time than that person would have under Structured Sentencing as provided by
24 subsections (a) and (b) of this section.

25 (d) The Post-Release Supervision and Parole Commission shall report to the Chairs of
26 the Joint Legislative Oversight Committee on Justice and Public Safety and the Chairs of the
27 House of Representatives and Senate Appropriations Committees on Justice and Public Safety
28 by April 1 of each year. The report shall include the following: the class of the offense for
29 which each parole-eligible inmate was convicted and whether an inmate had multiple criminal
30 convictions. The Commission shall also report on the number of parole-eligible inmates
31 reconsidered in compliance with this section and the number who were actually paroled."

32 33 **INTERSTATE COMPACT FEES TO SUPPORT TRAINING PROGRAMS AND** 34 **EQUIPMENT PURCHASES**

35 **SECTION 16C.16.** Notwithstanding the provisions of G.S. 148-65.7, fees
36 collected for the Interstate Compact Fund during the 2015-2017 fiscal biennium may be used
37 by the Division of Adult Correction of the Department of Public Safety during the 2015-2017
38 fiscal biennium to provide training programs and equipment purchases for the Section of
39 Community Corrections, but only as long as sufficient funds remain available in the Fund to
40 support the mission of the Interstate Compact Program.

41 42 **SUBPART XVI-D. DIVISION OF JUVENILE JUSTICE**

43 44 **LIMIT USE OF COMMUNITY PROGRAM FUNDS**

45 **SECTION 16D.1.(a)** Funds appropriated in this act to the Department of Public
46 Safety for the 2015-2017 fiscal biennium for community program contracts that are not
47 required for or used for community program contracts shall only be used for the following:

- 48 (1) Other statewide residential programs that provide Level 2 intermediate
49 dispositional alternatives for juveniles.
- 50 (2) Statewide community programs that provide Level 2 intermediate
51 dispositional alternatives for juveniles.

1 (3) Regional programs that are collaboratives of two or more Juvenile Crime
2 Prevention Councils which provide Level 2 intermediate dispositional
3 alternatives for juveniles.

4 (4) The Juvenile Crime Prevention Council funds to be used for the Level 2
5 intermediate dispositional alternatives for juveniles listed in
6 G.S. 7B-2506(13) through (23).

7 **SECTION 16D.1.(b)** Under no circumstances shall funds appropriated by this act
8 to the Department of Public Safety for the 2015-2017 fiscal biennium for community programs
9 be used for staffing, operations, maintenance, or any other expenses of youth development
10 centers or detention facilities.

11 **SECTION 16D.1.(c)** The Department of Public Safety shall submit an electronic
12 report by October 1, 2015, and a second electronic report by October 1, 2016, on all
13 expenditures made from the miscellaneous contract line in Fund Code 1230 to the chairs of the
14 House of Representatives and Senate Appropriations Committees on Justice and Public Safety
15 and the Fiscal Research Division. The report shall include all of the following: an itemized list
16 of the contracts that have been executed, the amount of each contract, the date the contract was
17 executed, the purpose of the contract, the number of juveniles that will be served and the
18 manner in which they will be served, the amount of money transferred to the Juvenile Crime
19 Prevention Council fund, and an itemized list of grants allocated from the funds transferred to
20 the Juvenile Crime Prevention Council fund.

21 **STATE FUNDS MAY BE USED AS FEDERAL MATCHING FUNDS**

22 **SECTION 16D.2.** Funds appropriated in this act to the Department of Public
23 Safety for the 2015-2016 fiscal year may be used as matching funds for the Juvenile
24 Accountability Incentive Block Grants. If North Carolina receives Juvenile Accountability
25 Incentive Block Grants or a notice of funds to be awarded, the Office of State Budget and
26 Management and the Governor's Crime Commission shall consult with the Department of
27 Public Safety regarding the criteria for awarding federal funds. The Office of State Budget and
28 Management, the Governor's Crime Commission, and the Department of Public Safety shall
29 report to the chairs of the House of Representatives and Senate Appropriations Committees on
30 Justice and Public Safety and the Joint Legislative Oversight Committee on Justice and Public
31 Safety prior to allocation of the federal funds. The report shall identify the amount of funds to
32 be received for the 2015-2016 fiscal year and the allocation of funds by program and purpose.
33
34

35 **PART XVII. DEPARTMENT OF JUSTICE**

36 **NO HIRING OF SWORN STAFF POSITIONS FOR THE NORTH CAROLINA STATE** 37 **CRIME LABORATORY**

38 **SECTION 17.1.** The Department of Justice shall not hire sworn personnel to fill
39 vacant positions in the North Carolina State Crime Laboratory. Nothing in this section shall be
40 construed to require the termination of sworn personnel, but as vacant positions in the State
41 Crime Laboratory are filled, they shall be filled only with nonsworn personnel. Nothing in this
42 section shall be construed to affect North Carolina State Crime Laboratory personnel who are
43 sworn and employed by the Laboratory as of the effective date of this section and who continue
44 to meet the sworn status retention standards mandated by the North Carolina Criminal Justice
45 Education and Standards Commission.
46
47

48 **AMEND DNA DATABASE REPORTING REQUIREMENTS**

49 **SECTION 17.2.** G.S. 15A-266.5(c) reads as rewritten:

50 "(c) The Crime Laboratory shall report annually to ~~the Joint Legislative Commission on~~
51 ~~Governmental Operations and to the~~ Joint Legislative Oversight Committee on Justice and

1 Public Safety, on or before ~~February 1,~~September 1, with information for the previous ~~calendar~~
2 fiscal year, which shall include: a summary of the operations and expenditures relating to the
3 DNA Database and DNA Databank; the number of DNA records from arrestees entered; the
4 number of DNA records from arrestees that have been expunged; and the number of DNA
5 arrestee matches or hits that occurred with an unknown sample, and how many of those have
6 led to an arrest and conviction; and how many letters notifying defendants that a record and
7 sample have been expunged, along with the number of days it took to complete the expunction
8 and notification process, from the date of the receipt of the verification form from the State."
9

10 **STUDY COLLECTION OF DNA/ALL FELONY ARRESTS**

11 **SECTION 17.3.** The Joint Legislative Oversight Committee on Justice and Public
12 Safety shall study extending the collection of DNA samples to persons arrested for any felony
13 and shall report its findings and recommendations to the 2016 Regular Session of the 2015
14 General Assembly. The report shall include all of the following:

- 15 (1) A recommended time line for implementing a requirement that DNA
16 samples be collected for persons arrested for committing any felony.
- 17 (2) An estimate of initial nonrecurring costs and recurring operating costs
18 required of implementing such a requirement.
- 19 (3) Other costs and benefits of implementing such a requirement.
- 20 (4) An estimate of capital costs to the State of implementing such a requirement.
- 21 (5) Any other information that the Committee deems relevant.

22 **DEPARTMENT OF JUSTICE POSITIONS**

23 **SECTION 17.4.** Notwithstanding any other provision of law, the Department of
24 Justice may post, advertise, accept applications for, and interview for positions established or
25 authorized by this act in the Department of Justice prior to the effective date of the
26 establishment of those positions.
27
28

29 **PRIVATE LABS MUST COMPLY WITH CODIS**

30 **SECTION 17.6.(a)** Article 13 of Chapter 15A of the General Statutes is amended
31 by adding a new section to read:

32 **"§ 15A-270.2. Obtaining DNA analyses from entities other than the State Crime**
33 **Laboratory; use of local DNA databases prohibited.**

34 (a) Private Laboratories Shall Comply With CODIS Requirements. – A local law
35 enforcement agency shall not obtain DNA analysis from an entity other than the State Crime
36 Laboratory unless that entity meets the standards applicable to vendor laboratories as set forth
37 in the Federal Bureau of Investigation's Quality Assurance Standards for Forensic DNA Testing
38 and Databasing Laboratories. The State Crime Laboratory shall maintain a list of laboratories
39 that meet those standards and shall make the list available on its Web site.

40 (b) Private DNA Databases Prohibited. – A local law enforcement agency shall not
41 access or create any DNA database other than those that participate in the CODIS system."
42

43 **SECTION 17.6.(b)** This section becomes effective October 1, 2015.
44

45 **PART XVIII. JUDICIAL DEPARTMENT**

46 **SUBPART XVIII-A. ADMINISTRATIVE OFFICE OF THE COURTS**

47 **AOC ANNUAL REPORT**

48 **SECTION 18A.1.** G.S. 7A-343 reads as rewritten:
49

50 **"§ 7A-343. Duties of Director.**

1 The Director is the Administrative Officer of the Courts, and the Director's duties include
2 all of the following:

3 ...

- 4 (8) Prepare and submit an annual report on the work of the Judicial Department
5 to the Chief Justice, and transmit a copy by March 15 of each year to the
6 Chairs of the House of Representatives and Senate Appropriations
7 ~~Subcommittee Committees~~ on Justice and Public Safety and the Senate
8 ~~Appropriations Committee on Justice and Public Safety~~ and to the Chairs of
9 the Joint Legislative Oversight Committee on Justice and Public Safety.

10"

11 ANNUAL REPORT ON CRIMINAL COURT COST WAIVERS

12 **SECTION 18A.3.(a)** Article 29 of Chapter 7A of the General Statutes is amended
13 by adding a new section to read:

14 **"§ 7A-350. Annual report on criminal court cost waivers.**

15 The Administrative Office of the Courts shall maintain records of all cases in which a judge
16 makes a finding of just cause to grant a waiver of criminal court costs under G.S. 7A-304(a)
17 and shall report on those waivers to the chairs of the House of Representatives and Senate
18 Appropriations Committees on Justice and Public Safety and the chairs of the Joint Legislative
19 Oversight Committee on Justice and Public Safety by February 1 of each year. The report shall
20 aggregate the waivers by the district in which the waiver or waivers were granted and by the
21 name of each judge granting a waiver or waivers."

22 **SECTION 18A.3.(b)** The Administrative Office of the Courts shall make the
23 necessary modifications to its information systems to maintain the records required under
24 G.S. 7A-350, as enacted by subsection (a) of this section.

25 GRANT FUNDS

26 **SECTION 18A.4.** Notwithstanding G.S. 143C-6-9, the Administrative Office of
27 the Courts may use up to the sum of one million five hundred thousand dollars (\$1,500,000)
28 during the 2015-2016 fiscal year from funds available to the Department to provide the State
29 match needed in order to receive grant funds. Prior to using funds for this purpose, the
30 Department shall report to the chairs of the House of Representatives and Senate
31 Appropriations Committees on Justice and Public Safety on the grants to be matched using
32 these funds.

33 COLLECTION OF WORTHLESS CHECK FUNDS

34 **SECTION 18A.5.(a)** Notwithstanding the provisions of G.S. 7A-308(c), the
35 Judicial Department may use any balance remaining in the Collection of Worthless Checks
36 Fund on June 30, 2015, for the purchase or repair of office or information technology
37 equipment during the 2015-2016 fiscal year. Prior to using any funds under this section, the
38 Judicial Department shall report to the chairs of the House of Representatives and Senate
39 Appropriations Committees on Justice and Public Safety and the Office of State Budget and
40 Management on the equipment to be purchased or repaired and the reasons for the purchases.

41 **SECTION 18A.5.(b)** This section becomes effective June 30, 2015.

42 REIMBURSEMENT FOR USE OF PERSONAL VEHICLES

43 **SECTION 18A.6.** Notwithstanding the provisions of G.S. 138-6(a)(1), the Judicial
44 Department, during the 2015-2017 fiscal biennium, may elect to establish a per-mile
45 reimbursement rate for transportation by privately owned vehicles at a rate less than the
46 business standard mileage rate set by the Internal Revenue Service.

1 CONFERENCE OF DISTRICT ATTORNEYS GRANT FUNDS/AUTHORIZE
2 DISTRICT ATTORNEYS TO USE CERTAIN GRANT FUNDS TO OBTAIN
3 TOXICOLOGY ANALYSIS FROM PROVIDERS OF TOXICOLOGY ANALYSES
4 OTHER THAN HOSPITALS

5 SECTION 18A.7. Section 18B.4 of S.L. 2013-360 reads as rewritten:

6 "SECTION 18B.4. Of the funds appropriated in this act to the Judicial Department, the
7 sum of five hundred thousand dollars (\$500,000) in the 2013-2014 fiscal year shall be allocated
8 to the Conference of District Attorneys and shall be used to establish a grant fund to provide
9 district attorneys across the State with the resources to obtain toxicology analysis from local
10 ~~hospitals~~hospitals, or from other providers of toxicology analyses, on persons charged with
11 driving while impaired whose conduct did not result in serious injury or death to others. The
12 Conference of District Attorneys shall report to the Chairs of the Joint Legislative Oversight
13 Committee on Justice and Public Safety ~~by October 1, 2014,~~ on the expenditure of these
14 ~~funds.~~funds by October 1 of each year until all of the grant funds have been expended."

15
16 DISTRICT ATTORNEY LEGAL ASSISTANTS

17 SECTION 18A.8.(a) G.S. 7A-347 reads as rewritten:

18 "~~§ 7A-347. Assistants for administrative and victim and witness services.~~District attorney
19 legal assistants.

20 ~~Assistant for administrative and victim and witness services.~~District attorney legal assistant
21 positions are established under the district attorneys' offices. Each prosecutorial district is
22 allocated at least one ~~assistant for administrative and victim and witness services.~~district
23 attorney legal assistant to be employed by the district attorney. The Administrative Office of
24 the Courts shall allocate additional assistants to prosecutorial districts on the basis of need and
25 within available appropriations. Each district attorney may also use any volunteer or other
26 personnel to assist the assistant. The assistant is responsible for coordinating efforts of the
27 law-enforcement and judicial systems to assure that each victim and witness is provided fair
28 treatment under Article 45 of Chapter 15A, Fair Treatment for Victims and Witnesses and shall
29 also provide administrative and legal support to the district attorney's office."

30 SECTION 18A.8.(b) G.S. 7A-348 reads as rewritten:

31 "~~§ 7A-348. Training and supervision of assistants for administrative and victim and~~
32 ~~witness services.~~district attorney legal assistants.

33 Pursuant to the provisions of G.S. 7A-413, the Conference of District Attorneys shall:

- 34 (1) Assist in establishing uniform statewide training for ~~assistants for~~
35 ~~administrative and victim and witness services;~~district attorney legal
36 assistants; and
37 (2) Assist in the implementation and supervision of this program."

38 SECTION 18A.8.(c) G.S. 15A-826 reads as rewritten:

39 "~~§ 15A-826. Assistants for administrative and victim and witness services.~~District
40 attorney legal assistants.

41 In addition to providing administrative and legal support to the district attorney's office,
42 ~~assistants for administrative and victim and witness services.~~district attorney legal assistants are
43 responsible for coordinating efforts within the law-enforcement and judicial systems to assure
44 that each victim and witness is treated in accordance with this Article."

45
46 REPORT ON DISMISSALS DUE TO DELAY IN ANALYSIS OF EVIDENCE

47 SECTION 18A.9. Whenever a criminal case is dismissed as a direct result of a

48 delay in the analysis of evidence by the State Crime Laboratory, the district attorney for the
49 district in which the case was dismissed shall report that dismissal and the facts surrounding it
50 to the Conference of District Attorneys. The Conference of District Attorneys shall compile any
51 such reports of dismissals and shall report them quarterly starting October 30, 2015, to the

1 chairs of the House of Representatives and Senate Appropriations Committees on Justice and
 2 Public Safety and to the chairs of the Joint Legislative Oversight Committee on Justice and
 3 Public Safety.

4
 5 **ALLOCATION OF ASSISTANT DISTRICT ATTORNEYS**

6 **SECTION 18A.10.(a)** G.S. 7A-60 reads as rewritten:

7 **"§ 7A-60. District attorneys and prosecutorial districts.**

8 ...

9 (a1) The counties of the State are organized into prosecutorial districts, and each district
 10 has the counties ~~and the number of full-time assistant district attorneys~~ set forth in the
 11 following table:

12			No. of Full-Time
13	Prosecutorial	Counties	Asst. District
14	District		Attorneys
15	1	Camden, Chowan, Currituck,	11
16		Dare, Gates, Pasquotank,	
17		Perquimans	
18	2	Beaufort, Hyde, Martin,	8
19		Tyrrell, Washington	
20	3A	Pitt	11
21	3B	Carteret, Craven, Pamlico	12
22	4	Duplin, Jones, Onslow,	18
23		Sampson	
24	5	New Hanover, Pender	18
25	6	Bertie, Halifax, Hertford,	10
26		Northampton	
27	7	Edgecombe, Nash, Wilson	18
28	8	Greene, Lenoir, Wayne	14
29	9	Franklin, Granville,	10
30		Vance, Warren	
31	9A	Person, Caswell	6
32	10	Wake	11
33	11A	Harnett, Lee	9
34	11B	Johnston	10
35	12	Cumberland	23
36	13	Bladen, Brunswick, Columbus	13
37	14	Durham	18
38	15A	Alamance	11
39	15B	Orange, Chatham	10
40	16A	Scotland, Hoke	7
41	16B	Robeson	12
42	16C	Anson, Richmond	6
43	17A	Rockingham	7
44	17B	Stokes, Surry	8
45	18	Guilford	32
46	19A	Cabarrus	9
47	19B	Montgomery, Randolph	9
48	19C	Rowan	8
49	19D	Moore	5
50	20A		5
51		Stanly	

1	20B	Union	10
2	21	Forsyth	25
3	22A	Alexander, Iredell	11
4	22B	Davidson, Davie	11
5	23	Alleghany, Ashe, Wilkes,	8
6		Yadkin	
7	24	Avery, Madison, Mitchell,	7
8		Watauga, Yancey	
9	25	Burke, Caldwell, Catawba	18
10	26	Mecklenburg	58
11	27A	Gaston	14
12	27B	Cleveland,	11
13		Lincoln	
14	28	Buncombe	14
15	29A	McDowell, Rutherford	7
16	29B	Henderson, Polk, Transylvania	8
17	30	Cherokee, Clay, Graham,	10
18		Haywood, Jackson, Macon,	
19		Swain.	

(a2) ~~Upon the convening of each regular session of the General Assembly and its reconvening in the even numbered year, the~~ The Administrative Office of the Courts shall report by March 15 of each year on its recommendations regarding the allocation of assistant district attorneys for the upcoming fiscal biennium and fiscal year to the General Assembly, including any request for additional assistant district attorneys. The report shall include the number of assistant district attorneys that the Administrative Office of the Courts recommends to be allocated to each prosecutorial district and the workload formula established through the National Center for State Courts on which each ~~recommended~~ allocation is based. Any reports required under this subsection shall be made to ~~the Joint Legislative Commission of Governmental Operations,~~ the House of Representatives and Senate Appropriations ~~Subcommittees~~ Committees on Justice and Public, and the Fiscal Research Division.

...."

SECTION 18A.10.(b) G.S. 7A-63 reads as rewritten:

"§ 7A-63. Assistant district attorneys.

Each district attorney shall be entitled to the number of full-time assistant district attorneys ~~set out in this Subchapter, such number to be developed by the General Assembly~~ allocated to that prosecutorial district by the Administrative Office of the Courts after consulting the workload formula established through the National Center for State Courts, to be appointed by the district attorney, to serve at the district attorney's pleasure. A vacancy in the office of assistant district attorney shall be filled in the same manner as the initial appointment. An assistant district attorney shall take the same oath of office as the district attorney, and shall perform such duties as may be assigned by the district attorney. The district attorney shall devote full time to the duties of the office and shall not engage in the private practice of law during his or her term."

SECTION 18A.10(c) Article 9 of Chapter 7A of the General Statutes is amended by adding a new section to read:

"§ 7A-69.2. Transfer of vacant positions.

Any assistant district attorney positions within a prosecutorial district that become vacant shall be transferred by the Administrative Office of the Courts to prosecutorial districts that are determined to be understaffed under the workload formula established through the National Center for State Courts if the Administrative Office of the Courts makes a determination that the district in which the vacancy occurred is overstaffed under that workload formula."

1 **SECTION 18A.10.(d)** The Administrative Office of the Courts, in conjunction
2 with the National Center for State Courts and the Conference of District Attorneys, shall revisit
3 the workload formula used to determine the allocation of assistant district attorneys under
4 G.S. 7A-60 and determine whether any adjustments should be made to the formula. The
5 Administrative Office of the Courts shall report by May 1, 2016, to the chairs of the Joint
6 Legislative Committee on Justice and Public Safety and the chairs of House of Representatives
7 and Senate Appropriations Committees on Justice and Public Safety on the conclusions reached
8 about the workload formula and any recommendations for adjustments.
9

10 **AMEND COURT COSTS**

11 **SECTION 18A.11.** G.S. 7A-304(a) reads as rewritten:

12 "(a) In every criminal case in the superior or district court, wherein the defendant is
13 convicted, or enters a plea of guilty or nolo contendere, or when costs are assessed against the
14 prosecuting witness, the following costs shall be assessed and collected. No costs may be
15 assessed when a case is dismissed. Only upon entry of a written order, supported by findings of
16 fact and conclusions of law, determining that there is just cause, the court may (i) waive costs
17 assessed under this section or (ii) waive or reduce costs assessed under subdivision (7), (8),
18 (8a), (11), (12), or (13) of this section.

19 ...

20 ~~(2b) For the maintenance of misdemeanors in county jails, the sum of eighteen~~
21 ~~dollars (\$18.00) in the district court to be remitted to the Statewide~~
22 ~~Misdemeanor Confinement Fund in the Division of Adult Correction of the~~
23 ~~Department of Public Safety.~~

24 ...

25 (4) For support of the General Court of Justice, the sum of ~~one hundred~~
26 ~~twenty-nine dollars and fifty cents (\$129.50)~~ one hundred forty-seven dollars
27 and fifty cents (\$147.50) in the district court, including cases before a
28 magistrate, and the sum of one hundred fifty-four dollars and fifty cents
29 (\$154.50) in the superior court, to be remitted to the State Treasurer. For a
30 person convicted of a felony in superior court who has made a first
31 appearance in district court, both the district court and superior court fees
32 shall be assessed. The State Treasurer shall remit the sum of one dollar and
33 fifty cents (\$1.50) of each fee collected under this subdivision to the North
34 Carolina State Bar for the provision of services described in G.S. 7A-474.4,
35 and ninety-five cents (\$.95) of each fee collected under this subdivision to
36 the North Carolina State Bar for the provision of services described in
37 G.S. 7A-474.19.

38 ...

39 ~~(4b) To provide for contractual services to reduce county jail populations, For~~
40 ~~additional support of the General Court of Justice, the sum of fifty dollars~~
41 ~~(\$50.00) for all offenses arising under Chapter 20 of the General Statutes~~
42 ~~and resulting in a conviction of an improper equipment offense, to be~~
43 ~~remitted to the Statewide Misdemeanor Confinement Fund in the Division of~~
44 ~~Adult Correction of the Department of Public Safety.~~ State Treasurer.

45 "

46 **FAMILY COURT PROGRAMS**

47 **SECTION 18A.13.** The Administrative Office of the Courts shall provide direction
48 and oversight to the existing family court programs in order to ensure that each district with a
49 family court program is utilizing best practices and is working effectively and efficiently in the
50 disposition of domestic and juvenile cases. The Administrative Office of the Courts shall report
51

1 on its efforts in this regard and the results of those efforts to the chairs of the House of
2 Representatives and Senate Appropriations Committee on Justice and Public Safety and the
3 Joint Legislative Oversight Committee on Justice and Public Safety by March 1 of each year.

4 5 **SPECIALTY COURTS/USE CLERK OF COURT PERSONNEL AND RESOURCES**

6 **SECTION 18A.14.** Article 14 of Chapter 7A of the General Statutes is amended by
7 adding a new section to read:

8 **"§ 7A-146.1. Specialty sessions of court; use of clerk of court personnel and resources.**

9 Upon the request of a clerk of court or district attorney, or upon the judge's own initiative, a
10 chief district court judge may, pursuant to the judge's authority under G.S. 7A-146(7) to
11 arrange sessions for the trial of specialized cases, authorize the establishment in the district
12 court district of the holding of sessions of court in which related specialized cases or matters
13 are adjudicated, including the holding of family court, drug treatment court, veterans' court,
14 DWI court, mental health court, or any other innovative use of a session of court. With the
15 consent of the clerk of superior court, the court may make use of the personnel and resources of
16 the clerk's office to administer these specialty sessions. The Administrative Office of the Courts
17 shall provide direction and oversight to any such specialty session of district court in order to
18 ensure that each district is utilizing best practices and is working effectively and efficiently in
19 the disposition of such specialized cases and consistent with the provisions of G.S. 7A-272."
20

21 **INNOCENCE INQUIRY COMMISSION**

22 **SECTION 18A.16.** G.S. 15A-1462 reads as rewritten:

23 **"§ 15A-1462. Commission established.**

24 (a) There is established the North Carolina Innocence Inquiry Commission. The North
25 Carolina Innocence Inquiry Commission shall be an independent commission under the
26 ~~Judicial Department~~ Administrative Office of the Courts for administrative purposes.

27 (b) The Administrative Office of the Courts shall provide administrative support to the
28 Commission as needed. The Director of the Administrative Office of the Courts shall not
29 reduce or modify the budget of the Commission or use funds appropriated to the Commission
30 without the approval of the Commission. The Administrative Office of the Courts shall conduct
31 an annual audit of the Commission."
32

33 **TRANSFER OFFICE OF INDIGENT DEFENSE SERVICES TO THE** 34 **ADMINISTRATIVE OFFICE OF THE COURTS**

35 **SECTION 18A.17.** G.S. 7A-498.2 reads as rewritten:

36 **"§ 7A-498.2. Establishment of Office of Indigent Defense Services.**

37 (a) The Office of Indigent Defense Services, which is administered by the Director of
38 Indigent Defense Services and includes the Commission on Indigent Defense Services and the
39 Sentencing Services Program established in Article 61 of this Chapter, is created within the
40 ~~Judicial Department~~ Administrative Office of the Courts. As used in this Article, "Office"
41 means the Office of Indigent Defense Services, "Director" means the Director of Indigent
42 Defense Services, and "Commission" means the Commission on Indigent Defense Services.

43 (b) The Office of Indigent Defense Services shall exercise its prescribed powers
44 independently of the head of the Administrative Office of the Courts. The Office may enter into
45 contracts, own property, and accept funds, grants, and gifts from any public or private source to
46 pay expenses incident to implementing its purposes.

47 (c) The Director of the Administrative Office of the Courts shall provide general
48 administrative support to the Office of Indigent Defense Services. The term "general
49 administrative support" includes purchasing, payroll, and similar administrative services.

50 (d) The budget of the Office of Indigent Defense Services shall be a part of the ~~Judicial~~
51 ~~Department's budget~~ budget of the Administrative Office of the Courts. The Commission on

1 Indigent Defense Services shall consult with the Director of the Administrative Office of the
2 Courts, who shall assist the Commission in preparing and presenting to the General Assembly
3 the Office's budget, but the Commission shall have the final authority with respect to
4 preparation of the Office's budget and with respect to representation of matters pertaining to the
5 Office before the General Assembly. The Administrative Office of the Courts shall conduct an
6 annual audit of the budget of the Office of Indigent Defense Services.

7 (e) The Director of the Administrative Office of the Courts shall not ~~reduce or~~ modify
8 the budget of the Office of Indigent Defense Services or use funds appropriated to the Office
9 without the approval of the Commission."

10
11 **STUDY FUTURE OF INDIGENT DEFENSE SERVICES COMMISSION AND**
12 **INNOCENCE INQUIRY COMMISSION**

13 **SECTION 18A.18.** The Joint Legislative Oversight Committee on Justice and
14 Public Safety shall study:

15 (1) The Office of Indigent Defense Services and determine whether changes
16 should be made to the ways in which appropriated funds are used to provide
17 legal assistance and representation to indigent persons.

18 (2) The North Carolina Innocence Inquiry Commission and determine whether
19 changes should be made to the way in which the Commission investigates
20 and determines credible claims of factual innocence made by criminal
21 defendants.

22 The Joint Legislative Oversight Committee on Justice and Public Safety shall report
23 its findings and recommendations, including any proposed legislation, to the 2015 General
24 Assembly when it reconvenes in 2016.

25
26 **ABOLISH THREE SPECIAL SUPERIOR COURT JUDGESHIPS**

27 **SECTION 18A.19.** G.S. 7A-45.1 reads as rewritten:

28 "**§ 7A-45.1. Special judges.**

29 ...

30 (a8) Notwithstanding any other provision of this section, the four special superior court
31 judgeships held as of April 1, 2014, by judges whose terms expire on April 29, 2015, October
32 20, 2015, and December 31, 2017, and the two special superior court judgeships held as of
33 April 1, 2015, by judges whose terms expire January 26, 2016, are abolished when any of the
34 following first occurs:

35 (1) Retirement of the incumbent judge.

36 (2) Resignation of the incumbent judge.

37 (3) Removal from office of the incumbent judge.

38 (4) Death of the incumbent judge.

39 (5) Expiration of the term of the incumbent judge.

40 (a9) Effective upon the retirement, resignation, removal from office, death, or expiration
41 of the term of the special superior court judge held as of April 1, 2014, by the judge whose term
42 expires on April 29, 2015, a new special superior court judgeship shall be created and filled
43 through the procedure for nomination and confirmation provided for in subsection (a10) of this
44 section. ~~Effective upon the retirement, resignation, removal from office, death, or expiration of~~
45 ~~the term of the special superior court judge held as of April 1, 2014, by the judge whose term~~
46 ~~expires on October 20, 2015, a new special superior court judgeship shall be created and filled~~
47 ~~through the procedure for nomination and confirmation provided for in subsection (a10) of this~~
48 ~~section.~~

49 Prior to submitting a nominee for the ~~judgeships~~ judgeship created under this subsection to
50 the General Assembly for confirmation, the Governor shall consult with the Chief Justice to
51 ensure that the ~~persons~~ person nominated to fill ~~these two judgeships~~ have this judgeship has

1 the requisite expertise and experience to be designated by the Chief Justice as a business court
2 ~~judges~~ ~~judge~~ under G.S. 7A-45.3, and the Chief Justice is requested to designate ~~those two~~
3 ~~judges as business court judges.~~ this judge as a business court judge.

4 ...

5 (a11) The Chief Justice is requested, pursuant to the authority under G.S. 7A-45.3 to
6 designate business court judges, to maintain at least five business court judgeships from among
7 the special superior court judgeships authorized under this section.

8"

10 COMPENSATION OF COURT REPORTERS

11 **SECTION 18A.20.** The Administrative Office of the Courts shall set the limits on
12 compensation and allowances of court reporters provided for in G.S. 7A-95(e) and
13 G.S. 7A-198(f) during the 2015-2017 fiscal biennium so that (i) the Administrative Office of
14 the Courts pays no more than fifty percent (50%) of the per-transcript-page rate paid by the
15 Administrative Office of the Courts during the 2011-2013 fiscal biennium and (ii) the Office of
16 Indigent Defense Services pays no more than fifty percent (50%) of the per-transcript-page rate
17 paid by the Office of Indigent Defense Services during the 2011-2013 fiscal biennium.

19 E-COURTS INFORMATION TECHNOLOGY INITIATIVE/STRATEGIC 20 PLAN/ADVISORY COMMITTEE

21 **SECTION 18A.21.(a)** The Administrative Office of the Courts shall establish a
22 strategic plan for the design and implementation of its e-Courts information technology
23 initiative by February 1, 2016. The plan shall:

- 24 (1) Clearly articulate the requirements for the e-Courts system, including
25 well-defined milestones, costs parameters, and performance measures.
- 26 (2) Prioritize the funding needs for implementation of the various elements of
27 the system, after consultation with the e-Courts advisory committee
28 established by subsection (c) of this section.
- 29 (3) Identify any potential issues that may arise in the development of the system
30 and plans for mitigating those issues.
- 31 (4) Address the potential for incorporating any currently existing resources into
32 the e-Courts system.

33 **SECTION 18A.21.(b)** The Administrative Office of the Courts shall report
34 quarterly beginning November 1, 2015, to the Joint Legislative Oversight Committee on Justice
35 and Public Safety and the Joint Legislative Oversight Committee on Information Technology
36 on the development, implementation, and specific costs of the strategic plan required by
37 subsection (a) of this section and on any changes in the projected costs for implementing the
38 e-Courts system or the schedule for implementation.

39 **SECTION 18A.21.(c)** The Administrative Office of the Courts shall establish an
40 e-Courts advisory committee consisting of clerks of superior court, judges, district attorneys,
41 public defenders, and representatives of the State Bar in order to ensure that, in the
42 development and implementation of the strategic plan required by subsection (a) of this section,
43 it has the input and advice of those stakeholders in the e-Courts system and the benefit of the
44 various stakeholders' expertise on the information technology needs of the courts. The advisory
45 committee shall be guided by an executive steering committee.

46 **SECTION 18A.21.(d)** Upon completion of the strategic plan required by
47 subsection (a) of this section, the Administrative Office of the Courts shall issue a Request For
48 Information (RFI) for a contractor to provide the e-Courts system as outlined in the strategic
49 plan. The Administrative Office of the Courts shall evaluate the responses to the RFI before
50 issuing a Request for Proposals (RFP) for the e-Courts system.

1 **AMEND CHILD CUSTODY LAWS**

2 **SECTION 18A.22.(a)** Article 1 of Chapter 50 of the General Statutes is amended
3 by adding a new section to read:

4 **"§ 50-13.01. Purposes.**

5 It is the policy of the State of North Carolina to do the following:

- 6 (1) Encourage focused, good-faith, best interest, and child-centered joint
7 parenting agreement development to reduce needless litigation over child
8 custody matters and to promote the best interest of the child.
9 (2) Encourage parents to take responsibility for their child by setting the
10 expectation that parenthood will be a significant and ongoing responsibility.
11 (3) Encourage programs and court practices that maximize participation of both
12 parents in the child's life and contact with both parents when such is in the
13 child's best interest, regardless of the parents' present marital status, subject
14 to laws regarding abuse, neglect, and dependency.
15 (4) Encourage both parents to share equitably in the rights and responsibilities
16 of raising their child, even after dissolution of marriage or unwed
17 relationship.
18 (5) Encourage each parent to establish and maintain a healthy relationship with
19 the other parent to promote the best interest and welfare of the child."

20 **SECTION 18A.22.(b)** G.S. 50-13.2 reads as rewritten:

21 **"§ 50-13.2. Who entitled to custody; terms of custody; visitation rights of grandparents;**
22 **taking child out of State; consideration of parent's military service.**

23 (a) An order for custody of a minor child entered pursuant to this section shall award
24 the custody of such child to such person, agency, organization or institution as will best
25 promote the interest and welfare of the child. In making the determination, the court shall
26 consider all relevant ~~factors~~ factors, including all of the following:

- 27 (1) ~~acts~~ Acts of domestic violence between the parties, parties.
28 (2) ~~the~~ The safety of the child, child.
29 (3) ~~and the~~ The safety of either party from domestic violence by the other party
30 and shall make findings accordingly. party.

31 An order for custody must include findings of fact ~~which~~ that reflect the consideration of each
32 of these factors and that support the determination of what is in the best interest of the child.

33 (a1) Between the mother and father, whether natural or adoptive, no presumption shall
34 apply as to who will better promote the interest and welfare of the child. ~~Joint custody to the~~
35 ~~parents shall be considered upon the request of either parent.~~

36 (b) An order for custody of a minor child may grant joint custody to the parents,
37 exclusive custody to one person, agency, organization, or institution, or grant custody to two or
38 more persons, agencies, organizations, or institutions. Any order for custody shall include such
39 terms, including visitation, as will best promote the interest and welfare of the child. If the
40 court finds that domestic violence has occurred, the court shall enter such orders that best
41 protect the children and party who were the victims of domestic violence, in accordance with
42 the provisions of G.S. 50B-3(a1)(1), (2), and (3). If a party is absent or relocates with or
43 without the children because of an act of domestic violence, the absence or relocation shall not
44 be a factor that weighs against the party in determining custody or visitation. Absent an order
45 of the court to the contrary, each parent shall have equal access to the records of the minor
46 child involving the health, education, and welfare of the child.

47"

48 **SUBPART XVIII-B. OFFICE OF INDIGENT DEFENSE SERVICES**49 **INDIGENT DEFENSE SERVICES ANNUAL REPORT DATE CHANGE**
50
51

1 **SECTION 18B.1.** G.S. 7A-498.9 reads as rewritten:

2 "**§ 7A-498.9. Annual report on Office of Indigent Defense Services.**

3 The Office of Indigent Defense Services shall report to the Chairs of the Joint Legislative
4 Oversight Committee on Justice and Public Safety and to the Chairs of the House of
5 Representatives ~~Subcommittee and Senate Committees~~ on Justice and Public Safety ~~and the~~
6 ~~Senate Appropriations Committee on Justice and Public Safety~~ by ~~February 1~~ March 15 of each
7 year on the following:

- 8 (1) The volume and cost of cases handled in each district by assigned counsel or
9 public defenders;
- 10 (2) Actions taken by the Office to improve the cost-effectiveness and quality of
11 indigent defense services, including the capital case program;
- 12 (3) Plans for changes in rules, standards, or regulations in the upcoming year;
13 and
- 14 (4) Any recommended changes in law or funding procedures that would assist
15 the Office in improving the management of funds expended for indigent
16 defense services, including any recommendations concerning the feasibility
17 and desirability of establishing regional public defender offices."

19 **OFFICE OF INDIGENT DEFENSE SERVICES/STATE MATCH FOR GRANTS**

20 **SECTION 18B.2.** Notwithstanding G.S. 143C-6-9, the Office of Indigent Defense
21 Services may use the sum of up to fifty thousand dollars (\$50,000) during the 2015-2016 fiscal
22 year from funds available to provide the State matching funds needed to receive grant funds.
23 Prior to using funds for this purpose, the Office shall report to the chairs of the House of
24 Representatives and Senate Appropriations Committees on Justice and Public Safety on the
25 grants to be matched using these funds.

27 **REPORTS ON CRIMINAL CASE INFORMATION SYSTEM**

28 **SECTION 18B.3.(a)** Section 18B.10 of S.L. 2013-360, as amended by Section
29 18A.2 of S.L. 2014-100, reads as rewritten:

30 "**SECTION 18B.10.** The Administrative Office of the Courts, in consultation with the
31 Office of Indigent Defense Services, shall use the sum of three hundred fifty thousand dollars
32 (\$350,000) in funds available to the Administrative Office of the Courts for the 2013-2015
33 fiscal biennium and the sum of three hundred fifty thousand dollars (\$350,000) in funds
34 available to the Office of Indigent Defense Services for the 2013-2015 fiscal biennium to
35 develop or acquire and to implement a component of the Department's criminal case
36 information system for use by public defenders no later than ~~February 1, 2015~~ February 1,
37 2016. The Administrative Office of the Courts shall make ~~an interim report~~ quarterly reports on
38 the development and implementation of this ~~system by February 1, 2014~~ system, including
39 costs, milestones, and performance measures, and a final report on the completed
40 implementation of the system by ~~July 1, 2015~~ July 1, 2016, to the Chairs of the Joint
41 Legislative Oversight Committee on Justice and Public Safety and to the Chairs of the House of
42 Representatives ~~and Senate Appropriations Subcommittee~~ Committees on Justice and Public
43 Safety ~~and the Senate Appropriations Committee on Justice and Public Safety."~~

44 **SECTION 18B.3.(b)** This section becomes effective June 30, 2015.

46 **STUDY EFFICIENCY OF ESTABLISHING A SYSTEM OF AUTOMATED KIOSKS 47 IN LOCAL CONFINEMENT FACILITIES TO ALLOW ATTORNEYS 48 REPRESENTING INDIGENT DEFENDANTS TO CONSULT WITH THEIR 49 CLIENTS REMOTELY**

50 **SECTION 18B.4.(a)** The Administrative Office of the Courts, in conjunction with
51 the Office of Indigent Defense Services and the North Carolina Sheriffs' Association, shall

1 study and determine whether savings can be realized through the establishment of a system of
2 fully automated kiosks in local confinement facilities to allow attorneys representing indigent
3 defendants to consult with their clients remotely. The system would incorporate technology
4 through which meetings between attorneys and their clients cannot be monitored or recorded,
5 would provide for end-to-end message encryption, and would have scheduling software
6 integrated into the system.

7 **SECTION 18B.4.(b)** The Administrative Office of the Courts shall report its
8 findings and recommendations, including recommendations of at least two potential pilot sites
9 for the proposed system, to the chairs of the House of Representatives and Senate
10 Appropriations Committees on Justice and Public Safety and the chairs of the Joint Legislative
11 Oversight Committee on Justice and Public Safety by February 1, 2016.

12 **STUDY FEE SCHEDULES USED BY OFFICE OF INDIGENT DEFENSE SERVICES**

13 **SECTION 18B.5.** The Joint Legislative Oversight Committee on Justice and
14 Public Safety shall study the creation and implementation of fee schedules to be used by the
15 Office of Indigent Defense Services to compensate private assigned counsel representing
16 indigent defendants. The Committee shall include its findings and recommendations in its
17 report to the 2015 General Assembly when it reconvenes in 2016.

18 **PART XIX. DEPARTMENT OF CULTURAL RESOURCES - RESERVED**

19 **PART XX. DEPARTMENT OF INSURANCE**

20 **INSURANCE REGULATORY CHARGE**

21 **SECTION 20.1.** The percentage rate to be used in calculating the insurance
22 regulatory charge under G.S. 58-6-25 is six and one-half percent (6.5%) for the 2016 calendar
23 year.

24 **PART XXI. DEPARTMENT OF THE STATE TREASURER**

25 **UPDATE ORBIT RETIREMENT SYSTEM**

26 **SECTION 21.1.** The Department of State Treasurer, Retirement Systems Division,
27 may use funds from receipts up to eight hundred fifty thousand dollars (\$850,000) for the
28 purpose of upgrading the Online Retirement Benefits through Integrated Technology
29 self-service retirement system and those funds are hereby appropriated for that purpose.

30 **ACHIEVING A BETTER LIFE EXPERIENCE (ABLE) ACT**

31 **SECTION 21.2.(a)** Article 6 of Chapter 147 of the General Statutes is amended by
32 adding a new section to read:

33 **"§ 147-86.5. Achieving a Better Life Experience Trust Fund.**

34 (a) Policy. – The General Assembly of North Carolina hereby finds and declares that
35 encouraging and assisting individuals and families in saving private funds for the purpose of
36 supporting individuals with disabilities to maintain health, independence, and a better quality of
37 life is fully consistent with and furthers the long-established policy of the State to provide tools
38 that strengthen opportunities for personal economic development and long-term financial
39 planning.

40 (b) Definitions. – The following definitions apply in this section:

41 (1) ABLE account. – An account established and owned by an eligible
42 individual and maintained pursuant to this section.

43 (2) Account owner. – The person who enters into an ABLE savings agreement
44 pursuant to the provisions of this section. The account owner must be the
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- 1 designated beneficiary. A trustee or guardian may be appointed a signatory
2 of an ABLE account to act on behalf of an account owner or a designated
3 beneficiary who is a minor or lacks capacity to enter into an agreement.
- 4 (3) Contracting state. – A state without a qualified ABLE program that has
5 entered into a contract with North Carolina to provide residents of the
6 contracting state access to a qualified ABLE program.
- 7 (4) Designated beneficiary. – The eligible individual who established and owns
8 an ABLE account.
- 9 (5) Disability certification. – With respect to an individual, documentation that
10 satisfies each of the following conditions:
- 11 a. A certification to the satisfaction of the Secretary of the Treasury of
12 the United States by the individual or the parent or guardian of the
13 individual that the individual has a medically determinable physical
14 or mental impairment that (i) results in marked and severe functional
15 limitations and can be expected to result in death or (ii) has lasted or
16 can be expected to last for a continuous period of not less than 12
17 months.
- 18 b. The individual is blind or disabled within the meaning of section
19 1614(a)(2) of the Social Security Act, and the blindness or disability
20 occurred before the individual attained 26 years of age. A copy of the
21 individual's diagnosis, signed by a physician, relating to the
22 individual's relevant impairment or impairments meeting the criteria
23 of section 1861(r)(1) of the Social Security Act.
- 24 (6) Eligible individual. – An individual who, for a taxable year, either (i) is
25 entitled to benefits based on blindness or disability under Title II or XVI of
26 the Social Security Act, 42 U.S.C. § 301 et seq., and the blindness or
27 disability is a preexisting condition that occurred before the date on which
28 the individual attained 26 years of age or (ii) has a disability certification
29 filed with the Secretary of the Treasury of the United States for the taxable
30 year.
- 31 (7) Member of the family. – A brother, sister, stepbrother, or stepsister.
- 32 (8) Qualified disability expense. – An expense related to an eligible individual's
33 blindness or disability that is incurred for the benefit of the eligible
34 individual who is the designated beneficiary.
- 35 (c) Achieving a Better Life Experience (ABLE) Trust Fund. – There is established an
36 ABLE Trust Fund to be administered by the State Treasurer to enable contributors to save
37 funds to meet the costs of the qualified disability expenses of eligible individuals.
- 38 (d) Accounts. – The following provisions apply to an ABLE account:
- 39 (1) An account owner or contributor may establish an account by making an
40 initial contribution to the ABLE Trust Fund, signing an application form
41 approved by the State Treasurer, and naming the designated beneficiary. If
42 the contributor is not the account owner, the account owner shall also sign
43 the application form.
- 44 (2) Any person may make contributions to an account after the account is
45 opened.
- 46 (3) Contributions to an account shall be made only in cash.
- 47 (4) Contributions to an account shall not exceed (i) maximum contribution
48 limits applicable to program accounts in accordance with the Achieving a
49 Better Life Experience Program as provided under the Tax Increase
50 Prevention Act of 2014, Pub. L. No. 113-295 and (ii) the amount reasonably
51 necessary to meet the designated beneficiary's qualified disability expenses.

1 (5) An account owner may change the designated beneficiary of an account to
2 an eligible individual who is a member of the family of the former
3 designated beneficiary. At the direction of an account owner, all or a portion
4 of an account may be transferred to another account of which the designated
5 beneficiary is a member of the family of the designated beneficiary of the
6 transferee account if the transferee account was created pursuant to this
7 section or in accordance with the Achieving a Better Life Experience
8 Program as provided under the Tax Increase Prevention Act of 2014, Pub. L.
9 No. 113-295.

10 (e) Contributions. – The State Treasurer is authorized to accept, hold, invest, and
11 disburse contributions, and interest earned on such contributions, from contributors as trustee of
12 the ABLE Trust Fund. The State Treasurer shall hold all contributions to the ABLE Trust Fund,
13 and any earnings thereon, in a separate trust fund and shall invest the contributions in
14 accordance with this section. The assets of the ABLE Trust Fund shall at all times be preserved,
15 invested, and expended solely for the purposes of the Trust Fund and shall be held in trust for
16 the contributors and their designated beneficiaries. Nothing in this Article shall be construed to
17 prohibit the State Treasurer from accepting, holding, and investing contributions from
18 contributors who reside outside of North Carolina. Neither the contributions to the ABLE Trust
19 Fund, nor the earnings thereon, shall be considered State moneys, assets of the State, or State
20 revenue for any purpose. An account or a legal or beneficial interest in an account is not subject
21 to attachment, levy, or execution by a creditor of designated beneficiary.

22 (f) Investments. – The State Treasurer shall determine an appropriate investment
23 strategy for the ABLE Trust Fund. The strategy may include a combination of fixed income
24 assets and preferred or common stocks issued by any company incorporated, or otherwise
25 located within or without the United States, or other appropriate investment instruments to
26 achieve long-term return through a combination of capital appreciation and current income.
27 Unless prohibited by federal law, contributions to the ABLE Trust Fund may be invested in the
28 individual, common, or collective trust funds of an investment manager provided that the
29 investment manager meets both of the following conditions:

30 (1) The investment manager has assets under management of at least one
31 hundred million dollars (\$100,000,000) at all times.

32 (2) The investment manager is subject to the jurisdiction and regulation of the
33 United States Securities and Exchange Commission.

34 (g) Administration. – The State Treasurer shall develop and perform all functions
35 necessary and desirable to (i) administer the ABLE Trust Fund in such a manner as to meet and
36 comply with the requirements of the Achieving a Better Life Experience Program as provided
37 under the Tax Increase Prevention Act of 2014, Pub. L. No. 113-295 and federal regulations
38 under the act and (ii) provide such other services as the State Treasurer shall deem necessary to
39 facilitate participation in the ABLE Trust Fund. The State Treasurer is further authorized to
40 obtain the services of such investment advisors or program managers as may be necessary for
41 the proper administration and marketing and investment strategy for the ABLE Trust Fund.

42 (h) Limitations. – The State Treasurer, in administering the ABLE Trust Fund, shall
43 ensure each of the following:

44 (1) A rollover from an ABLE account does not apply to an amount paid or
45 distributed from the ABLE account to the extent that, not later than 60 days
46 after the date of the payment or distribution, the amount received is paid into
47 another ABLE account for the benefit of the same designated beneficiary or
48 an eligible individual who is a member of the family of the designated
49 beneficiary. The limitation of this subdivision does not apply to a transfer if
50 the transfer occurs within 12 months after the date of a previous transfer for
51 the benefit of the designated beneficiary.

- 1 (2) A person may make contributions for a taxable year for the benefit of an
2 individual who is an eligible individual for the taxable year to an ABLE
3 account that is established to meet the qualified disability expenses of the
4 designated beneficiary of the account.
- 5 (3) A designated beneficiary is limited to one ABLE account.
- 6 (4) An ABLE account may be established only for a designated beneficiary who
7 is a resident of North Carolina or a resident of a contracting state.
- 8 (5) Except as permitted under the Achieving a Better Life Experience Program
9 as provided under the Tax Increase Prevention Act of 2014, Pub. L. No.
10 113-295, a person does not direct the investment of any contributions to or
11 earnings from the Achieving a Better Life Experience Program more than
12 two times each year.
- 13 (6) An account or a legal or beneficial interest in an account is not assignable,
14 pledged, or otherwise used to secure or obtain a loan or other advancement.
- 15 (7) Separate records and accounting are maintained for each ABLE account.
- 16 (8) Reports are made no less frequently than annually to each ABLE account
17 owner.
- 18 (9) A trustee or guardian appointed as a signatory of an ABLE account does not
19 have or acquire any beneficial interest in the account and administers the
20 account for the benefit of the designated beneficiary.
- 21 (i) Disclaimer. – Nothing in this section shall be construed to create any obligation of
22 the State Treasurer, the State, or any agency or instrumentality of the State to guarantee for the
23 benefit of any parent, other interested party, or designated beneficiary the rate of return or other
24 return for any contribution to the ABLE Trust Fund and the payment of interest or other return
25 on any contribution to the ABLE Trust Fund.
- 26 (j) Fees. – The State Treasurer may establish application, account, and administration
27 fees in an amount not to exceed the amount necessary to offset the costs of the program.
- 28 (k) Means-Tested Programs. – Notwithstanding any other provision of law, assets of
29 and distributions for qualified disability expenses from an ABLE account shall be disregarded
30 for purposes of determining whether a designated beneficiary's financial circumstances meet
31 the eligibility requirements of other State assistance programs.
- 32 (l) Claim for Medical Assistance Benefits. – To the extent provided in subsection
33 529A(f) of the Tax Increase Prevention Act of 2014, Pub. L. No. 113-295, upon the death of a
34 designated beneficiary, the State shall have a claim for payment from the beneficiary's account
35 in an amount equal to the total medical assistance paid for the designated beneficiary after the
36 establishment of the account. The State may file its claim for repayment from the account with
37 the State Treasurer within 60 days of receiving notice from the State Treasurer of the death of
38 the designated beneficiary.
- 39 (m) Notice of the Death of a Designated Beneficiary. – Within 15 days of the date the
40 State Treasurer receives notice of the death of a designated beneficiary, the State Treasurer
41 shall provide notice of the designated beneficiary's death to the Division of Medical Assistance,
42 Department of Health and Human Services.
- 43 (n) Notice to Account Owner for Designated Beneficiary Receiving Medicaid. – Notice
44 of the State's right to file a claim against the estate following the death of a designated
45 beneficiary who received medical assistance must be provided to the account owner. The notice
46 shall be on a form prescribed by the Division of Medical Assistance, Department of Health and
47 Human Services, and shall explain:
- 48 (1) The types of Medicaid payments subject to a claim against the estate.
49 (2) That a claim will not be made if the individual is survived by a legal spouse,
50 a child or children under the age of 21, or a blind or disabled child or

1 children of any age who became blind or disabled before age 21 and still live
2 on the property of the deceased designated beneficiary.

3 (3) That a claim against the estate is limited to specified conditions.

4 (4) That a claim against the estate may be waived in the case of undue hardship
5 and the procedure for claiming an undue hardship."

6 **SECTION 21.2.(b)** The Department of Health and Human Services shall provide
7 information and assistance to the Department of State Treasurer in establishing and
8 implementing this section. The Department of State Treasurer shall consult with other
9 departments as needed.

10 **SECTION 21.2.(c)** The Department of State Treasurer and the Department of
11 Health and Human Services are authorized to adopt rules necessary to implement this section.

12 **SECTION 21.2.(d)** The State Treasurer shall begin accepting contributions
13 authorized under this section when federal regulations regarding the Achieving a Better Life
14 Experience Program, as provided under the Tax Increase Prevention Act of 2014, Pub. L. No.
15 113-295, have been issued and provide the guidance necessary to implement the Achieving a
16 Better Life Experience Trust Fund Program established in this section.

17 **SECTION 21.2.(e)** On or before March 1, 2016, the State Treasurer shall provide a
18 report to the Joint Legislative Oversight Committee on General Government and the Fiscal
19 Research Division. The report shall include information pertaining to the operational budget,
20 the number of accounts, and all relevant information relating to management of accounts.

21 **PART XXII. OFFICE OF ADMINISTRATIVE HEARINGS**

22 **WAYNESVILLE ADMINISTRATIVE LAW JUDGE/RULES REVIEW COMMISSION** 23 **COUNSEL**

24 **SECTION 22.1.(a)** The Office of Administrative Hearings shall identify office
25 space for the administrative law judge to be located in the Town of Waynesville. In selecting
26 office space, the Office of Administrative Hearings shall only consider locations that do not
27 impose an additional financial burden to the State. The Office is authorized to identify other
28 State-owned properties in the town and work with State officials to locate office space that
29 satisfies the requirements of this section. The Office of Administrative Hearings may provide
30 support staff for the administrative law judge to be located in the Town of Waynesville;
31 provided, there is no additional financial burden to the State as a result.

32 **SECTION 22.1.(b)** G.S. 143B-30.1 is amended by adding a new subsection to
33 read:

34 "(g) In the discretion of the Commission, G.S. 114 2.3 and G.S. 147 17 (a) through (c)
35 shall not apply to the Commission if the Commission is being sued by another agency,
36 institution, department, bureau, board, or commission of the State, whether such body is created
37 by the Constitution or by statute. The chairman, upon approval of a majority of the
38 Commission, may retain private counsel to represent the Commission to be paid with available
39 State funds to defend such litigation either independently or in cooperation with the
40 Department of Justice. If private counsel is to be so retained to represent the Commission, the
41 chairman shall designate lead counsel who shall possess final decision-making authority with
42 respect to the representation, counsel, or service for the Commission. Other counsel for the
43 Commission shall, consistent with the Rules of Professional Conduct, cooperate with such
44 designated lead counsel."
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48 **PART XXIII. OFFICE OF STATE BUDGET AND MANAGEMENT**

49 **SYMPHONY CHALLENGE GRANT** 50

1 **SECTION 23.1.(a)** Of the funds appropriated in this act to the Office of State
2 Budget and Management, Special Appropriations, the sum of one million five hundred
3 thousand dollars (\$1,500,000) in recurring funds for the 2015-2016 fiscal year and the sum of
4 one million five hundred thousand dollars (\$1,500,000) in recurring funds for the 2016-2017
5 fiscal year shall be allocated to the North Carolina Symphony in accordance with this section. It
6 is the intent of the General Assembly that the North Carolina Symphony raise at least eight
7 million dollars (\$8,000,000) in non-State funds for the 2015-2016 fiscal year and at least eight
8 million dollars (\$8,000,000) in non-State funds for the 2016-2017 fiscal year. The North
9 Carolina Symphony shall not use funds transferred from the organization's endowment to its
10 operating budget to achieve the fund-raising targets set out in subsections (b) and (c) of this
11 section.

12 **SECTION 23.1.(b)** For the 2015-2016 fiscal year, the North Carolina Symphony
13 shall receive allocations from the Office of State Budget and Management as follows:

- 14 (1) Upon raising the initial sum of four million dollars (\$4,000,000) in non-State
15 funding, the North Carolina Symphony shall receive the sum of five hundred
16 thousand dollars (\$500,000).
- 17 (2) Upon raising an additional sum of two million dollars (\$2,000,000) in
18 non-State funding for a total amount of six million dollars (\$6,000,000) in
19 non-State funds, the North Carolina Symphony shall receive an additional
20 sum of five hundred thousand dollars (\$500,000).
- 21 (3) Upon raising an additional sum of two million dollars (\$2,000,000) in
22 non-State funding for a total sum of eight million dollars (\$8,000,000) in
23 non-State funds, the North Carolina Symphony shall receive the final sum of
24 five hundred thousand dollars (\$500,000) for the 2015-2016 fiscal year.

25 **SECTION 23.1.(c)** For the 2016-2017 fiscal year, the North Carolina Symphony
26 shall receive allocations from the Office of State Budget and Management as follows:

- 27 (1) Upon raising the initial sum of four million dollars (\$4,000,000) in non-State
28 funding, the North Carolina Symphony shall receive the sum of five hundred
29 thousand dollars (\$500,000).
- 30 (2) Upon raising an additional sum of two million dollars (\$2,000,000) in
31 non-State funding for a total amount of six million dollars (\$6,000,000) in
32 non-State funds, the North Carolina Symphony shall receive an additional
33 sum of five hundred thousand dollars (\$500,000).
- 34 (3) Upon raising an additional sum of two million dollars (\$2,000,000) in
35 non-State funding for a total sum of eight million dollars (\$8,000,000) in
36 non-State funds, the North Carolina Symphony shall receive the final sum of
37 five hundred thousand dollars (\$500,000) for the 2016-2017 fiscal year.

38 39 **STUDY TRANSITION TO RENT-BASED MODEL FOR STATE-OWNED** 40 **FACILITIES**

41 **SECTION 23.3.** The Office of State Budget and Management shall study charging
42 State agencies rent to cover the cost of facility management, maintenance, and related costs that
43 are attributable to those agencies. The Office of State Budget and Management shall report the
44 results of the study to the Joint Legislative Oversight Committee on General Government no
45 later than March 1, 2016. The study shall examine all of the following:

- 46 (1) Making receipt-supported all Department of Administration functions that
47 support the management and maintenance of State-owned facilities.
- 48 (2) An appropriate rate to charge agencies for facility management,
49 maintenance, and related costs, and the basis for determining that rate.
- 50 (3) Logistical, legal, and budgetary matters that would need to be resolved
51 before the rent-based model could be implemented.

- 1 (4) The desirability of using proceeds from lease payments for financing future
2 building repairs and needs of the State. Any analysis involving the
3 securitizing funds shall be undertaken in consultation with the State
4 Treasurer.
5 (5) Any other matter the Office of State Budget and Management deems
6 relevant.
7

8 PART XXIV. DEPARTMENT OF MILITARY AND VETERANS AFFAIRS

9 ESTABLISH DEPARTMENT OF MILITARY AND VETERANS AFFAIRS

10 CREATION OF DEPARTMENT

11
12 **SECTION 24.1.(a)** The Department of Military and Veterans Affairs is established
13 as a new executive department. All functions, powers, duties, and obligations vested in the
14 following agencies are transferred to, vested in, and consolidated within the Department of
15 Military and Veterans Affairs by a Type I transfer, as defined in G.S. 143A-6:
16

- 17 (1) The following components of the Department of Administration:
18 a. The Veterans' Affairs Commission.
19 b. The Governor's Jobs for Veterans Committee.
20 c. The Division of Veterans Affairs.
21 (2) The North Carolina Military Affairs Commission in the Office of the
22 Governor.

23 **SECTION 24.1.(b)** Chapter 143B of the General Statutes is amended by adding a
24 new Article to read:

25 "Article 14.

26 "Department of Military and Veterans Affairs.

27 "Part 1. General Provisions.

28 **"§ 143B-1210. Organization.**

29 (a) There is established the Department of Military and Veterans Affairs. The head of
30 the Department of Military and Veterans Affairs is the Secretary of Military and Veterans
31 Affairs, who shall be known as the Secretary.

32 (b) The powers and duties of the deputy secretaries and the divisions and directors of
33 the Department shall be subject to the direction and control of the Secretary of Military and
34 Veterans Affairs.

35 **"§ 143B-1211. Powers and duties of the Department of Military and Veterans Affairs.**

36 It shall be the duty of the Department of Military and Veterans Affairs to do all of the
37 following:

- 38 (1) Provide active outreach to the United States Department of Defense and the
39 United States Department of Homeland Security and their associated
40 establishments in North Carolina in order to support the military installations
41 and activities in the State, to enhance North Carolina's current
42 military-friendly environment and foster and promote business, technology,
43 transportation, education, economic development, and other efforts in
44 support of the mission, execution, and transformation of the United States
45 government military and national defense activities located in the State.
46 (2) Promote the industrial and economic development of localities included in or
47 adjacent to United States government military and national defense activities
48 and those of the State.
49 (3) Provide technical assistance and coordination between the State, its political
50 subdivisions, and the United States military and national defense activities
51 within the State of North Carolina.

- 1 (4) Award grants to local governments, State and federal agencies, and private
2 entities at the direction of the Secretary. The number of grants awarded and
3 the level of funding of each grant for each fiscal year shall be contingent
4 upon and determined by funds appropriated for that purpose by the General
5 Assembly.
- 6 (5) Provide active outreach to the United States Department of Veterans Affairs,
7 the veterans service organizations, and the veterans community in North
8 Carolina to support and assist North Carolina's veterans in identifying and
9 obtaining the services, assistance, and support to which they are entitled,
10 including monitoring efforts to provide services to veterans, newly separated
11 service members, and their immediate family members and disseminating
12 relevant materials.
- 13 (6) Monitor and enhance efforts to provide assistance and support for veterans
14 living in North Carolina and members of the North Carolina National Guard
15 and North Carolina residents in the Armed Forces Reserves not in active
16 federal service in the areas of (i) medical care, (ii) mental health and
17 rehabilitative services, (iii) housing, (iv) homelessness prevention, (v) job
18 creation, and (vi) education.
- 19 (7) Seek and receive monies from any source, including federal funds, gifts,
20 grants, and devises, which shall be expended for the purposes designated in
21 this Article.
- 22 (8) Provide active outreach, coordination, formal training and standards, and
23 official certification to localities of the State and veterans support
24 organizations in the development, implementation, and review of local
25 veterans services programs as part of the State program.
- 26 (9) Work with veterans services organizations and counterparts in other states to
27 monitor and encourage the timely and accurate processing of veterans'
28 benefit requests by the United States Department of Veterans Affairs,
29 including requests for service connected to health care, mental health care,
30 and disability payments.
- 31 (10) Manage and maintain the State's veterans nursing homes and cemeteries and
32 their associated assets to the standard befitting those who have worn the
33 uniform of the Armed Forces according to federal guidelines. Plan for
34 expansion and grow the capacity of these facilities and any new facilities as
35 required pending the availability of designated funds.
- 36 (11) Manage and maintain the State's Scholarships for Children of Wartime
37 Veterans in accordance with Part 2 of Article 14 of Chapter 143B of the
38 General Statutes and in support of the Veterans' Affairs Commission.
- 39 (12) Provide administrative, organizational, and funding support to the NC
40 Military Affairs Commission and the Governor's Working Group for
41 Veterans.
- 42 (13) Work with federal officials to obtain additional federal resources and
43 coordinate veterans policy development and information exchange.
- 44 (14) Work with the appropriate heads of the principal departments to coordinate
45 working relationships between State agencies and take all actions necessary
46 to ensure that available federal and State resources are directed toward
47 assisting veterans and addressing all issues of mutual concern to the State
48 and the Armed Forces of the United States, including, but not limited to,
49 quality of life issues unique to North Carolina's military personnel and their
50 families, the quality of educational opportunities for military children, the
51 future of federal impact aid, preparedness, public safety and security

1 concerns, transportation needs, alcoholic beverage law enforcement,
2 substance abuse, social service needs, possible expansion and growth of
3 military facilities in the State, and intergovernmental support agreements
4 with state and local governments.

5 (15) Educate the public on veterans and defense issues in coordination with
6 applicable State agencies.

7 (16) Adopt rules and procedures for the implementation of this section.

8 (17) Assist veterans, their families, and dependents in the presentation,
9 processing, proof, and establishment of such claims, privileges, rights, and
10 benefits as they may be entitled to under federal, State, or local laws, rules,
11 and regulations.

12 (18) Aid persons in active military service and their dependents with problems
13 arising out of that service that come reasonably within the purview of the
14 Department's program of assistance.

15 (19) Collect data and information as to the facilities and services available to
16 veterans, their families, and dependents and to cooperate with agencies
17 furnishing information or services throughout the State in order to inform
18 such agencies regarding the availability of (i) education, training, and
19 retraining facilities; (ii) health, medical, rehabilitation, and housing services
20 and facilities; (iii) employment and reemployment services; and (iv)
21 provisions of federal, State, and local laws, rules, and regulations affording
22 rights, privileges, and benefits to veterans, their families, and dependents,
23 and in respect to such other matters of similar, related, or appropriate nature
24 not herein set out.

25 (20) Establish such field offices, facilities, and services throughout the State as
26 may be necessary to carry out the purposes of this Article.

27 (21) Cooperate, as the Department deems appropriate, with governmental,
28 private, and civic agencies and instrumentalities in securing services or
29 benefits for veterans, their families, dependents, and beneficiaries.

30 (22) Enter into any contract or agreement with any person, business,
31 governmental agency, or other entity in furtherance of the purposes of this
32 Article.

33 (23) Train, assist, and provide guidance to the employees of any county, city,
34 town, or Indian tribe who are engaged in veterans service. Authority is
35 hereby granted to the governing body of any county, city, or town to
36 appropriate such amounts as it may deem necessary to provide a veterans
37 services program, and the expenditure of such funds is hereby declared to be
38 for a public purpose; such program shall be operated in affiliation with this
39 Department as set forth above and in compliance with Department policies
40 and procedures.

41 **"§ 143B-1212. Personnel of the Department of Military and Veterans Affairs.**

42 Notwithstanding G.S. 114-2.3, the Secretary of Military and Veterans Affairs shall have the
43 power to appoint all employees, including consultants and legal counsel, necessary to carry out
44 the powers and duties of the office. These employees shall be subject to the North Carolina
45 Human Resources Act, except that employees in positions designated as exempt under
46 G.S. 126-5(d)(1) are not subject to the Act, in accordance with the provisions of that section.

47 **"§ 143B-1213. Definitions.**

48 Except where provided otherwise, the following definitions apply in this Chapter:

49 (1) Department. – The Department of Military and Veterans Affairs.

50 (2) Secretary. – The Secretary of Military and Veterans Affairs.

51 (3) Veteran. – One of the following, as applicable:

- 1 a. For qualifying as a voting member of the State Board of Veterans
2 Affairs and as the State Director of Veterans Affairs, a person who
3 served honorably during a period of war as defined in Title 38,
4 United States Code.
5 b. For entitlement to the services of the Department of Military and
6 Veterans Affairs, any person who may be entitled to any benefits or
7 rights under the laws of the United States by reason of service in the
8 Armed Forces of the United States."
9

10 **CREATION OF STATUTORY PARTS AND RECODIFICATION AND REPEAL OF**
11 **AFFECTED STATUTES**

12 **SECTION 24.1.(c)** Veterans' Affairs Commission. – Part 13 of Article 9 of
13 Chapter 143B of the General Statutes is recodified as Part 2 of Article 14 of Chapter 143B of
14 the General Statutes and renumbered as G.S. 143B-1220 through G.S. 143B-1222. G.S. 165-19
15 through G.S. 165-22.1 are recodified under that Part as G.S. 143B-1223 through
16 G.S. 143B-1227.

17 **SECTION 24.1.(d)** Governor's Jobs for Veterans Committee. – Part 19 of Article 9
18 of Chapter 143B of the General Statutes is recodified as Part 3 of Article 14 of Chapter 143B of
19 the General Statutes and renumbered as G.S. 143B-1235 and G.S. 143B-1236.

20 **SECTION 24.1.(e)** Division of Veterans Affairs. – G.S. 165-1 through G.S. 165-4,
21 G.S. 165-6, 165-8, and 165-10 are repealed. G.S. 165-9, 165-11, and 165-11.1 are recodified
22 under Part 1 of Article 14 of Chapter 143B of the General Statutes as G.S. 143B-1214 through
23 G.S. 143B-1216, respectively.

24 **SECTION 24.1.(f)** Minor Veterans and Minor Spouses of Veterans. – Article 2 of
25 Chapter 165 of the General Statutes is recodified as Part 4 of Article 14 of Chapter 143B of the
26 General Statutes, G.S. 143B-1240 through G.S. 143B-1244. Article 3 of Chapter 165 of the
27 General Statutes is recodified as Part 5 of Article 14 of Chapter 143B of the General Statutes,
28 G.S. 143B-1247 and G.S. 143B-1248.

29 **SECTION 24.1.(g)** Veterans Recreation Authorities Law. – Article 5 of Chapter
30 165 of the General Statutes is recodified as Part 6 of Article 14 of Chapter 143B of the General
31 Statutes, G.S. 143B-1250 through G.S. 143B-1265.

32 **SECTION 24.1.(h)** Powers of Attorney. – Article 6 of Chapter 165 of the General
33 Statutes is recodified as Part 7 of Article 14 of Chapter 143B of the General Statutes,
34 G.S. 143B-1270 through G.S. 143B-1273.

35 **SECTION 24.1.(i)** Miscellaneous Provisions. – Article 7 of Chapter 165 of the
36 General Statutes is recodified as Part 8 of Article 14 of Chapter 143B of the General Statutes,
37 G.S. 143B-1275 through G.S. 143B-1277.

38 **SECTION 24.1.(j)** Employment Assistance. – Article 7A of Chapter 165 of the
39 General Statutes is recodified as Part 9 of Article 14 of Chapter 143B of the General Statutes,
40 G.S. 143B-1280 through G.S. 143B-1285.

41 **SECTION 24.1.(k)** State Veterans Home. – Article 8 of Chapter 165 of the
42 General Statutes is recodified as Part 10 of Article 14 of Chapter 143B of the General Statutes,
43 G.S. 143B-1290 through G.S. 143B-1300.

44 **SECTION 24.1.(l)** North Carolina Military Affairs Commission. – Chapter 127C
45 of the General Statutes is recodified as Part 11 of Article 14 of Chapter 143B of the General
46 Statutes, G.S. 143B-1310 through G.S. 143B-1314.

47
48 **CONFORMING CHANGES**

49 **SECTION 24.1.(m)** G.S. 20-79.4 reads as rewritten:
50 **"§ 20-79.4. Special registration plates.**
51 ...

(a2) ~~Special Plates Based Upon Military Service. – The Division of Veterans Affairs~~ Department of Military and Veterans Affairs shall be responsible for verifying and maintaining all verification documentation for all special plates that are based upon military service. The ~~Division~~ Department shall not issue a special plate that is based on military service unless the application is accompanied by a motor vehicle registration (MVR) verification form signed by the ~~Director of the Division of Veterans Affairs~~, Secretary of Military and Veterans Affairs, or the ~~Director's~~ Secretary's designee, showing that the ~~Division of Veterans Affairs~~ Department of Military and Veterans Affairs has verified the applicant's credentials and qualifications to hold the special plate applied for.

(1) Unless a qualifying condition exists requiring annual verification, no additional verification shall be required to renew a special registration plate either in person or through an online service.

(2) If the ~~Division of Veterans Affairs~~ Department of Military and Veterans Affairs determines a special registration plate has been issued due to an error on the part of the Division of Motor Vehicles, the plate shall be recalled and canceled.

(3) If the ~~Division of Veterans Affairs~~ Department of Military and Veterans Affairs determines a special registration plate has been issued to an applicant who falsified documents or has fraudulently applied for the special registration plate, the Division of Motor Vehicles shall revoke the special plate and take appropriate enforcement action.

...."

SECTION 24.1.(n) G.S. 20-79.5 reads as rewritten:

"§ 20-79.5. Special registration plates for elected and appointed State government officials.

(a) Plates. – The State government officials listed in this section are eligible for a special registration plate under G.S. 20-79.4. The plate shall bear the number designated in the following table for the position held by the official.

Position	Number on Plate
Governor	1
Lieutenant Governor	2
...	
<u>Secretary of Military and Veterans Affairs</u>	<u>22</u>
Governor's Staff	22-23-29

...."

SECTION 24.1.(o) G.S. 47-113.2 reads as rewritten:

"§ 47-113.2. Restricting access to military discharge documents.

...

(b) Definitions:

(1) Authorized party. – Four categories of authorized parties are recognized with respect to access to military discharge documents under subsection (e) of this section:

...

c. Authorized agents of the ~~Division of Veterans Affairs~~, Department of Military and Veterans Affairs, the United States Department of Veterans Affairs, the Department of Defense, or a court official with an interest in assisting the subject or the deceased subject's beneficiaries to obtain a benefit.

...

(h) The North Carolina Association of Registers of Deeds and the ~~Division of Veterans Affairs~~ Department of Military and Veterans Affairs shall adopt ~~before January 1, 2004~~, such

1 request forms and associated rules as are required to implement the provisions of this section.
2 All filing offices shall use the forms and comply with the rules, as adopted.

3"

4 **SECTION 24.1.(p)** G.S. 65-43.4(b) reads as rewritten:

5 "(b) A disinterment may be permitted, at no cost to the State, when the following
6 conditions are satisfied:

7 (1) The disinterment is requested in writing and filed with the Program Director
8 of the veterans cemeteries, the Assistant Secretary for Veterans Affairs, or
9 the ~~Division of Veterans Affairs;~~Department of Military and Veterans
10 Affairs;

11 (2) The request for disinterment contains the notarized signature of the nearest
12 of kin, such as surviving spouse. If the spouse is deceased, the signatures of
13 a majority of the surviving children of legal age will be required;

14 (3) The funeral director has obtained all necessary permits for disinterment."

15 **SECTION 24.1.(q)** G.S. 65-43.5 reads as rewritten:

16 "**§ 65-43.5. Reinterment.**

17 (a) The remains of a qualified veteran or the remains of an eligible family member may
18 be moved to a State veterans cemetery for reinterment, at no cost to the State, when the
19 following conditions are satisfied:

20 ...

21 (2) The reinterment is requested in writing and filed with the Program Manager
22 of veterans cemeteries, the Assistant Secretary for Veterans Affairs, or the
23 ~~Division of Veterans Affairs; and~~Department of Military and Veterans
24 Affairs;

25"

26 **SECTION 24.1.(r)** G.S. 93B-15.1(c1) reads as rewritten:

27 "(c1) Each occupational licensing board shall publish a document that lists the specific
28 criteria or requirements for licensure, registration, or certification by the board, with a
29 description of the criteria or requirements that are satisfied by military training or experience as
30 provided in this section, and any necessary documentation needed for obtaining the credit or
31 satisfying the requirement. The information required by this subsection shall be published on
32 the occupational licensing board's Web site and the Web site of the ~~North Carolina Division of~~
33 ~~Veterans Affairs.~~Department of Military and Veterans Affairs."

34 **SECTION 24.1.(s)** G.S. 116-209.23 reads as rewritten:

35 "**§ 116-209.23. Inconsistent laws inapplicable.**

36 Insofar as the provisions of this Article are inconsistent with the provisions of any general
37 or special laws, or parts thereof, the provisions of this Article shall be controlling, except that
38 no provision of the 1971 amendments to this Article shall apply to scholarships for children of
39 war veterans as set forth in ~~Article 4 of Chapter 165, Part 2 of Article 14 of Chapter 143B of the~~
40 General Statutes, as amended."

41 **SECTION 24.1.(t)** G.S. 116B-7(b) reads as rewritten:

42 "(b) An amount specified in the Current Operations Appropriations Act shall be
43 transferred annually from the Escheat Fund to the Department of ~~Administration~~Military and
44 Veterans Affairs to partially fund the program of Scholarships for Children of War Veterans
45 established by ~~Article 4 of Chapter 165 Part 2 of Article 14 of Chapter 143B of the General~~
46 Statutes. Those funds may be used only for residents of this State who (i) are worthy and needy
47 as determined by the Department of Administration, Military and Veterans Affairs and (ii) are
48 enrolled in public institutions of higher education of this State."

49 **SECTION 24.1.(u)** G.S. 126-2(b1)(5) reads as rewritten:

50 "(b1) The Commission shall consist of nine members, appointed as follows:

51 ...

1 (5) One member who is a veteran of the Armed Forces of the United States
 2 appointed by the Governor upon the nomination of the ~~Veterans~~ Veterans'
 3 Affairs Commission and who is a State employee subject to this Chapter
 4 serving in a nonexempt supervisory position. The member may not be a
 5 human resources professional."

6 **SECTION 24.1.(v)** G.S. 126-5(d)(1) is amended by adding a new sub-subdivision
 7 to read:

- 8 "(d) (1) Exempt Positions in Cabinet Department. – Subject to the provisions of this
 9 Chapter, which is known as the North Carolina Human Resources Act, the
 10 Governor may designate a total of 1,500 exempt positions throughout the
 11 following departments and offices:
 12 a. Department of Administration.
 13 b. Department of Commerce.
 14 c. Repealed by Session Laws 2012-83, s. 7, effective June 26, 2012,
 15 and by Session Laws 2012-142, s. 25.2E(a), effective January 1,
 16 2013.
 17 d. Department of Public Safety.
 18 e. Department of Cultural Resources.
 19 f. Department of Health and Human Services.
 20 g. Department of Environment and Natural Resources.
 21 h. Department of Revenue.
 22 i. Department of Transportation.
 23 j. Repealed by Session Laws 2012-83, s. 7, effective June 26, 2012,
 24 and by Session Laws 2012-142, s. 25.2E(a), effective January 1,
 25 2013.
 26 k. Office of Information Technology Services.
 27 l. Office of State Budget and Management.
 28 m. Office of State Human Resources.
 29 n. Department of Military and Veterans Affairs."

30 **SECTION 24.1.(w)** G.S. 127C-1, as recodified by subsection (l) of this section,
 31 reads as rewritten:

32 **"§ 143B-1310. Commission established; purpose; transaction of business.**

33 (a) Establishment. – There is established the North Carolina Military Affairs
 34 Commission. The Commission shall be established within the ~~Office of the Governor. The~~
 35 ~~Department of Commerce is responsible for organizational, budgetary, and administrative~~
 36 ~~purposes.~~ Department of Military and Veterans Affairs.

37 (b) Purpose. – The Commission shall provide advice, counsel, and recommendations to
 38 ~~the Governor, the General Assembly, the Secretary of Commerce,~~ Military and Veterans
 39 Affairs, and other State agencies on initiatives, programs, and legislation that will continue and
 40 increase the role that North Carolina's military installations, the National Guard, and Reserves
 41 play in America's defense strategy and the economic health and vitality of the State. The
 42 Commission is authorized ~~to do all of the following, as delegated by the Secretary of~~
 43 Military and Veterans Affairs:

44 ...
 45 (c) Transaction of Business. – The Commission shall meet, at a minimum, at least once
 46 during each quarter and shall provide a report on military affairs to the ~~Governor~~ Secretary of
 47 Military and Veterans Affairs and to the General Assembly at least every six months. Prior to
 48 the start of a Regular Session of the General Assembly, the Commission shall report to the
 49 General Assembly with recommendations, if any, for legislation. Priority actions or issues may
 50 be submitted at any time.

51"

1 **SECTION 24.1.(x)** G.S. 127C-2(h), as recodified by subsection (l) of this section,
2 reads as rewritten:

3 "(h) The initial meeting of the Commission shall be within 30 days of the effective date
4 of this act at a time and place to be determined by the Secretary of Commerce. The first order
5 of business at the initial meeting of the Commission shall be the adoption of bylaws and
6 establishment of committees, after which the Commission shall meet upon the call of the
7 Chairman ~~or the Military Advisor within the Office of the Governor, or the Secretary of the~~
8 Department of Military and Veterans Affairs. The members shall receive no compensation for
9 attendance at meetings, except a per diem expense reimbursement. Members of the
10 Commission who are not officers or employees of the State shall receive reimbursement for
11 subsistence and travel expenses at rates set out in G.S. 138-5 from funds made available to the
12 Commission. Members of the Commission who are officers or employees of the State shall be
13 reimbursed for travel and subsistence at the rates set out in G.S. 138-6 from funds made
14 available to the Commission. The Department of ~~Commerce~~ Military and Veterans Affairs
15 shall use funds within its budget for the per diem, subsistence, and travel expenses authorized
16 by this subsection."

17 **SECTION 24.1.(y)** G.S. 127C-3, as recodified by subsection (l) of this section, is
18 repealed.

19 **SECTION 24.1.(z)** G.S. 127C-5, as recodified by subsection (l) of this section,
20 reads as rewritten:

21 **"§ 143B-1314. Protection of sensitive documents.**

22 (a) In carrying out any purpose set out in ~~G.S. 127C-1(b),~~ G.S. 143B-1310(b), the
23 Commission and the Department of ~~Commerce~~ Military and Veterans Affairs may share
24 documents and discussions protected from disclosure under G.S. 132-1.2 and G.S. 143-318.11
25 with other public bodies. Any information shared under this subsection shall be confidential
26 and exempt from Chapter 132 of the General Statutes to the same extent that it is confidential
27 in the possession of the Commission or the Department.

28 (b) In carrying out any purpose set out in ~~G.S. 127C-1(b),~~ G.S. 143B-1310(b), the
29 Commission and the Department of ~~Commerce~~ Military and Veterans Affairs may share
30 documents and discussions protected from disclosure under G.S. 132-1.2 and G.S. 143-318.11
31 with any third party in its discretion. Any information shared under this subsection shall be
32 shared under an agreement to keep the information confidential to the same extent that it is
33 confidential in the possession of the Commission or the Department."

34 **SECTION 24.1.(aa)** G.S. 143B-6 is amended by adding a new subdivision to read:
35 **"§ 143B-6. Principal departments.**

36 In addition to the principal departments enumerated in the Executive Organization Act of
37 1971, all executive and administrative powers, duties, and functions not including those of the
38 General Assembly and its agencies, the General Court of Justice and the administrative
39 agencies created pursuant to Article IV of the Constitution of North Carolina, and higher
40 education previously vested by law in the several State agencies, are vested in the following
41 principal departments:

42 ...

43 (12) Department of Military and Veterans Affairs."

44 **SECTION 24.1.(bb)** G.S. 143B-399, as recodified and renumbered by subsection
45 (c) of this section, reads as rewritten:

46 **"§ 143B-1220. Veterans' Affairs Commission – creation, powers and duties.**

47 There is hereby created the Veterans' Affairs Commission of the Department of
48 ~~Administration of Military and Veterans Affairs.~~ The Veterans' Affairs Commission shall have
49 the following functions and duties: ~~duties,~~ as delegated by the Secretary of Military and
50 Veterans Affairs:

- 1 (1) To advise the ~~Governor~~ Secretary of Military and Veterans Affairs on
 2 matters relating to the affairs of veterans in North Carolina;
- 3 (2) To maintain a continuing review of the operation and budgeting of existing
 4 programs for veterans and their dependents in the State and to make any
 5 recommendations to the ~~Governor~~ Secretary of Military and Veterans
 6 Affairs for improvements and additions to such matters to which the
 7 ~~Governor~~ Secretary shall give due consideration;
- 8 (3) ~~To serve collectively as a liaison between the Division of Veterans Affairs~~
 9 ~~and the veterans organizations represented on the Commission;~~
- 10 (4) To promulgate rules and regulations concerning the awarding of
 11 scholarships for children of North Carolina veterans as provided by ~~Article 4~~
 12 ~~of Chapter 165 of the General Statutes of North Carolina~~ this Article. The
 13 Commission shall make rules and regulations consistent with the provisions
 14 of this ~~Chapter~~ Article. All rules and regulations not inconsistent with the
 15 provisions of this Chapter heretofore adopted by the State Board of Veterans'
 16 Affairs shall remain in full force and effect unless and until repealed or
 17 superseded by action of the ~~Veterans~~ Veterans' Affairs Commission. All
 18 rules and regulations adopted by the Commission shall be enforced by the
 19 ~~Division of Veterans' Affairs~~ Department of Military and Veterans Affairs;
- 20 (4a) To promulgate rules concerning the awarding of the North Carolina Services
 21 Medal to all veterans who have served in any period of war as defined in 38
 22 U.S.C. § 101. The award shall be self-financing; those who wish to be
 23 awarded the medal shall pay a fee to cover the expenses of producing the
 24 medal and awarding the medal. All rules adopted by the Commission with
 25 respect to the North Carolina Services Medal shall be implemented and
 26 enforced by the ~~Division of Veterans' Affairs~~ Department of Military and
 27 Veterans Affairs; and
- 28 (5) To advise the ~~Governor~~ Secretary on any matter the ~~Governor~~ Secretary may
 29 refer to it."

30 **SECTION 24.1.(cc)** G.S. 143B-400, as recodified and renumbered by subsection
 31 (c) of this section, reads as rewritten:

32 "**§ 143B-1221. Veterans' Affairs Commission – members; selection; quorum;**
 33 **compensation.**

34 The Veterans' Affairs Commission of the Department of ~~Administration~~ Military and
 35 Veterans Affairs shall consist of one voting member from each congressional district, all of
 36 whom shall be veterans, appointed by the Governor for four-year terms. In making these
 37 appointments, the Governor shall insure that both major political parties will be continuously
 38 represented on the Veterans' Affairs Commission.

39 The initial members of the Commission shall be the appointed members of the current
 40 Veterans' Affairs Commission who shall serve for the remainder of their current terms and six
 41 additional members appointed by the Governor for terms expiring June 30, 1981. Thereafter, all
 42 members shall be appointed for terms of four years. Any appointment to fill a vacancy on the
 43 Commission created by the resignation, dismissal, death or disability of a member shall be for
 44 the balance of the unexpired term. The Governor shall have the power to remove any member
 45 of the Commission in accordance with provisions of G.S. 143B-13.

46 In the event that more than 11 congressional districts are established in the State, the
 47 Governor shall on July 1 following the establishment of such additional congressional districts
 48 appoint a member of the Commission from that congressional district. If on July 1, 1977, or at
 49 any time thereafter due to congressional redistricting, two or more members of the Veterans'
 50 Affairs Commission shall reside in the same congressional district then such members shall
 51 continue to serve as members of the Commission for a period equal to the remainder of their

1 current terms on the Commission provided that upon the expiration of said term or terms the
2 Governor shall fill such vacancy or vacancies in such a manner as to insure that as
3 expeditiously as possible there is one member of the Veterans' Affairs Commission who is a
4 resident of each congressional district in the State.

5 The Governor shall designate from the membership of the Commission a chairman and
6 vice-chairman of the Commission who shall serve at the pleasure of the Governor. The
7 Secretary of the Department of ~~Administration~~ Military and Veterans Affairs or his designee
8 shall serve as secretary of the Commission.

9 Members of the Commission shall receive per diem and necessary travel and subsistence
10 expenses in accordance with provisions of G.S. 138-5.

11 A majority of the Commission shall constitute a quorum for the transaction of business.

12 The Veterans' Affairs Commission shall meet at least twice a year and may hold special
13 meetings at any time or place within the State at the call of the chairman, at the call of the
14 Secretary of the Department of ~~Administration~~ Military and Veterans Affairs or upon the
15 written request of at least six members.

16 All clerical and other services required by the Commission shall be provided by the
17 Secretary of the Department of ~~Administration~~ Military and Veterans Affairs."

18 **SECTION 24.1.(dd)** G.S. 143B-420, as recodified by subsection (d) of this
19 section, reads as rewritten:

20 "**§ 143B-1235. Governor's Jobs for Veterans Committee – creation; appointment,
21 organization, etc.; duties.**

22 (a) There is hereby created and established in the North Carolina Department of
23 ~~Administration, Division of Veterans Affairs,~~ Military and Veterans Affairs, a committee to be
24 known as the Governor's Jobs for Veterans Committee, with one member from each
25 Congressional district, appointed by the Governor. Members of the Committee shall serve at
26 the pleasure of the Governor. The Secretary of ~~Administration,~~ Military and Veterans Affairs
27 with the concurrence of the Governor, shall appoint a chairman to administer this Committee
28 who shall be subject to the direction and supervision of the Secretary. The chairman shall serve
29 at the pleasure of the Secretary. The chairman shall devote full time to his duties of office.

30 (b) ~~Subject to the general supervision of the Secretary, the~~ The duties of the chairman
31 shall include but not be limited to the ~~following:~~ following, as delegated by the Secretary of
32 Military and Veterans Affairs:

- 33 (1) Serving as a liaison between the Office of the Governor and all State
34 agencies to insure that veterans receive the employment preference to which
35 they are legally entitled and that such State agencies list available jobs with
36 appropriate public employment services;
- 37 (2) Evaluating existing programs designed to benefit veterans and submitting
38 reports and recommendations to the Governor and Secretary;
- 39 (3) Developing and furthering favorable employer attitudes toward the
40 employment of veterans by appropriate promulgation of information
41 concerning veterans and the functions of the Committee;
- 42 (4) Serving as a liaison between the Committee and communities throughout the
43 State to the end that civic committees and volunteer groups are formed and
44 utilized to promote the objectives of the Committee;
- 45 (5) Assisting employers in properly designing affirmative action plans as they
46 relate to handicapped and Vietnam-era veterans;
- 47 (6) Serving as a liaison between veterans and State agencies on questions
48 regarding the employment practices of such State agencies."

49 **SECTION 24.1.(ee)** G.S. 161-10.1 reads as rewritten:

50 "**§ 161-10.1. Exemption of Armed Forces discharge documents and certain other records
51 needed in support of claims for veterans' benefits.**

1 Any schedule of fees which is now or may be prescribed in Chapter 161 of the General
2 Statutes or in G.S. 161-10 shall not apply to nor shall the same repeal any of the provisions of
3 Article 5 of Chapter 47 of the General Statutes. Any schedule of fees which is now or may be
4 hereafter prescribed in Chapter 161 of the General Statutes or as may appear in G.S. 161-10
5 shall not apply to nor shall the same repeal any of the provisions of
6 ~~G.S. 165-11~~G.S. 143B-1215."

7 **SECTION 24.1.(ff)** G.S. 165-11, as recodified by subsection (e) of this section,
8 reads as rewritten:

9 "**§ 143B-1215. Copies of records to be furnished to the Department of**
10 **Administration-Military and Veterans Affairs.**

11 (a) Whenever copies of any State and local public records are requested by a
12 representative of the Department of ~~Administration-Military and Veterans Affairs~~ in assisting
13 persons in obtaining any federal, State, local or privately provided benefits relating to veterans
14 and their beneficiaries, the official charged with the custody of any such records shall without
15 charge furnish said representative with the requested number of certified copies of such
16 records; provided, that this section shall not apply to the disclosure of information in certain
17 privileged and confidential records referred to elsewhere in the General Statutes of North
18 Carolina, which information shall continue to be disclosed in the manner prescribed by the
19 statute relating thereto.

20 (b) No official chargeable with the collection of any fee or charge under the laws of the
21 State of North Carolina in connection with his official duties shall be held accountable on his
22 official bond or otherwise for any fee or charge remitted pursuant to the provisions of this
23 section."

24 **SECTION 24.1.(gg)** G.S. 165-11.1, as recodified by subsection (e) of this section,
25 reads as rewritten:

26 "**§ 143B-1216. Confidentiality of ~~Veterans Affairs~~Department of Military and Veterans**
27 **Affairs records.**

28 Notwithstanding any other provisions of Chapter 143B, no records of the ~~Division of~~
29 ~~Veterans Affairs in the Department of Administration~~Department of Military and Veterans
30 Affairs shall be disclosed or used for any purpose except for official purposes, and no records
31 shall be disclosed, destroyed or used in any manner which is in violation of any existing federal
32 law or regulation. Nothing in this Chapter shall convert records which are the property of the
33 federal government into State property."

34 **SECTION 24.1.(hh)** G.S. 165-20, as recodified by subsection (c) of this section,
35 reads as rewritten:

36 "**§ 143B-1224. Definitions.**

37 As used in this Article the terms defined in this section shall have the following meaning:

38 ...

39 (3) "Child" means a person: (i) under 25 years of age at the time of application
40 for a scholarship, (ii) who is a domiciliary of North Carolina and is a
41 resident of North Carolina when applying for a scholarship, (iii) who has
42 completed high school or its equivalent prior to receipt of a scholarship
43 awarded under this Article, (iv) who has complied with the requirements of
44 the Selective Service System, if applicable, and (v) who further meets one of
45 the following requirements:

46 a. A person whose veteran parent was a legal resident of North Carolina
47 at the time of said veteran's entrance into that period of service in the
48 Armed Forces during which eligibility is established under
49 ~~G.S. 165-22~~G.S. 143B-1226.

50 b. A veteran's child who was born in North Carolina and has been a
51 resident of North Carolina continuously since birth. Provided, that

1 the requirement in the preceding sentence as to birth in North
 2 Carolina may be waived by the Department of ~~Administration~~
 3 Military and Veterans Affairs if it is shown to the satisfaction of the
 4 Department that the child's mother was a native-born resident of
 5 North Carolina and was such resident at the time of her marriage to
 6 the veteran and was outside the State temporarily at the time of the
 7 child's birth, following which the child was returned to North
 8 Carolina within a reasonable period of time where said child has
 9 since lived continuously.

10 c. A person meeting either of the requirements set forth in subdivision
 11 (3) a or b above, and who was legally adopted by the veteran prior to
 12 said person's reaching the age of 15 years.

13 ...
 14 (5) "Private educational institution" means any junior college, senior college or
 15 university which is operated and governed by private interests not under the
 16 control of the federal, State or any local government, which is located within
 17 the State of North Carolina, which does not operate for profit, whose
 18 curriculum is primarily directed toward the awarding of associate,
 19 baccalaureate or graduate degrees, which agrees to the applicable
 20 administration and funding provisions of ~~G.S. 165-22.1~~, G.S. 143B-1227, of
 21 this Article, and which is otherwise approved by the State Board of Veterans
 22 Affairs.

23"

24 **SECTION 24.1.(ii)** G.S. 165-21, as recodified by subsection (c) of this section,
 25 reads as rewritten:

26 **"§ 143B-1225. Scholarship.**

27 (a) A scholarship granted pursuant to this Article shall consist of the following benefits
 28 in either a State or private educational institution:

29 ...

30 (2) With respect to private educational institutions, a scholarship shall consist of
 31 a monetary allowance as prescribed in ~~G.S. 165-22.1(d)~~, G.S. 143B-1227(d).

32"

33 **SECTION 24.1.(jj)** G.S. 165-22, as recodified by subsection (c) of this section,
 34 reads as rewritten:

35 **"§ 143B-1226. Classes or categories of eligibility under which scholarships may be
 36 awarded.**

37 A child, as defined in this Article, who falls within the provisions of any eligibility class
 38 described below shall, upon proper application be considered for a scholarship, subject to the
 39 provisions and limitations set forth for the class under which the child is considered:

40 ...

41 (2) Class I-B: Under this class a limited scholarship providing only those
 42 benefits set forth in ~~G.S. 165-21(1)a and d and 165-21(2) of this~~
 43 Article, G.S. 143B-1225(a)(1)a. and d. and G.S. 143B-1225(a)(2) shall be
 44 awarded to any child whose veteran parent, at the time the benefits pursuant
 45 to this Article are sought to be availed of, is or was at the time of his death
 46 receiving compensation for a wartime service-connected disability of one
 47 hundred percent (100%) as rated by the United States Department of
 48 Veterans Affairs. Provided, that if the veteran parent of a recipient under this
 49 class should die of his wartime service-connected condition before the
 50 recipient shall have utilized all of his scholarship eligibility time, then the
 51 North Carolina Department of ~~Administration~~ Military and Veterans Affairs

1 shall amend the recipient's award from Class I-B to Class I-A for the
 2 remainder of the recipient's eligibility time. The effective date of such an
 3 amended award shall be determined by the Department of
 4 ~~Administration, Military and Veterans Affairs~~ but, in no event shall it predate
 5 the date of the veteran parent's death.

6 ...

7 (4) Class III: Under this class a scholarship may be awarded to not more than
 8 100 children yearly, each of whose veteran parent, at the time the benefits
 9 pursuant to this Article are sought to be availed of:

10 a. Is or was at the time of his death drawing pension for permanent and
 11 total disability, nonservice-connected, as rated by the United States
 12 Department of Veterans Affairs.

13 b. Is deceased and who does not fall within the provisions of any other
 14 eligibility class described in ~~G.S. 165-22(1), G.S. 143B-1226(1), (2),~~
 15 (3), (4)a., nor (5).

16 c. Served in a combat zone, or waters adjacent to a combat zone, or any
 17 other campaign, expedition, or engagement for which the United
 18 States Department of Defense authorizes a campaign badge or medal,
 19 who does not fall within the provisions of any other class described
 20 in ~~G.S. 165-22(1), G.S. 143B-1226(1), (2), (3), (4)a., or (5).~~

21 (5) Class IV: Under this class a scholarship as defined in
 22 ~~G.S. 165-21, G.S. 143B-1225~~ shall be awarded to any child whose parent,
 23 while serving honorably as a member of the Armed Forces in active federal
 24 service during a period of war, as defined in
 25 ~~G.S. 165-20(4), G.S. 143B-1224(4),~~ was listed by the United States
 26 government as (i) missing in action, (ii) captured in line of duty by a hostile
 27 force, or (iii) forcibly detained or interned in line of duty by a foreign
 28 government or power."

29 **SECTION 24.1.(kk)** G.S. 165-22.1, as recodified by subsection (c) of this section,
 30 reads as rewritten:

31 "**§ 143B-1227. Administration and funding.**

32 (a) The administration of the scholarship program shall be vested in the Department of
 33 ~~Administration, Military and Veterans Affairs~~, and the disbursing and accounting activities
 34 required shall be a responsibility of the Department of ~~Administration, Military and Veterans~~
 35 ~~Affairs~~. The ~~Veterans—Veterans'~~ Veterans' Affairs Commission shall determine the eligibility of
 36 applicants, select the scholarship recipients, establish the effective date of scholarships, and
 37 may suspend or revoke scholarships if the ~~said Veterans—Veterans'~~ Veterans' Affairs Commission finds
 38 that the recipient does not comply with the registration requirements of the Selective Service
 39 System or does not maintain an adequate academic status, or if the recipient engages in riots,
 40 unlawful demonstrations, the seizure of educational buildings, or otherwise engages in
 41 disorderly conduct, breaches of the peace or unlawful assemblies. The Department of
 42 ~~Administration—Military and Veterans Affairs~~ shall maintain the primary and necessary records,
 43 and the ~~Veterans—Veterans'~~ Veterans' Affairs Commission shall promulgate such rules and regulations not
 44 inconsistent with the other provisions of this Article as it deems necessary for the orderly
 45 administration of the program. It may require of State or private educational institutions, as
 46 defined in this Article, such reports and other information as it may need to carry out the
 47 provisions of this Article. The Department of ~~Administration—Military and Veterans Affairs~~
 48 shall disburse scholarship payments for recipients certified eligible by the Department of
 49 ~~Administration—Military and Veterans Affairs~~ upon certification of enrollment by the enrolling
 50 institution.

1 (b) Funds for the support of this program shall be appropriated to the Department of
2 ~~Administration-Military and Veterans Affairs~~ as a reserve for payment of the allocable costs for
3 room, board, tuition, and other charges, and shall be placed in a separate budget code from
4 which disbursements shall be made. Funds to support the program shall be supported by
5 receipts from the Escheat Fund, as provided by G.S. 116B-7, but those funds may be used only
6 for worthy and needy residents of this State who are enrolled in public institutions of higher
7 education of this State. In the event the said appropriation for any year is insufficient to pay the
8 full amounts allocable under the provisions of this Article, such supplemental sums as may be
9 necessary shall be allocated from the Contingency and Emergency Fund. The method of
10 disbursing and accounting for funds allocated for payments under the provisions of this section
11 shall be in accordance with those standards and procedures prescribed by the Director of the
12 Budget, pursuant to the ~~Executive Budget Act~~. State Budget Act.

13 (c) Allowances for room and board in State educational institutions shall be at such rate
14 as established by the Secretary of the Department of ~~Administration-Military and Veterans~~
15 Affairs.

16 (d) Scholarship recipients electing to attend a private educational institution shall be
17 granted a monetary allowance for each term or other academic period attended under their
18 respective scholarship awards. All recipients under Class I-B scholarship shall receive an
19 allowance at one rate, irrespective of course or institution; all recipients under Classes I-A, II,
20 III and IV shall receive a uniform allowance at a rate higher than for Class I-B, irrespective of
21 course or institution. The amount of said allowances shall be determined by the Director of the
22 Budget and made known prior to the beginning of each fall quarter or semester; provided that
23 the Director of the Budget may change the allowances at intermediate periods when in his
24 judgment such changes are necessary. Disbursements by the State shall be to the private
25 institution concerned, for credit to the account of each recipient attending said institution. The
26 manner of payment to any private institution shall be as prescribed by the Department of
27 ~~Administration-Military and Veterans Affairs~~. The participation by any private institution in the
28 program shall be subject to the applicable provisions of this Article and to examination by State
29 auditors of the accounts of scholarship recipients attending or having attended private
30 institutions. The ~~Veterans-Veterans'~~ Veterans' Affairs Commission may defer making an award or may
31 suspend an award in any private institution which does not comply with the provisions of this
32 Article relating to said institutions.

33 (e) Irrespective of other provisions of this Article, the ~~Veterans-Veterans'~~ Veterans' Affairs
34 Commission may prescribe special procedures for adjusting the accounts of scholarship
35 recipients who for reasons of illness, physical inability to attend class or for other valid reason
36 satisfactory to the ~~Veterans-Veterans'~~ Veterans' Affairs Commission may withdraw from State or private
37 educational institutions prior to the completion of the term, semester, quarter or other academic
38 period being attended at the time of withdrawal. Such procedures may include, but shall not be
39 limited to, paying the recipient the dollar value of his unused entitlements for the academic
40 period being attended, with a corresponding deduction of this period from his remaining
41 scholarship eligibility time."

42 **SECTION 24.1.(II)** G.S. 165-44.5, as recodified by subsection (j) of this section,
43 reads as rewritten:

44 **"§ 143B-1284. Priority employment assistance directed.**

45 All covered service providers, as specified in ~~G.S. 165-44.4~~, G.S. 143B-1283, shall establish
46 procedures to provide veterans with priority, not inconsistent with existing federal or State law,
47 to participate in employment and job training assistance programs."

48 **SECTION 24.1.(mm)** G.S. 165-44.6, as recodified by subsection (j) of this section,
49 reads as rewritten:

50 **"§ 143B-1285. Implementation and performance measures.**

51 The North Carolina Commission on Workforce Preparedness shall:

- 1 (1) Issue implementing directives that shall apply to all covered service
2 providers as specified in ~~G.S. 165-44.4, G.S. 143B-1283,~~ and revise those
3 directives as necessary to accomplish the purpose of this Article.
4 (2) Develop measures of service for veterans that will serve as indicators of
5 compliance with the provisions of this Article by all covered service
6 providers.
7 (3) Annually publish and submit to the Joint Legislative Commission on
8 Governmental Operations, beginning not later than October 1, 1998, a report
9 detailing covered providers' compliance with the provisions of this Article."

10 **SECTION 24.1.(nn)** G.S. 165-46, as recodified by subsection (k) of this section,
11 reads as rewritten:

12 **"§ 143B-1291. Establishment.**

13 The State of North Carolina shall construct, maintain, and operate veterans homes for the
14 aged and infirm veterans resident in this State under the administrative authority and control of
15 the ~~Division of Veterans Affairs of the Department of Administration,~~ Department of Military
16 and Veterans Affairs. There is vested in ~~such Division~~ the Department any and all powers and
17 authority that may be necessary to enable it to establish and operate the homes and to issue
18 rules necessary to operate the homes in compliance with applicable State and federal statutes
19 and regulations."

20 **SECTION 24.1.(oo)** G.S. 165-47, as recodified by subsection (k) of this section,
21 reads as rewritten:

22 **"§ 143B-1292. Exemption from certificate of need.**

23 Any state veterans home established by the ~~Division of Veterans Affairs~~ Department of
24 Military and Veterans Affairs shall be exempt from the certificate of need requirements as set
25 out in Article 9 of Chapter 131E, or as may be hereinafter enacted."

26 **SECTION 24.1.(pp)** G.S. 165-48, as recodified by subsection (k) of this section,
27 reads as rewritten:

28 **"§ 143B-1293. North Carolina Veterans Home Trust Fund.**

29 (a) Establishment. – A trust fund shall be established in the State treasury, for the
30 ~~Division of Veterans Affairs,~~ Department of Military and Veterans Affairs, to be known as the
31 North Carolina Veterans Home Trust Fund.

32 (b) Composition. – The trust fund shall consist of all funds and monies received by the
33 ~~Veterans' Affairs Commission or the Division of Veterans Affairs~~ from the United
34 States, any federal agency or institution, and any other source, whether as a grant,
35 appropriation, gift, contribution, devise, or individual reimbursement, for the care and support
36 of veterans who have been admitted to a State veterans home.

37 (c) Use of Fund. – The trust fund created in subsection (a) of this section shall be used
38 by the ~~Division of Veterans Affairs;~~ Department of Military and Veterans Affairs to do the
39 following:

- 40 (1) To pay for the care of veterans in said State veterans homes;
41 (2) To pay the general operating expenses of the State veterans homes, including
42 the payment of salaries and wages of officials and employees of said homes;
43 and
44 (3) To remodel, repair, construct, modernize, or add improvements to buildings
45 and facilities at the homes.

46 (d) Miscellaneous. – The following provisions apply to the trust fund created in
47 subsection (a) of this section:

- 48 (1) All funds deposited and all income earned on the investment or reinvestment
49 of such funds shall be credited to the trust fund.

- 1 (2) Any monies remaining in the trust fund at the end of each fiscal year shall
2 remain on deposit in the State treasury to the credit of the North Carolina
3 Veterans Home Trust Fund.
- 4 (3) Nothing contained herein shall prohibit the establishment and utilization of
5 special agency accounts by the ~~Division of Veterans Affairs, as may be~~
6 ~~approved by the Veterans~~ Veterans' Affairs Commission, for the receipt and
7 disbursement of personal funds of the State veterans homes' residents or for
8 receipt and disbursement of charitable contributions for use by and for
9 residents."

10 **SECTION 24.1.(qq)** G.S. 165-49, as recodified by subsection (k) of this section,
11 reads as rewritten:

12 **"§ 143B-1294. Funding.**

13 (a) ~~The Division of Veterans Affairs of the Department of Administration~~ Department
14 of Military and Veterans Affairs may apply for and receive federal aid and assistance from the
15 United States Department of Veterans Affairs or any other agency of the United States
16 Government authorized to pay federal aid to states for the construction and acquisition of
17 veterans homes under Title 38, United States Code, section 8131 et seq., or for the care or
18 support of disabled veterans in State veterans homes under Title 38, United States Code,
19 section 1741 et seq., or from any other federal law for said purposes.

20 (b) ~~The Division of Veterans Affairs~~ Department may receive from any source any gift,
21 contribution, devise, or individual reimbursement, the receipt of which does not exclude any
22 other source of revenue.

23 (c) All funds received by the ~~Division~~ Department shall be deposited in the North
24 Carolina Veterans Home Trust Fund, except for any funds deposited into special agency
25 accounts established pursuant to ~~G.S. 165-48(d)(3).~~ G.S. 143B-1293(d)(3). The ~~Veterans~~
26 Veterans' Affairs Commission shall authorize the expenditure of all funds from the North
27 Carolina Veterans Home Trust Fund. The ~~Veterans~~ Veterans' Affairs Commission may delegate
28 authority to the Assistant Secretary of Veterans Affairs for the expenditure of funds from the
29 North Carolina Veterans Home Trust Fund for operations of the State Veterans Nursing
30 Homes."

31 **SECTION 24.1.(rr)** G.S. 165-50, as recodified by subsection (k) of this section,
32 reads as rewritten:

33 **"§ 143B-1295. Contracted operation of homes.**

34 The ~~Veterans~~ Veterans' Affairs Commission may contract with persons or other
35 nongovernmental entities to operate each State veterans home. Contracts for the procurement of
36 services to manage, administer, and operate any State veterans home shall be awarded on a
37 competitive basis through the solicitation of proposals and through the procedures established
38 by statute and the Division of Purchase and Contract. A contract may be awarded to the vendor
39 whose proposal is most advantageous to the State, taking into consideration cost, program
40 suitability, management plan, excellence of program design, key personnel, corporate or
41 company resources, financial condition of the vendor, experience and past performance, and
42 any other qualities deemed necessary by the ~~Veterans~~ Veterans' Affairs Commission and set out
43 in the solicitation for proposals. Any contract awarded under this section shall not exceed five
44 years in length. The ~~Veterans~~ Veterans' Affairs Commission is not required to select or
45 recommend the vendor offering the lowest cost proposal but shall select or recommend the
46 vendor who, in the opinion of the Commission, offers the proposal most advantageous to the
47 veterans and the State of North Carolina."

48 **SECTION 24.1.(ss)** G.S. 165-51, as recodified by subsection (k) of this section,
49 reads as rewritten:

50 **"§ 143B-1296. Program staff.**

1 The ~~Division~~Department shall appoint and fix the salary of an Administrative Officer for
2 the State veterans home program. The Administrative Officer shall be an honorably discharged
3 veteran who has served in active military service in the Armed Forces of the United States for
4 other than training purposes. The Administrative Officer shall direct the establishment of the
5 State veterans home program, coordinate the master planning, land acquisition, and
6 construction of all State veterans homes under the procedures of the Office of State
7 Construction, and oversee the ongoing operation of said veterans homes. The Division may hire
8 any required additional administrative staff to help with administrative and operational
9 responsibilities at each established State veterans home."

10 **SECTION 24.1.(tt)** G.S. 165-52, as recodified by subsection (k) of this section,
11 reads as rewritten:

12 **"§ 143B-1297. Admission and dismissal authority.**

13 The ~~Veterans~~Veterans' Affairs Commission shall have authority to determine
14 administrative standards for admission and dismissal, as well as the medical conditions, of all
15 persons admitted to and dismissed from any State veterans home, and to issue any necessary
16 rules, subject to the requirements set out in ~~G.S. 165-53~~G.S. 143B-1298."

17 **SECTION 24.1.(uu)** G.S. 165-54, as recodified by subsection (k) of this section,
18 reads as rewritten:

19 **"§ 143B-1299. Deposit required.**

20 Each resident of any State veterans home shall pay to the ~~Division of Veterans~~
21 ~~Affairs~~Department of Military and Veterans Affairs the cost of maintaining his or her residence
22 at the home. This deposit shall be placed in the North Carolina Veterans Home Trust Fund and
23 shall be in an amount and in the form prescribed by the ~~Veterans~~Veterans' Affairs Commission
24 in consultation with the Assistant Secretary for Veterans Affairs."

25 **SECTION 24.1.(vv)** G.S. 165-55, as recodified by subsection (k) of this section,
26 reads as rewritten:

27 **"§ 143B-1300. Report and budget.**

28 (a) The Assistant Secretary for Veterans Affairs shall report annually to the Secretary of
29 the Department of ~~Administration~~Military and Veterans Affairs on the activities of the State
30 Veterans Homes Program. This report shall contain an accounting of all monies received and
31 expended, statistics on residents in the homes during the year, recommendations to the
32 Secretary, the Governor, and the General Assembly as to the program, and such other matters
33 as may be deemed pertinent.

34 (b) The Assistant Secretary for Veterans Affairs, with the approval of the ~~Veterans~~
35 Veterans' Affairs Commission, shall compile an annual budget request for any State funding
36 needed for the anticipated costs of the homes, which shall be submitted to the Secretary of the
37 Department of ~~Administration~~Military and Veterans Affairs. State appropriated funds for
38 operational needs shall be made available only in the event that other sources are insufficient to
39 cover essential operating costs."

40 **SECTION 24.1.(ww)** This section becomes effective on January 1, 2016.

41
42 **RESTORE STATE CONTRIBUTION TO COUNTY VETERANS SERVICES**
43 **PROGRAMS**

44 **SECTION 24.2.** G.S. 143B-1211, as enacted by Section 24.1(b) of this act, is
45 amended by adding a new subdivision to read:

46 **"§ 143B-1211. Powers and duties of the Department of Military and Veterans Affairs.**

47 It shall be the duty of the Department of Military and Veterans Affairs to do all of the
48 following:

49 ...

50 (24) Contribute each fiscal year to each county that applies for it an amount for
51 the maintenance and operation of a county veterans services program.

1 Participating counties shall furnish the Department such reports,
 2 accountings, and other information at such times and in such form as the
 3 Department may require. The amount contributed to each county under this
 4 subdivision shall be as follows:

5 a. If funds appropriated to the Department for contributions under this
 6 subdivision exceed the total amount of county requests received by
 7 December 31 of each year, the contribution to each county shall be
 8 the full amount requested by each county.

9 b. If the funds appropriated to the Department for contributions under
 10 this subdivision are insufficient to fund the full amount of county
 11 requests received by December 31 of each year, the contribution to
 12 each county shall be a pro rata share of the amount appropriated to
 13 the Department for contributions under this section, up to the amount
 14 requested by the county."

16 BRAC SPECIAL FUND

17 SECTION 24.3.(a) Part 1 of Article 14 of Chapter 143B of the General Statutes, as
 18 enacted by Section 24.1 of this act, is amended by adding a new section to read:

19 "§ 143B-1214. Military Presence Stabilization Fund.

20 The Military Presence Stabilization Fund is established as a special fund in the Department
 21 of Military and Veterans Affairs. Funds in the Military Presence Stabilization Fund shall be
 22 used to fund actions designed to make the State less vulnerable to closure pursuant to federal
 23 Base Realignment and Closure and related initiatives. The Secretary of Military and Veterans
 24 Affairs may allocate funds in the Fund for this purpose."

25 SECTION 24.3.(b) Notwithstanding G.S. 143B-1214, the funds appropriated in
 26 this act to the Military Presence Stabilization Fund for the 2015-2016 fiscal year shall not be
 27 used to provide grants to local communities or military installations and shall only be used for
 28 the following:

- 29 (1) Administrative expenses and reimbursements for members of the
- 30 Commission.
- 31 (2) Federal advocacy and lobbying support.
- 32 (3) Updates to strategic planning analysis and strategic plan.
- 33 (4) Economic modeling software and analyses.
- 34 (5) Compatible development mapping (red, yellow, green mapping)
- 35 (6) Public-public/public-private (P4) initiative.
- 36 (7) Identification and implementation of innovated measures to increase the
- 37 military value of installations.

38 SECTION 24.3.(c) The Department of Military and Veterans Affairs shall report to
 39 the Joint Legislative Oversight Committee on General Government no later than December 1,
 40 2015, on the expenditures from the Military Presence Stabilization Fund.

42 PART XXV. OFFICE OF THE STATE AUDITOR

44 STOP FRAUD AND ABUSE OF TAXPAYER DOLLARS

45 SECTION 25.1.(a) G.S. 143-746 reads as rewritten:

46 "§ 143-746. Internal auditing required.

47 ...

48 (e) Insufficient Personnel. – If a State agency has insufficient personnel to comply with
 49 this section, the Office of State Budget and Management shall provide technical assistance.

50 (f) Reporting Fraudulent Activity. – If an internal audit conducted pursuant to this
 51 section results in a finding that a private person or entity has received public funds as a result of

1 fraud, misrepresentation, or other deceptive acts or practices while doing business with the
2 State agency, the internal auditor shall submit a detailed written report of the finding, and any
3 additional necessary supporting documentation, to the State Purchasing Officer. A report
4 submitted under this subsection may include a recommendation that the private person or entity
5 be debarred from doing business with the State or a political subdivision thereof."

6 **SECTION 25.1.(b)** G.S. 147-64.6(c) is amended by adding a new subdivision to
7 read:

8 "(c) The Auditor shall be responsible for the following acts and activities:

9 ...
10 (21) If an audit undertaken by the Auditor results in a finding that a private
11 person or entity has received public funds as a result of fraud,
12 misrepresentation, or other deceptive acts or practices while doing business
13 with the State or a political subdivision thereof, the Auditor shall submit a
14 detailed written report of the finding, and any additional necessary
15 supporting documentation, to the State Purchasing Officer or the appropriate
16 political subdivision official, as applicable. A report submitted under this
17 subsection may include a recommendation that the private person or entity
18 be debarred from doing business with the State or a political subdivision
19 thereof."

20 **SECTION 25.1.(c)** This section becomes effective October 1, 2015, and applies to
21 audits conducted or undertaken on or after that date.

22

23 **PART XXV-A. HOUSING FINANCE AGENCY**

24

25 **EXPAND COMMUNITY LIVING HOUSING FUND USES**

26 **SECTION 25A.1.** G.S. 122E-3.1 reads as rewritten:

27 **"§ 122E-3.1. Community Living Housing Fund.**

28 ...

29 (c) Use of Funds. – The North Carolina Housing Finance Agency, in consultation with
30 the Department of Health and Human Services, shall be responsible for administering the
31 Community Living Housing Fund. The monies in the Fund shall be available for expenditure
32 only upon an act of appropriation by the General Assembly and only for the following
33 purposes:

- 34 (1) To provide permanent community-based housing in integrated settings
35 appropriate for individuals with severe mental illness and severe and
36 persistent mental illness.
 - 37 (2) To support an increase in the number of targeted units for individuals with
38 disabilities located in housing projects funded by the Housing Finance
39 Agency from ten percent (10%) to fifteen percent (15%). The additional
40 targeted units funded shall be made available to the Department of Health
41 and Human Services for use in the North Carolina Supportive Housing
42 Program under Article 1B of Chapter 122C of the General Statutes. Priority
43 for funding of the additional targeted units shall be given to units to be
44 located in catchment areas identified by the Department of Health and
45 Human Services, in consultation with the North Carolina Housing Finance
46 Agency and LMECOs, as having the greatest need for targeted units.
 - 47 (3) To provide property rehabilitation.
 - 48 (4) To recruit property owners who are willing to rent targeted units to
49 individuals with disabilities."
- 50

1 **USE S&P SETTLEMENT FUNDS TO SUPPORT WORKFORCE HOUSING LOAN**
2 **PROGRAM**

3 **SECTION 25A.2.** Of the funds received by the State pursuant to the settlement
4 agreement in *North Carolina ex rel. Cooper v. The McGraw-Hill Companies, Inc., and*
5 *Standard & Poor's Financial Services LLC*, No. 13CVS 001703, the sum of ten million dollars
6 (\$10,000,000) shall be used to provide loans under the Workforce Housing Loan Program of
7 the Housing Finance Agency for the 2015-2016 year, the sum of nine million three hundred
8 thousand dollars (\$9,300,000) shall be used to provide loans under the Workforce Housing
9 Loan Program of the Housing Finance Agency for the 2016-2017, and these funds are hereby
10 appropriated for those purposes.

11
12 **PART XXVI. OFFICE OF STATE HUMAN RESOURCES**

13
14 **PERSONAL SERVICES CONTRACTS/TEMPORARY SOLUTIONS**

15 **SECTION 26.2.(a)** Article 3 of Chapter 143 of the General Statutes is amended by
16 adding a new section to read:

17 **"§ 143-48.6. Personal services contracts subject to Article.**

18 (a) Requirement. – Notwithstanding any other provision of law, personal services
19 contracts for executive branch agencies shall be subject to the same requirements and
20 procedures as service contracts.

21 (b) Personal Services Contract Defined. – For purposes of this section, the term
22 "personal services contract" means a contract for services provided by a professional individual
23 as an independent contractor on a temporary or occasional basis.

24 (c) Rules Required. – The Department of Administration shall adopt rules consistent
25 with this section."

26 **SECTION 26.2.(b)** Part 4 of Article 14 of Chapter 143B of the General Statutes, as
27 enacted by this act, is amended by adding a new section to read:

28 **"§ 143B-1334A. Personal services contracts subject to Article.**

29 (a) Requirement. – Notwithstanding any other provision of law, information technology
30 personal services contracts for executive branch agencies shall be subject to the same
31 requirements and procedures as information technology service contracts, except as provided in
32 this section.

33 (b) Certain Approvals Required. – Notwithstanding any provision of law to the
34 contrary, no information technology personal services contract, nor any contract that provides
35 personnel to perform information technology functions regardless of the cost of the contract,
36 may be established or renewed without written approval from the Office of Information
37 Technology Services and the Office of State Budget and Management. To facilitate compliance
38 with this requirement, the Office of Information Technology Services shall develop and
39 document the following:

40 (1) Standards for determining whether it is more appropriate for an agency to
41 hire an employee or use the services of a vendor.

42 (2) A process to monitor all State agency information technology personal
43 services contracts, as well as any other State contracts providing personnel to
44 perform information technology functions.

45 (3) A process for obtaining approval of contractor positions.

46 (c) Creation of State Positions in Certain Cases. – The Office of Information
47 Technology Services shall review current information technology personal services contracts
48 on an ongoing basis and determine if each contractor is performing a function that could more
49 appropriately be performed by a State employee. Where the determination is made that a State
50 employee should be performing the function, the Office of Information Technology Services

1 shall work with the impacted agency and the Office of State Personnel to identify or create the
2 position.

3 (d) Compliance Audits Required. – The Office of Information Technology Services
4 shall conduct periodic audits of State agencies that are subject to this Article to determine the
5 degree to which those agencies are complying with the rules and procedures that govern
6 information technology personal services contracts.

7 (e) Reporting Required. – The Office of Information Technology Services shall report
8 biennially to the Joint Legislative Oversight Committee on Information Technology and the
9 Fiscal Research Division on all of the following:

10 (1) Its progress toward standardizing information technology personal services
11 contracts.

12 (2) The number of information technology service contractors in each State
13 agency, the cost for each, and the comparable cost, including benefits, of a
14 State employee serving in that capacity rather than a contractor.

15 (3) The results of the compliance audits conducted pursuant to subsection (d) of
16 this section.

17 (f) Information Technology Personal Services Contract Defined. – For purposes of this
18 section, the term "personal services contract" means a contract for services provided by a
19 professional individual as an independent contractor on a temporary or occasional basis.

20 (g) Rules Required. – The Office of Information Technology Services shall adopt rules
21 consistent with this section."

22 **SECTION 26.2.(c)** Personal services contracts and information technology
23 personal services contracts in effect on the effective date of this act shall be allowed to expire
24 in accordance with the terms of the contract. A personal services contract or an information
25 technology personal services contract that can be terminated at any time shall be reviewed
26 within 60 days of the effective date of this act and shall only be continued if the contract
27 complies with the requirements of G.S. 143-48.6 and G.S. 143B-1334A, as enacted by
28 subsections (a) and (b) of this section, respectively. A personal services contract or information
29 technology personal services contract entered into after the effective date of this act shall
30 comply with the requirements of G.S. 143-48.6 or G.S. 143B-1334A, as applicable.

31 **SECTION 26.2.(d)** G.S. 143-64.70 is repealed. The Office of State Budget and
32 Management shall notify State agencies of the repeal of G.S. 143-64.70 and about the new
33 requirements imposed by this act.

34 **SECTION 26.2.(e)** Article 1 of Chapter 126 of the General Statutes is amended by
35 adding a new section to read:

36 **"§ 126-6.3. Temporary employment needs of State agencies shall be met through the**
37 **Temporary Solutions Program.**

38 (a) Use of Temporary Solutions Required. – Notwithstanding G.S. 126-5 or any other
39 provision of law, all State agencies that utilize temporary employees to perform work that is not
40 information technology-related shall employ them through the Temporary Solutions Program
41 administered by the Office of State Human Resources. The Director of the Office of State
42 Human Resources may create exceptions to this requirement when doing so would be in the
43 best interests of the State in the sole discretion of the Director. An exception shall be invalid
44 unless it is in writing.

45 (b) Compliance Monitoring. – The Office of State Human Resources shall monitor the
46 employment of temporary employees by agencies subject to this section and shall report
47 biannually to the Joint Legislative Commission on Governmental Operations and to the Fiscal
48 Research Division on agency compliance with this section and policies and rules adopted
49 pursuant to it.

50 (c) State Agency Defined. – For purposes of this section, "State agency" means a unit
51 of the executive branch of State government, such as a department, an institution, a division, a

1 commission, a board, or a council, regardless of whether or not the agency is part of the
2 Council of State."

3 SECTION 26.2.(f) G.S. 126-4 is amended by adding a new subdivision to read:

4 "**§ 126-4. Powers and duties of State Human Resources Commission.**

5 Subject to the approval of the Governor, the State Human Resources Commission shall
6 establish policies and rules governing each of the following:

7 ...

8 (19) The implementation of G.S. 126-6.3 in a manner that is consistent across all
9 affected State agencies."

10
11 **PART XXVII. DEPARTMENT OF ADMINISTRATION**

12
13 **DOA PROVIDE ADMINISTRATIVE SUPPORT TO SEC FREE OF CHARGE**

14 SECTION 27.1. G.S. 138A-9 reads as rewritten:

15 "**§ 138A-9. Staff and offices.**

16 (a) The Commission may employ professional and clerical staff, including an executive
17 director.

18 (b) The Commission shall be located within the Department of Administration for
19 administrative purposes only, but shall exercise all of its powers, including the power to
20 employ, direct, and supervise all personnel, independently of the Secretary of Administration,
21 and is subject to the direction and supervision of the Secretary of Administration only with
22 respect to the management functions of coordinating and reporting. The Department shall
23 provide administrative support to the Commission free of charge."

24
25 **ALLOW FOR ELECTRONIC ADVERTISEMENT OF LEASE PROPOSALS**

26 SECTION 27.2. G.S. 146-25.1 reads as rewritten:

27 "**§ 146-25.1. Proposals to be secured for leases.**

28 (a) If pursuant to G.S. 146-25, the Department of Administration determines that it is in
29 the best interest of the State to lease or rent land and the rental is estimated to exceed
30 twenty-five thousand dollars (\$25,000) per year or the term will exceed three years, the
31 Department shall require the State agency desiring to rent land to prepare and submit for its
32 approval a set of specifications for its needs. Upon approval of specifications, the Department
33 shall prepare a public advertisement. ~~The State agency shall place such advertisement in a~~
34 ~~newspaper of general circulation in the county for proposals from prospective lessors of said~~
35 ~~land and shall make such other distribution thereof as the Department directs. The~~
36 ~~advertisement shall be run for at least five consecutive days, and shall provide that proposals~~
37 ~~shall be received for at least seven days from the date of the last advertisement in the State~~
38 ~~Property Office of the Department. The provisions of this section do not apply to property~~
39 ~~owned by governmental agencies and leased to other governmental agencies.~~ advertisement and
40 shall publish it by one or more of the following methods, as determined by the Department of
41 Administration:

42 (1) Placement in a newspaper of general circulation in the county. The
43 advertisement shall be run for at least five consecutive days and shall
44 provide that proposals shall be received for at least seven days from the date
45 of the last advertisement in the State Property Office.

46 (2) Through electronic means. If posted on a Web site, the advertisement shall
47 be accessible for at least five consecutive days and shall provide that
48 proposals shall be received for at least seven days from the date of the fifth
49 day in the State Property Office.

50 (3) Through such other methods of distribution as the Department of
51 Administration directs.

1 ...
2 (d) The provisions of this section do not apply to property owned by governmental
3 agencies and leased to other governmental agencies."
4

5 STREAMLINE SEIZED VEHICLE DISPOSAL

6 SECTION 27.3.(a) G.S. 20-28.2(a1) is amended by adding a new subdivision to
7 read:

8 "(a1) Definitions. – As used in this section and in G.S. 20-28.3, 20-28.4, 20-28.5, 20-28.7,
9 20-28.8, 20-28.9, 20-54.1, and 20-141.5, the following terms mean:

10 ...
11 (9) State Surplus Property Agency. – The Department of Administration."

12 SECTION 27.3.(b) G.S. 20-28.3 reads as rewritten:

13 "**§ 20-28.3. Seizure, impoundment, forfeiture of motor vehicles for offenses involving**
14 **impaired driving while license revoked or without license and insurance, and**
15 **for felony speeding to elude arrest.**

16 ...
17 (d) Custody of Motor Vehicle. – Unless the motor vehicle is towed pursuant to a
18 statewide or regional contract, or a contract with the county board of education, the seized
19 motor vehicle shall be towed by a commercial towing company designated by the law
20 enforcement agency that seized the motor vehicle. Seized motor vehicles not towed pursuant to
21 a statewide or regional contract or a contract with a county board of education shall be retrieved
22 from the commercial towing company within a reasonable time, not to exceed 10 business
23 days, by the county board of education or their agent who must pay towing and storage fees to
24 the commercial towing company when the motor vehicle is retrieved. If either a statewide or
25 regional contractor, or the county board of education, chooses to contract for local towing
26 services, all towing companies on the towing list for each law enforcement agency with
27 jurisdiction within the county shall be given written notice and an opportunity to submit
28 proposals prior to a contract for local towing services being awarded. The seized motor vehicle
29 is under the constructive possession of the county board of education for the county in which
30 the operator of the vehicle is charged at the time the vehicle is delivered to a location
31 designated by the county board of education or delivered to its agent pending release or sale, or
32 in the event a statewide or regional contract is in place, under the constructive possession of the
33 ~~Department of Public Instruction, State Surplus Property Agency~~ on behalf of the State at the
34 time the vehicle is delivered to a location designated by the ~~Department of Public Instruction~~
35 State Surplus Property Agency or delivered to its agent pending release or sale. Absent a
36 statewide or regional contract that provides otherwise, each county board of education may
37 elect to have seized motor vehicles stored on property owned or leased by the county board of
38 education and charge a reasonable fee for storage, not to exceed ten dollars (\$10.00) per
39 calendar day. In the alternative, the county board of education may contract with a commercial
40 towing and storage facility or other private entity for the towing, storage, and disposal of seized
41 motor vehicles, and a storage fee of not more than ten dollars (\$10.00) per calendar day may be
42 charged. Except for gross negligence or intentional misconduct, neither the State Surplus
43 Property Agency, the county board of education, or nor any of its their employees, shall not be
44 liable to the owner or lienholder for damage to or loss of the motor vehicle or its contents, or to
45 the owner of personal property in a seized vehicle, during the time the motor vehicle is being
46 towed or stored pursuant to this subsection.

47 ...
48 (i) Expedited Sale of Seized Motor Vehicles in Certain Cases. – In order to avoid
49 additional liability for towing and storage costs pending resolution of the criminal proceedings
50 of the defendant, the State Surplus Property Agency or county board of education may, after
51 expiration of 90 days from the date of seizure, or at any time with the consent of the owner, sell

1 any motor vehicle having a fair market value of one thousand five hundred dollars (\$1,500) or
2 less. The county board of education may also sell a motor vehicle, regardless of the fair market
3 value, any time the outstanding towing and storage costs exceed eighty five percent (85%) of
4 the fair market value of the vehicle, or with the consent of all the motor vehicle owners. seized
5 pursuant to this section and recover all costs associated with the sale. Any sale conducted
6 pursuant to this subsection shall be conducted in accordance with the provisions of
7 ~~G.S. 20-28.5(a)~~, G.S. 20-28.5(a) or G.S. 20-28.5(a1), as applicable, and the proceeds of the
8 sale, after the payment of outstanding towing and storage costs or reimbursement of towing and
9 storage costs paid by a person other than the defendant, shall be deposited with the clerk of
10 superior court. If an order of forfeiture is entered by the court, the court shall order the proceeds
11 held by the clerk to be disbursed as provided in G.S. 20-28.5(b). If the court determines that the
12 motor vehicle is not subject to forfeiture, the court shall order the proceeds held by the clerk to
13 be disbursed first to pay the sale, towing, and storage costs, second to pay outstanding liens on
14 the motor vehicle, and the balance to be paid to the motor vehicle owners.

15"

16 SECTION 27.3.(c) G.S. 20-28.5 reads as rewritten:

17 "§ 20-28.5. **Forfeiture of impounded motor vehicle or funds.**

18 (a) Sale-Sale of Vehicle in Possession of County Board of Education. – A motor vehicle
19 in the possession or constructive possession of a county board of education ordered forfeited
20 and sold or a seized motor vehicle authorized to be sold pursuant to G.S. 20-28.3(i), shall be
21 sold at a public sale conducted in accordance with the provisions of Article 12 of Chapter 160A
22 of the General Statutes, applicable to sales authorized pursuant to G.S. 160A-266(a)(2), (3), or
23 (4), subject to the notice requirements of this subsection, and shall be conducted by the county
24 board of education or a person acting on its behalf. Notice of sale, including the date, time,
25 location, and manner of sale, shall be given by first-class mail to all motor vehicle owners of
26 the vehicle to be sold at the address shown by the records of the Division. Written notice of sale
27 shall also be given to all lienholders on file with the Division. Notice of sale shall be given to
28 the Division in accordance with the procedures established by the Division. Notices required to
29 be given under this subsection shall be mailed at least 10 days prior to the date of sale. A
30 lienholder shall be permitted to purchase the motor vehicle at any such sale by bidding in the
31 amount of its lien, if that should be the highest bid, without being required to tender any
32 additional funds, other than the towing and storage fees. The county board of education, or its
33 agent, shall not sell, give, or otherwise transfer possession of the forfeited motor vehicle to the
34 defendant, the motor vehicle owner who owned the motor vehicle immediately prior to
35 forfeiture, or any person acting on the defendant's or motor vehicle owner's behalf.

36 (a1) Sale of Vehicle in Possession of the State Surplus Property Agency. – A motor
37 vehicle in the possession or constructive possession of the State Surplus Property Agency
38 ordered forfeited and sold or a seized motor vehicle authorized to be sold pursuant to
39 G.S. 20-28.3(i) shall be sold at a public sale conducted in accordance with the provisions of
40 Article 3A of Chapter 143 of the General Statutes, subject to the notice requirements of this
41 subsection, and shall be conducted by the State Surplus Property Agency or a person acting on
42 its behalf. Notice of sale, including the date, time, location, and manner of sale, shall be given
43 by first-class mail to all motor vehicle owners of the vehicle to be sold at the address shown by
44 the records of the Division. Written notice of sale shall also be given to all lienholders on file
45 with the Division. Notice of sale shall be given to the Division in accordance with the
46 procedures established by the State Surplus Property Agency. Notices required to be given
47 under this subsection shall be mailed at least 10 days prior to the date of sale. A lienholder shall
48 be permitted to purchase the motor vehicle at any such sale by bidding in the amount of its lien,
49 if that should be the highest bid, without being required to tender any additional funds, other
50 than the towing and storage fees. The State Surplus Property Agency, or its agent, shall not sell,
51 give, or otherwise transfer possession of the forfeited motor vehicle to the defendant, the motor

1 vehicle owner who owned the motor vehicle immediately prior to forfeiture, or any person
2 acting on the defendant's or motor vehicle owner's behalf.

3 (b) Proceeds of Sale. – Proceeds of any sale conducted under this section,
4 G.S. 20-28.2(f)(5), or G.S. 20-28.3(e3)(3), shall first be applied to ~~the cost of sale~~ all costs
5 incurred by the State Surplus Property Agency or county board of education and then to satisfy
6 towing and storage costs. The balance of the proceeds of sale, if any, shall be used to satisfy
7 any other existing liens of record that were properly recorded prior to the date of initial seizure
8 of the vehicle. Any remaining balance shall be paid to the county school fund in the county in
9 which the motor vehicle was ordered forfeited. If there is more than one school board in the
10 county, then the net proceeds of sale, after reimbursement to the county board of education of
11 reasonable administrative costs incurred in connection with the forfeiture and sale of the motor
12 vehicle, shall be distributed in the same manner as fines and other forfeitures. The sale of a
13 motor vehicle pursuant to this section shall be deemed to extinguish all existing liens on the
14 motor vehicle and the motor vehicle shall be transferred free and clear of any liens.

15"

16 SECTION 27.3.(d) G.S. 20-28.9 reads as rewritten:

17 "**§ 20-28.9. Authority for the ~~Department of Public Instruction~~ State Surplus Property**
18 **Agency to administer a statewide or regional towing, storage, and sales**
19 **program for vehicles forfeited.**

20 (a) ~~The Department of Public Instruction~~ State Surplus Property Agency is authorized
21 to enter into a contract for a statewide service or contracts for regional services to tow, store,
22 process, maintain, and sell motor vehicles seized pursuant to G.S. 20-28.3. All motor vehicles
23 seized under G.S. 20-28.3 shall be subject to contracts entered into pursuant to this section.
24 Contracts shall be let by the ~~Department of Public Instruction~~ State Surplus Property Agency in
25 accordance with the provisions of Article 3 of Chapter 143 of the General Statutes. Nothing in
26 this section shall be construed to prohibit the State Surplus Property Agency from entering into
27 contracts pursuant to this section for some regions of the State while performing the work of
28 towing, storing, processing, maintaining, and selling motor vehicles seized pursuant to
29 G.S. 20-28.3 itself in other regions of the State. All contracts shall ensure the safety of the
30 motor vehicles while held and any funds arising from the sale of any seized motor vehicle. The
31 contract shall require the contractor to maintain and make available to the agency a
32 computerized up-to-date inventory of all motor vehicles held under the contract, together with
33 an accounting of all accrued charges, the status of the vehicle, and the county school fund to
34 which the proceeds of sale are to be paid. The contract shall provide that the contractor shall
35 pay the towing and storage charges owed on a seized vehicle to a commercial towing company
36 at the time the seized vehicle is obtained from the commercial towing company, with the
37 contractor being reimbursed this expense when the vehicle is released or sold. The ~~Department~~
38 State Surplus Property Agency shall not enter into any contract under this section under which
39 the State will be obligated to pay a deficiency arising from the sale of any forfeited motor
40 vehicle.

41 (b) ~~The Department,~~ State Surplus Property Agency, through its contractor or
42 contractors designated in accordance with subsection (a) of this section, may charge a
43 reasonable fee for storage not to exceed ten dollars (\$10.00) per calendar day for the storage of
44 seized vehicles pursuant to G.S. 20-28.3.

45 (e) ~~In order to help defray the administrative costs associated with the administration of~~
46 ~~this section, the Department shall collect a ten dollar (\$10.00) administrative fee from a person~~
47 ~~to whom a seized vehicle is released at the time the motor vehicle is released and shall collect a~~
48 ~~ten dollar (\$10.00) administrative fee out of the proceeds of the sale of any forfeited motor~~
49 ~~vehicle. The funds collected under this subsection shall be paid to the General Fund."~~

50 SECTION 27.3.(e) G.S. 143-64.02 is amended by adding two new subdivisions to
51 read:

"§ 143-64.02. Definitions.

As used in Part 1 of this Article, except where the context clearly requires otherwise:

- (1) "Agency" means an existing department, institution, commission, committee, board, division, or bureau of the State.
- (2) "Nonprofit tax exempt organizations" means those nonprofit tax exempt medical institutions, hospitals, clinics, health centers, school systems, schools, colleges, universities, schools for the mentally retarded, schools for the physically handicapped, radio and television stations licensed by the Federal Communications Commission as educational radio or educational television stations, public libraries, and civil defense organizations, that have been certified by the Internal Revenue Service as tax-exempt nonprofit organizations under section 501(c)(3) of the United States Internal Revenue Code of 1954.
- (3) "Recyclable material" means a recyclable material, as defined in G.S. 130A-290, that the Secretary of Administration determines, consistent with G.S. 130A-309.14, to be a recyclable material.
- (4) "State owned" means supplies, materials, and equipment in the possession of the State of North Carolina and purchased with State funds, personal property donated to the State, or personal property purchased with other funds that give ownership to the State.
- (5) "Surplus property" means personal property that is no longer needed by a State agency."

SECTION 27.3.(f) G.S. 143-64.03 reads as rewritten:

"§ 143-64.03. Powers and duties of the State agency for surplus property.

(a) The State Surplus Property Agency is authorized and directed to:

- (1) Sell all State owned supplies, materials, and equipment that are surplus, obsolete, or ~~unused~~; unused and sell all seized vehicles and other conveyances that the State Surplus Property Agency is authorized to sell;
- (2) Warehouse such property; and
- (3) Distribute such property to tax-supported or nonprofit tax-exempt organizations.

(b) The State Surplus Property Agency is authorized and empowered to act as a clearinghouse of information for agencies and private nonprofit tax-exempt organizations, to locate property available for acquisition from State agencies, to ascertain the terms and conditions under which the property may be obtained, to receive requests from agencies and private nonprofit tax-exempt organizations, and transmit all available information about the property, and to aid and assist the agencies and private nonprofit tax-exempt organizations in transactions for the acquisition of State surplus property.

(c) The State agency for surplus property, in the administration of Part 1 of this Article, shall cooperate to the fullest extent consistent with the provisions of Part 1 of this Article, with the departments or agencies of the State.

(d) The State agency for surplus property may sell or otherwise dispose of surplus property, including motor vehicles, through an electronic auction service."

SECTION 27.3.(g) G.S. 143-64.05(a) reads as rewritten:

"§ 143-64.05. Service charge; receipts.

(a) The State agency for surplus property may assess and collect a service charge (i) for the acquisition, receipt, warehousing, distribution, or transfer of any State surplus ~~property and property~~; (ii) for the transfer or sale of recyclable ~~material~~; and (iii) for the towing, storing, processing, maintaining, and selling of motor vehicles seized pursuant to G.S. 20-28.3. The service charge authorized by this subsection does not apply to the transfer or sale of timber

1 on land owned by the Wildlife Resources Commission or the Department of Agriculture and
2 Consumer Services."
3

4 **DOROTHEA DIX MEMORIAL**

5 **SECTION 27.4.** The Department of Administration, in consultation with the
6 Department of Cultural Resources, shall appoint a task force to acquire historical documents,
7 photographs, and memorabilia relating to Dorothea Lynde Dix, mental health efforts in the
8 State, and the Dorothea Dix Hospital. The Department shall propose options to preserve a
9 building or provide a space on the Dorothea Dix campus for the purpose of permanently
10 exhibiting the acquired historical materials for the purposes of (i) memorializing and honoring
11 the unique history of Dorothea Dix Hospital and the story of Dorothea Dix and (ii) educating
12 the public about her advocacy for and innovations in the proper treatment of the mentally ill.
13 The Department shall submit a report of its proposed options to the Joint Legislative Oversight
14 Committee on Health and Human Services by April 1, 2016.
15

16 **VEHICLES ASSIGNED TO SECTION OF COMMUNITY CORRECTION/EXEMPT** 17 **FROM MINIMUM MILEAGE REQUIREMENT**

18 **SECTION 27.6.(a)** Exemption. – For the 2015-2017 fiscal biennium and
19 notwithstanding any law, rule, or regulation to the contrary, motor vehicles assigned from the
20 central motor fleet established under G.S. 143-341 to the Section of Community Corrections of
21 the Division of Adult Correction of the Department of Public Safety are exempt from any
22 requirement that the motor vehicle be driven a minimum number of miles per month or quarter.
23

24 **SECTION 27.6.(b)** Report on Exemption. – The Department of Administration
25 shall provide an interim report to the Joint Legislative Oversight Committee on General
26 Government and the Joint Legislative Oversight Committee on Justice and Public Safety by
27 March 1, 2016, and a final report to the Joint Legislative Oversight Committee on General
28 Government and the Joint Legislative Oversight Committee on Justice and Public Safety by
29 January 1, 2017. Each report shall include all of the following information:

- 30 (1) The number of motor vehicles assigned to the Section of Community
31 Corrections of the Division of Adult Correction of the Department of Public
32 Safety.
- 32 (2) The average miles per month the assigned motor vehicles were driven.
- 33 (3) The average costs per month for maintenance and motor fuel for the
34 assigned motor vehicles.
- 35 (4) The number of months in which an assigned motor vehicle was not driven at
36 all.

37 **SECTION 27.6.(c)** Report on Vehicles Managed. – Beginning on October 1, 2015,
38 and quarterly thereafter, the Department of Administration shall provide a report to the Joint
39 Legislative Oversight Committee on General Government and the Joint Legislative Oversight
40 Committee on Justice and Public Safety on the status of all motor vehicles managed by the
41 Department of Administration for the Department of Public Safety. The report shall include all
42 of the following information:

- 43 (1) The number of motor vehicles managed by the Department of
44 Administration for the Department of Public Safety.
- 45 (2) The condition of each motor vehicle, including the mileage on each motor
46 vehicle.
- 47 (3) The average amount of time taken to repair or replace a motor vehicle.
- 48 (4) The number and condition of any backup motor vehicles managed by the
49 Department of Administration and available for use by the Department of
50 Public Safety, including the location and condition of each motor vehicle.
51

ELIMINATE NC HUMAN RELATIONS COMMISSION

SECTION 27.7.(a) The following are repealed:

- (1) Part 9 of Article 9 of Chapter 143B of the General Statutes.
- (2) G.S. 99D-1(b1), 143-157.1(d)(14), and 143-422.3.
- (3) Chapter 41A of the General Statutes.

SECTION 27.7.(b) Notwithstanding any other provision of law, the Department of Justice shall assume and resolve all pending complaints filed with the North Carolina Human Relations Commission and shall be allowed to substitute for the North Carolina Human Relations Commission in any pending proceeding in the courts of this State.

SECTION 27.7.(c) This section does not affect the rights or liabilities of the State, a complainant, or another party arising under a statute repealed by this section before the effective date of its amendment or repeal, and the statutes that would be applicable but for this act remain applicable to those parties.

SECTION 27.7.(d) The North Carolina Human Relations Commission shall refer any complaints received after the enactment of this act to the Office of Fair Housing and Equal Opportunity with the United States Department of Housing and Urban Development if the Commission determines the complaint is unlikely to be resolved prior to July 1, 2016.

SECTION 27.7.(e) Subsection (d) of this section is effective when this act becomes law. The remainder of this section becomes effective July 1, 2016.

ELIMINATE LICENSE TO GIVE TRUST FUND COMMISSION

SECTION 27.8.(a) Subsection (c) of Section 5 of S.L. 2004-189, as amended by subsection (q) of Section 44.1 of S.L. 2005-276, reads as rewritten:

"SECTION 5.(c) The Division of Motor Vehicles shall retain a portion of five cents (\$0.05) collected for the issuance of each drivers license and duplicate license to offset the actual cost of developing and maintaining the online Organ Donor Internet site established pursuant to Section 1 of this act. ~~The remainder of the five cents (\$0.05) shall be credited to the License to Give Trust Fund established under G.S. 20-7.4 and shall be used for the purposes authorized under G.S. 20-7.4 and G.S. 20-7.5."~~

SECTION 27.8.(b) G.S. 20-7.4 through G.S. 20-7.6 are repealed.

SECTION 27.8.(c) Prior to the effective date of subsection (b) of this section, the License to Give Trust Fund Commission shall expend all funds in the License to Give Trust Fund for the purposes set forth in G.S. 20-7.4. Any unencumbered State funds remaining in the License to Give Trust Fund after the effective date of subsection (b) of this section shall be transferred to the Highway Fund.

SECTION 27.8.(d) Subsections (a), (c), and (d) of this section are effective when this act becomes law. The remainder of this section becomes effective October 1, 2015.

PART XXVII-A. OFFICE OF THE STATE CONTROLLER**OVERPAYMENTS AUDIT**

SECTION 27A.1.(a) During the 2015-2017 fiscal biennium, receipts generated by the collection of inadvertent overpayments by State agencies to vendors as a result of pricing errors, neglected rebates and discounts, miscalculated freight charges, unclaimed refunds, erroneously paid excise taxes, and related errors are to be deposited in Special Reserve Account 24172 as required by G.S. 147-86.22(c).

SECTION 27A.1.(b) For each year of the 2015-2017 fiscal biennium, five hundred thousand dollars (\$500,000) of the funds in the Special Reserve Account 24172 shall be used by the Office of the State Controller for data processing, debt collection, or e-commerce costs and are hereby appropriated for that purpose.

1 **SECTION 27A.1.(c)** All funds available in Special Reserve Account 24172 on
2 June 30 of each year of the 2015-2017 fiscal biennium shall revert to the General Fund on that
3 date.

4 **SECTION 27A.1.(d)** The State Controller shall report quarterly to the Joint
5 Legislative Commission on Governmental Operations and the Fiscal Research Division on the
6 revenue deposited into Special Reserve Account 24172 and the disbursement of that revenue.

7
8 **PART XXVIII. DEPARTMENT OF REVENUE**

9
10 **MODIFY COLLECTION ASSISTANCE FEE RULES**

11 **SECTION 28.2.** G.S. 105-243.1(e) reads as rewritten:

12 "(e) Use. – The fee is a receipt of the Department and must be applied to the costs of
13 collecting overdue tax debts. The proceeds of the fee must be credited to a special account
14 within the Department and may be expended only as provided in this subsection. The proceeds
15 of the fee may not be used for any purpose that is not directly and primarily related to
16 collecting overdue tax debts. The Department may apply the proceeds of the fee for the
17 purposes listed in this subsection. The remaining proceeds of the fee may be spent only
18 pursuant to appropriation by the General Assembly. The fee proceeds do not revert but remain
19 in the special account until spent for the costs of collecting overdue tax debts. The Department
20 and the Office of State Budget and Management must account for all expenditures using
21 accounting procedures that clearly distinguish costs allocable to collecting overdue tax debts
22 from costs allocable to other purposes and must demonstrate that none of the fee proceeds are
23 used for any purpose other than collecting overdue tax debts.

24 The Department may apply the fee proceeds for the following purposes:

25 ...

26 (4) To pay for postage or other delivery charges for correspondence directly and
27 primarily relating to collecting overdue tax debts, not to exceed ~~five hundred~~
28 ~~thousand dollars (\$500,000)~~ one million dollars (\$1,000,000) a year.

29 "

30
31 **STATE AGENCY/ENHANCED DEBT COLLECTION**

32 **SECTION 28.3.** Article 1 of Chapter 105A of the General Statutes reads as
33 rewritten:

34 **"Chapter 105A.**

35 **"Setoff Debt Collection Act.**

36 "Article 1.

37 "In General.

38 **"§ 105A-1. Purposes.**

39 The purpose of this Chapter is to establish as policy that all claimant agencies and the
40 Department of Revenue shall cooperate in identifying debtors who owe money to the State or
41 to a local government through their various agencies and who qualify for refunds from the
42 Department of Revenue. It is also the intent of this Chapter that procedures be established for
43 setting off against any refund the sum of any debt owed to the State or to a local government.
44 Furthermore, it is the legislative intent that this Chapter be liberally construed so as to
45 effectuate these purposes as far as legally and practically possible.

46 **"§ 105A-2. Definitions.**

47 The following definitions apply in this Chapter:

48 (1) Claimant agency. – Either of the following:

49 a. A State agency.

50 b. A local agency acting through a clearinghouse or an organization
51 pursuant to G.S. 105A-3(b1).

- 1 c. A federal agency.
2 (2) Debt. – Any of the following, except as limited in sub-subdivision (f.) of this
3 subdivision:
4 a. A sum owed to a claimant agency that has accrued through contract,
5 subrogation, tort, operation of law, or any other legal theory
6 regardless of whether there is an outstanding judgment for the sum.
7 b. A sum a claimant agency is authorized or required by law to collect,
8 such as child support payments collectible under Title IV, Part D of
9 the Social Security Act.
10 c. A sum owed as a result of an intentional program violation or a
11 violation due to inadvertent household error under the Food and
12 Nutrition Services Program enabled by Part 5 of Article 2 of Chapter
13 108A of the General Statutes.
14 d. Reserved for future codification purposes.
15 e. A sum owed as a result of having obtained public assistance
16 payments under any of the following programs through an intentional
17 false statement, intentional misrepresentation, intentional failure to
18 disclose a material fact, or inadvertent household error:
19 1. The Work First Program provided in Article 2 of Chapter
20 108A of the General Statutes.
21 2. The State-County Special Assistance Program enabled by
22 Part 3 of Article 2 of Chapter 108A of the General Statutes.
23 3. A successor program of one of these programs.
24 f. For any school of medicine, clinical program, facility, or practice
25 affiliated with one of the constituent institutions of The University of
26 North Carolina that provides medical care to the general public and
27 for The University of North Carolina Health Care System and other
28 persons or entities affiliated with or under the control of The
29 University of North Carolina Health Care System, the term "debt" is
30 limited to the sum owed to one of these entities by law or by contract
31 following adjudication of a claim resulting from an individual's
32 receipt of hospital or medical services at a time when the individual
33 was covered by commercial insurance, Medicaid, Health Choice,
34 Medicare, Medicare Advantage, a Medicare supplement plan, or any
35 other government insurance.
36 g. A sum owed to the United States government or its federal agencies.
37 (3) Debtor. – A person who owes a debt.
38 (4) Department. – The Department of Revenue.
39 (5) Federal official. – A unit or official of the federal government charged with
40 the collection of nontax debts payable to the federal government pursuant to
41 31 U.S.C. § 3716.
42 (6) Local agency. – Any of the following:
43 a. A county, to the extent it is not considered a State agency.
44 b. A municipality.
45 c. A water and sewer authority created under Article 1 of Chapter 162A
46 of the General Statutes.
47 d. A regional joint agency created by interlocal agreement under Article
48 20 of Chapter 160A of the General Statutes between two or more
49 counties, cities, or both.
50 e. A public health authority created under Part 1B of Article 2 of
51 Chapter 130A of the General Statutes or other authorizing legislation.

- 1 f. A metropolitan sewerage district created under Article 5 of Chapter
2 162A of the General Statutes.
- 3 g. A sanitary district created under Part 2 of Article 2 of Chapter 130A
4 of the General Statutes.
- 5 h. A housing authority created under Chapter 157 of the General
6 Statutes, provided that the debt owed to a housing authority has been
7 reduced to a final judgment in favor of the housing authority.
- 8 i. A regional solid waste management authority created under Article
9 22 of Chapter 153A of the General Statutes.
- 10 (7) Net proceeds collected. – Gross proceeds collected through setoff against a
11 debtor's refund or nontax payment minus the collection assistance fees
12 provided in G.S. 105A-13.
- 13 (7a) Nontax payment. – A payment, including an expense reimbursement, made
14 by the State to a person. The term does not include a person's salary, wages,
15 or pension or a refund.
- 16 (7b) Person. – Defined in G.S. 105-228.90.
- 17 (8) Refund. – A debtor's North Carolina tax refund.
- 18 (9) State agency. – Any of the following:
- 19 a. A unit of the executive, legislative, or judicial branch of State
20 government.
- 21 b. A local agency, to the extent it administers a program supervised by
22 the Department of Health and Human Services or it operates a Child
23 Support Enforcement Program, enabled by Chapter 110, Article 9,
24 and Title IV, Part D of the Social Security Act.
- 25 c. A community college.

26 **"§ 105A-3. Remedy additional; mandatory State usage; optional local usage; obtaining**
27 **identifying information; registration.**

- 28 (a) Remedy Additional. – The collection remedy under this Chapter is in addition to
29 and not in substitution for any other remedy available by law.
- 30 (b) Mandatory State Usage. – A State agency must submit a debt owed to it for
31 collection under this Chapter unless the State Controller has waived this requirement or the
32 State agency has determined that the validity of the debt is legitimately in dispute, an
33 alternative means of collection is pending and believed to be adequate, or such a collection
34 attempt would result in a loss of federal funds. The State Controller may waive the requirement
35 for a State agency, other than the Department of Health and Human Services or a county acting
36 on behalf of that Department, to submit a debt owed to it for collection under this Chapter if the
37 State Controller finds that collection by this means would not be practical or cost effective. A
38 waiver may apply to all debts owed a State agency or a type of debt owed a State agency.
- 39 (b1) Optional Local Usage. – A local agency may submit a debt owed to it for collection
40 under this Chapter. A local agency that decides to submit a debt owed to it for collection under
41 this Chapter must establish the debt by following the procedure set in G.S. 105A-5 and must
42 submit the debt through one of the following:
- 43 (1) A clearinghouse that is established pursuant to an interlocal agreement
44 adopted under Article 20 of Chapter 160A of the General Statutes and has
45 agreed to submit debts on behalf of any requesting local agency.
- 46 (2) The North Carolina League of Municipalities.
- 47 (3) The North Carolina Association of County Commissioners.
- 48 (c) Identifying Information. – All claimant agencies shall whenever possible obtain the
49 full name, social security number or federal identification number, address, and any other
50 identifying information required by the Department from any person for whom the agencies

1 provide any service or transact any business and who the claimant agencies can foresee may
2 become a debtor under this Chapter.

3 (d) Registration and Reports. – A State agency must register with the Department and
4 with the State Controller. Every State agency must report annually to the State Controller the
5 amount of debts owed to the agency for which the agency did not submit a claim for setoff and
6 the reason for not submitting the claim.

7 A clearinghouse or an organization that submits debts on behalf of a local agency must
8 register with the Department. Once a clearinghouse registers with the Department under this
9 subsection, no other clearinghouse may register to submit debts for collection under this
10 Chapter.

11 **"§ 105A-4. Minimum debt and ~~refund~~, refund or nontax payment.**

12 This Chapter applies only to a debt that is at least fifty dollars (\$50.00) and to a refund or
13 nontax payment that is at least this same amount.

14 **"§ 105A-5. Local agency notice, hearing, and decision.**

15 (a) Prerequisite. – A local agency may not submit a debt for collection under this
16 Chapter until it has given the notice required by this section and the claim has been finally
17 determined as provided in this section.

18 (b) Notice. – A local agency must send written notice to a debtor that the agency
19 intends to submit the debt owed by the debtor for collection by setoff. The notice must explain
20 the basis for the agency's claim to the debt, that the agency intends to apply the debtor's refund
21 or nontax payment against the debt, and that a collection assistance fee of ~~fifteen dollars~~
22 ~~(\$15.00)~~ provided in G.S. 105A-13 will be added to the debt if it is submitted for setoff. The
23 notice must also inform the debtor that the debtor has the right to contest the matter by filing a
24 request for a hearing with the local agency, must state the time limits and procedure for
25 requesting the hearing, and must state that failure to request a hearing within the required time
26 will result in setoff of the debt.

27 (c) Administrative Review. – A debtor who decides to contest a proposed setoff must
28 file a written request for a hearing with the local agency within 30 days after the date the local
29 agency mails a notice of the proposed action to the debtor. A request for a hearing is considered
30 to be filed when it is delivered for mailing with postage prepaid and properly addressed. The
31 governing body of the local agency or a person designated by the governing body must hold the
32 hearing.

33 If the debtor disagrees with the decision of the governing body or the person designated by
34 the governing body, the debtor may file a petition for a contested case under Article 3 of
35 Chapter 150B of the General Statutes. The petition must be filed within 30 days after the debtor
36 receives a copy of the local decision. Notwithstanding the provisions of G.S. 105-241.21, a
37 local agency is considered an agency for purposes of contested cases and appeals under this
38 Chapter.

39 In a hearing under this section, an issue that has previously been litigated in a court
40 proceeding cannot be considered.

41 (d) Decision. – A decision made after a hearing under this section must determine
42 whether a debt is owed to the local agency and the amount of the debt.

43 (e) Return of Amount Set Off. – If a local agency submits a debt for collection under
44 this Chapter without sending the notice required by subsection (b) of this section, the agency
45 must send the taxpayer the entire amount set off plus the collection assistance fees provided in
46 G.S. 105A-13. Similarly, if a local agency submits a debt for collection under this Chapter after
47 sending the required notice but before final determination of the debt and a decision finds that
48 the local agency is not entitled to any part of the amount set off, the agency must send the
49 taxpayer the entire amount set off plus the collection assistance fees provided in G.S. 105A-13.
50 That portion of the amount returned that reflects the collection assistance fees must be paid
51 from the local agency's funds.

1 If a local agency submits a debt for collection under this Chapter after sending the required
2 notice and the net proceeds collected that are credited to the local agency for the debt exceed
3 the amount of the debt, the local agency must send the balance to the debtor. No part of the
4 collection assistance fees provided in G.S. 105A-13 may be returned when a notice was sent
5 and a debt is owed but the debt is less than the amount set off.

6 Interest accrues on the amount of a refund returned to a taxpayer under this subsection in
7 accordance with G.S. 105-241.21. A local agency that returns a refund to a taxpayer under this
8 subsection must pay from the local agency's funds any interest that has accrued since the fifth
9 day after the Department mailed the notice of setoff to the taxpayer.

10 **"§ 105A-6. Procedure Department to follow in making setoff.**

11 (a) Notice to Department. – A claimant agency seeking to attempt collection of a debt
12 through setoff must notify the Department in writing and supply information necessary to
13 identify the debtor whose refund or nontax payment is sought to be set off. The claimant
14 agency may include with the notification the date, if any, that the debt is expected to expire.
15 The agency must notify the Department in writing when a debt has been paid or is no longer
16 owed the agency.

17 (b) Setoff by Department. – The Department, upon receipt of notification, must
18 determine each year whether the debtor to the claimant agency is entitled to a refund ~~of or~~
19 nontax payment and whether the amount is at least fifty dollars ~~(\$50.00) from the Department.~~
20 (\$50.00). Upon determination by the Department that a debtor specified by a claimant agency
21 qualifies for such a ~~refund, refund or nontax payment~~, the Department must set off the debt
22 against the refund or nontax payment to which the debtor would otherwise be entitled and must
23 refund any remaining balance to the debtor. The Department must mail the debtor written
24 notice that the setoff has occurred and must credit the net proceeds collected to the claimant
25 agency. If the claimant agency is a State agency, that agency must credit the amount received to
26 a nonreverting trust account and must follow the procedure set in G.S. 105A-8.

27 **"§ 105A-6.1. State Reciprocal Offset Program.**

28 (a) Agreement. – The Department is authorized to enter into an agreement with the
29 Secretary of the Treasury to participate in the State Reciprocal Offset Program pursuant to 31
30 U.S.C. § 3716 for the collection of any debts owed to the State or to State agencies from federal
31 payments to vendors, contractors, and taxpayers. The agreement may provide for the United
32 States to submit nontax debts owed to federal agencies for offset against State payments
33 otherwise due and owing to taxpayers, vendors, and contractors providing goods or services to
34 the State, its departments, agencies, or institutions.

35 (b) Federal Certification. – Pursuant to the agreement authorized in subsection (a) of
36 this section, a federal official may certify to the Department the existence of a person's
37 delinquent, nontax debt owed by the person to the federal government. To accept the
38 certification provided by the federal official, the certification must include the name of the
39 person, the person's Social Security number or federal tax identification number, and the
40 amount of the person's nontax debt and may include any other information pursuant to the
41 agreement authorized herein.

42 (c) Offset. – Upon receiving a federal certification complying with subsection (b) of
43 this section and a request by the federal official that the Department withhold a refund or
44 nontax payment, the following provisions, as required or permitted by State law, federal law, or
45 the offset agreement, apply:

- 46 (1) The Department may determine if a person for whom the federal
47 certification is received is due a refund or nontax payment.
48 (2) If the person for whom the federal certification is received is due a refund or
49 nontax payment, the Department shall (i) withhold the refund or nontax
50 payment due, (ii) notify the person of the amount withheld in the manner
51 required by the offset agreement, and (iii) remit to the federal official the

1 lesser of the entire amount of the refund or nontax payment or the amount
2 certified.

3 (3) If the amount certified is less than the refund or nontax payment, the
4 Department shall pay the excess to the person less the collection assistance
5 fee provided in G.S. 105A-13.

6 (d) State Certification. – As permitted by State law, federal law, and the offset
7 agreement, the Department may certify to a federal official a person's delinquent debt owed to
8 the State by providing the federal official the name of the person, the person's Social Security
9 number or tax identification number, the amount of the debt due the State, and any other
10 information required by the offset agreement. The Department may request that the federal
11 official withhold any federal vendor or other federal payment pursuant to the offset agreement
12 to which the person is entitled.

13 (e) Proceeds Retention. – The retention of a portion of the proceeds of any federal
14 administrative setoff pursuant to 31 C.F.R. § 285.6 does not affect the provisions of this
15 section.

16 ...

17 **"§ 105A-8. State agency notice, hearing, decision, and refund of setoff.**

18 (a) Notice. – Within 10 days after a State agency receives a refund or nontax payment
19 of a debtor, the agency must send the debtor written notice that the agency has received the
20 debtor's ~~refund.~~ refund or nontax payment. The notice must explain the debt that is the basis for
21 the agency's claim to the debtor's refund or nontax payment and that the agency intends to
22 apply the refund or nontax payment against the debt. The notice must also inform the debtor
23 that the debtor has the right to contest the matter by filing a request for a hearing, must state the
24 time limits and procedure for requesting the hearing, and must state that failure to request a
25 hearing within the required time will result in setoff of the debt. A State agency that does not
26 send a debtor a notice within the time required by this subsection must refund the amount set
27 off plus the collection assistance fee, in accordance with subsection (d) of this section.

28 (b) Hearing. – A hearing on a contested claim of a State agency, except a constituent
29 institution of The University of North Carolina or the Division of Employment Security, must
30 be conducted in accordance with Article 3 of Chapter 150B of the General Statutes. A hearing
31 on a contested claim of a constituent institution of The University of North Carolina must be
32 conducted in accordance with administrative procedures approved by the Attorney General. A
33 hearing on a contested claim of the Division of Employment Security must be conducted in
34 accordance with rules adopted by that Division. A request for a hearing on a contested claim of
35 any State agency must be filed within 30 days after the State agency mails the debtor notice of
36 the proposed setoff. A request for a hearing is considered to be filed when it is delivered for
37 mailing with postage prepaid and properly addressed. In a hearing under this section, an issue
38 that has previously been litigated in a court proceeding cannot be considered.

39 (c) Decision. – A decision made after a hearing under this section must determine
40 whether a debt is owed to the State agency and the amount of the debt.

41 (d) Return of Amount Set Off. – If a State agency fails to send the notice required by
42 subsection (a) of this section within the required time or a decision finds that a State agency is
43 not entitled to any part of an amount set off, the agency must send the taxpayer the entire
44 amount set off plus the collection assistance fee retained by the Department. That portion of the
45 amount returned that reflects the collection assistance fee must be paid from the State agency's
46 funds.

47 If a debtor owes a debt to a State agency and the net proceeds credited to the State agency
48 for the debt exceed the amount of the debt, the State agency must send the balance to the
49 debtor. No part of the collection assistance fee retained by the Department may be returned
50 when a debt is owed but it is less than the amount set off.

1 Interest accrues on the amount of a refund returned to a taxpayer under this subsection in
2 accordance with G.S. 105-241.21. A State agency that returns a refund to a taxpayer under this
3 subsection must pay from the State agency's funds any interest that has accrued since the fifth
4 day after the Department mailed the notice of setoff to the taxpayer.

5 **"§ 105A-9. Appeals from hearings.**

6 Appeals from hearings allowed under this Chapter, other than those conducted by the
7 Division of Employment Security, shall be in accordance with the provisions of Chapter 150B
8 of the General Statutes, the Administrative Procedure Act, except that the place of initial
9 judicial review shall be the superior court for the county in which the debtor resides. Appeals
10 from hearings allowed under this Chapter that are conducted by the Division of Employment
11 Security shall be in accordance with the provisions of Chapter 96 of the General Statutes.

12 ...

13 **"§ 105A-12. Priorities in claims to setoff.**

14 The Department has priority over all other claimant agencies for collection by setoff
15 whenever it is a competing agency for a ~~refund~~ refund or nontax payment. State agencies have
16 priority over federal or local agencies for collection by setoff. When there are multiple claims
17 by State agencies other than the Department, the claims have priority based on the date each
18 agency registered with the Department under G.S. 105A-3. When there are multiple claims by
19 two or more organizations submitting debts on behalf of federal or local agencies, the claims
20 have priority based on the date each organization registered with the Department under
21 G.S. 105A-3. When there are multiple claims among federal or local agencies whose debts are
22 submitted by the same organization, the claims have priority based on the date each federal or
23 local agency requested the organization to submit debts on its behalf.

24 **"§ 105A-13. Collection assistance fees.**

25 (a) State Setoff. – ~~To~~ Except as provided in subsection (b1) of this section, to recover
26 the costs incurred by the Department in collecting debts under this Chapter, a collection
27 assistance fee of five dollars (\$5.00) is imposed on each debt collected through setoff. The
28 Department must collect this fee as part of the debt and retain it. The collection assistance fee
29 shall not be added to child support debts or collected as part of child support debts. Instead, the
30 Department shall retain from collections under Division II of Article 4 of Chapter 105 of the
31 General Statutes the cost of collecting child support debts under this Chapter.

32 (b) Repealed by Session Laws 2001-380, s. 3, effective November 1, 2001.

33 (b1) Federal Debts. – To recover the costs incurred by the Department in collecting debts
34 on behalf of a federal agency under this Chapter, a collection assistance fee equal to the fee
35 charged by the federal government for similar debt collection efforts is imposed on each debt
36 collected through setoff. The Department must collect this fee as part of the debt and retain it.

37 (c) Local Debts. – To recover the costs incurred by local agencies in submitting debts
38 for collection under this Chapter, a local collection assistance fee of fifteen dollars (\$15.00) is
39 imposed on each local agency debt submitted under G.S. 105A-3(b1) and collected through
40 setoff. The Department must collect this fee as part of the debt and remit it to the clearinghouse
41 that submitted the debt. The local collection assistance fee does not apply to child support
42 debts.

43 (d) Priority. – If the Department is able to collect only part of a debt through setoff, the
44 collection assistance fee provided in subsection (a) of this section has priority over the local
45 collection assistance fee and over the remainder of the debt. The local collection assistance fee
46 has priority over the remainder of the debt.

47 **"§ 105A-14. Accounting to the claimant agency; credit to debtor's obligation.**

48 (a) Simultaneously with the transmittal of the net proceeds collected to a claimant
49 agency, the Department must provide the agency with an accounting of the setoffs for which
50 payment is being made. The accounting must whenever possible include the full names of the
51 debtors, the debtors' social security numbers or federal identification numbers, the gross

1 proceeds collected per setoff, the net proceeds collected per setoff, and the collection assistance
2 fee added to the debt and collected per setoff.

3 (b) Upon receipt by a claimant agency of net proceeds collected on the claimant
4 agency's behalf by the Department, a final determination of the claim if it is a State agency
5 claim, and an accounting of the proceeds as specified under this section, the claimant agency
6 must credit the debtor's obligation with the net proceeds collected.

7 **"§ 105A-15. Confidentiality exemption; nondisclosure.**

8 (a) Notwithstanding G.S. 105-259 or any other provision of law prohibiting disclosure
9 by the Department of the contents of taxpayer records or information and notwithstanding any
10 confidentiality statute of any claimant agency, the exchange of any information among the
11 Department, the claimant agency, the organization submitting debts on behalf of a local agency,
12 and the debtor necessary to implement this Chapter is lawful.

13 (b) The information a claimant agency or an organization submitting debts on behalf of
14 a local agency obtains from the Department in accordance with the exemption allowed by
15 subsection (a) may be used by the agency or organization only in the pursuit of its debt
16 collection duties and practices and may not be disclosed except as provided in G.S. 105-259,
17 153A-148.1, or 160A-208.1.

18 **"§ 105A-16. Rules.**

19 The Secretary of Revenue may adopt rules to implement this Chapter. The State Controller
20 may adopt rules to implement this Chapter."
21

22 **PART XXIX. DEPARTMENT OF TRANSPORTATION**

23
24 **CASH FLOW HIGHWAY FUND AND HIGHWAY TRUST FUND APPROPRIATION**

25 **SECTION 29.1.(a)** The General Assembly authorizes and certifies anticipated
26 revenues for the Highway Fund as follows:

27	For Fiscal Year 2017-2018	\$1,960.9 million
28	For Fiscal Year 2018-2019	\$1,995.5 million
29	For Fiscal Year 2019-2020	\$2,031.0 million
30	For Fiscal Year 2020-2021	\$2,059.3 million

31 **SECTION 29.1.(b)** The General Assembly authorizes and certifies anticipated
32 revenues for the Highway Trust Fund as follows:

33	For Fiscal Year 2017-2018	\$1,365.7 million
34	For Fiscal Year 2018-2019	\$1,389.0 million
35	For Fiscal Year 2019-2020	\$1,417.6 million
36	For Fiscal Year 2020-2021	\$1,445.9 million

37 **SECTION 29.1.(c)** The Department of Transportation, in collaboration with the
38 Office of State Budget and Management, shall develop a four-year revenue forecast. The first
39 fiscal year in the four-year forecast shall be the 2021-2022 fiscal year. The four-year revenue
40 forecast developed under this subsection shall be used (i) to develop the four-year cash flow
41 estimates included in the biennial budgets, (ii) to develop the Strategic Transportation
42 Improvement Program, and (iii) by the Department of the State Treasurer to compute
43 transportation debt capacity.
44

45 **SMALL CONSTRUCTION, CONTINGENCY, AND ECONOMIC DEVELOPMENT**
46 **FUNDS**

47 **SECTION 29.2.(a)** Of the funds appropriated in this act to the Department of
48 Transportation:

- 49 (1) Two million five hundred thousand dollars (\$2,500,000) in nonrecurring
50 funds shall be allocated in each fiscal year of the biennium for small
51 construction projects recommended by the Chief Engineer in consultation

with the Chief Operating Officer and approved by the Secretary of Transportation. These funds shall be allocated equally in each fiscal year of the biennium among the 14 Highway Divisions for small construction projects.

(2) Twelve million dollars (\$12,000,000) shall be allocated statewide in each fiscal year of the biennium for rural or small urban highway improvements and related transportation enhancements to public roads and public facilities, industrial access roads, and spot safety projects, including pedestrian walkways that enhance highway safety. Projects funded pursuant to this subdivision shall be approved by the Secretary of Transportation.

SECTION 29.2.(b) The Department of Transportation shall report to the members of the General Assembly on projects funded pursuant to this section in each member's district prior to construction. The Department shall make a quarterly comprehensive report on the use of these funds to the Joint Legislative Transportation Oversight Committee and the Fiscal Research Division.

SECTION 29.2.(c) The funds appropriated in this act to the Economic Development fund shall be used for prioritized transportation improvements and infrastructure that expedite commercial growth as well as either job creation or job retention. Projects funded under this subsection shall be jointly approved by the Secretary of Transportation and the Secretary of Commerce in accordance with the guidelines and procedures developed under subsection (c) of Section 34.7 of S.L. 2013-360, as amended by Section 34.29 of S.L. 2014-100.

REPAIRS AND RENOVATIONS

SECTION 29.2A. There is appropriated from the Highway Fund to the Department of Transportation for the 2015-2017 fiscal biennium the following amounts for repairs and renovations:

Repairs and Renovations – Highway Fund	2015-2016	2016-2017
High-Rise Code Compliance Renovations	\$957,000	\$957,000
Roof Repairs & Replacements – Statewide	3,450,000	3,450,000
Chilled Water Piping and Insulation Replacement	612,700	612,700
TBC: Annex Building Window Replacement	0	724,000
DOT Elevator Modernization	0	251,000
DMV Field Facilities – Window Replacement Statewide	0	341,000
Rowan County Renovation and Addition	0	630,000
TOTAL REPAIRS AND RENOVATIONS – HIGHWAY FUND	\$5,019,700	\$6,965,700

REQUIRE COUNTY OR MUNICIPALITY TO PAY COSTS ASSOCIATED WITH REQUESTED PROJECT IMPROVEMENTS

SECTION 29.5.(a) G.S. 136-66.3(e) reads as rewritten:

1 "(e) Authorization to Participate in Project Additions. – Pursuant to an agreement with
2 the Department of Transportation, a county or municipality ~~may~~ shall reimburse the
3 Department of Transportation for the cost of all ~~improvements~~, improvements requested by the
4 county or municipality, including additional right-of-way, for a street, highway improvement
5 projects, or other transportation system improvements approved by the Board of Transportation
6 under G.S. 143B-350(f)(4), that are in addition to those improvements that the Department of
7 Transportation would normally include in the project. Requests for safety enhancements or
8 increases to mobility shall not be considered improvements subject to the requirement of this
9 subsection unless the increase or enhancement is in excess of the standard required by law."

10 **SECTION 29.5.(b)** This section is effective when it becomes law and applies to
11 agreements entered into on or after that date.

12 13 **BOARD OF TRANSPORTATION/OUT-OF-STATE TRAVEL**

14 **SECTION 29.5A.** Expenditures for out-of-State travel by the Board of
15 Transportation for the 2015-2016 fiscal year and each subsequent fiscal year shall not exceed
16 twenty-five thousand dollars (\$25,000).

17 18 **DEPARTMENT OF TRANSPORTATION OUT-OF-STATE TRAVEL**

19 **SECTION 29.7.** Section 34.5 of S.L. 2014-100 reads as rewritten:

20 "**SECTION 34.5.** Expenditures for out-of-state travel by the Department of Transportation
21 for the 2014-2015 fiscal year and ~~at each~~ subsequent fiscal ~~years~~ year shall not exceed the
22 amount expended during the 2009-2010 fiscal year. For purposes of this section, "expenditures
23 for out-of-state travel" includes transportation, conference, registration, and education
24 expenses, lodging, and meals for Department of Transportation employees traveling outside of
25 the ~~State~~. State, but does not include expenditures charged to federal projects."

26 27 **DOT/OUTSIDE COUNSEL**

28 **SECTION 29.8.(a)** Section 34.27 of S.L. 2013-360, as amended by Section
29 34.24(a) of S.L. 2014-100, is repealed.

30 **SECTION 29.8.(b)** Subsections (b), (c), and (e) of Section 34.24 of S.L. 2014-100
31 are repealed.

32 **SECTION 29.8.(c)** G.S. 136-103.1 is repealed.

33 **SECTION 29.8.(d)** Article 2 of Chapter 136 of the General Statutes is amended by
34 adding a new section to read:

35 "§ 136-18.03. Outside counsel.

36 (a) Intent. – It is the intent of the General Assembly that the Department of
37 Transportation exercise the authority granted by this section to maximize operational and
38 project delivery benefits attributed to the avoidance or successful defense of litigation.

39 (b) Authorization. – The Department of Transportation may engage the services of
40 private counsel with the pertinent expertise to provide legal services related to any project
41 undertaken by the Department. The Department shall supervise and manage the private counsel
42 engaged under this section and, excluding legal services related to workers' compensation
43 claims brought by Department employees, shall not be required to obtain written permission or
44 approval from the Attorney General under G.S. 114-2.3.

45 (c) Performance Metrics. – The Department shall develop performance metrics to
46 evaluate its utilization of in-house counsel and private counsel, to include the following:

47 (1) A summary of new matters opened by legal area.

48 (2) Case cycle times.

49 (3) Resolution of cases.

50 (4) A comparison of in-house costs to billable rates for private counsel.

51 (5) The process for procurement for legal services.

1 (d) Report. – The Department shall provide a semiannual report to the Joint Legislative
2 Transportation Oversight Committee and the Joint Legislative Justice and Public Safety
3 Oversight Committee on the performance metrics set forth in subsection (c) of this section."
4

5 RIGHT-OF-WAY ACQUISITIONS/REDUCE REMNANT PROPERTY

6 SECTION 29.9.(a) Plan. – The Department of Administration, in collaboration
7 with the Department of Transportation, shall develop a plan to reduce the amount of remnant
8 property resulting from the acquisition of rights-of-way. The plan shall include a method or
9 methods for disseminating information to contiguous or adjoining landowners and other
10 members of the general public about (i) remnant property eligible for sale or other disposition
11 and (ii) the process for placing a bid or offer on the remnant property, including posting the
12 information required under this subdivision on the Web sites for both Departments.

13 SECTION 29.9.(b) Report. – The Departments shall jointly report to the Joint
14 Legislative Transportation Oversight Committee by February 1, 2016, on the development of
15 the plan required under this section. The report shall include all of the following:

- 16 (1) An identification of all remnant property eligible for sale or other
17 disposition.
- 18 (2) An identification of the amount and types of costs incurred by the State from
19 retaining remnant property.
- 20 (3) An identification of the estimated fair market value, as determined by the
21 Department of Administration, for each remnant property eligible for sale or
22 other disposition.
- 23 (4) An identification of any legal issues that may prohibit, or arise from, the sale
24 or other disposition of other remnant property, if any.
- 25 (5) Any other matters or information the Departments jointly deem relevant to
26 the development of the plan.

27 SECTION 29.9.(c) Implementation. – The Department of Administration shall
28 implement the plan required under this section by July 1, 2016.

29 SECTION 29.9.(d) This section is effective when this act becomes law.
30

31 ROADSIDE ENVIRONMENTAL UNIT/LITTER PROGRAM

32 SECTION 29.9A. The Department of Transportation shall reclassify two vacant
33 positions within the Division of Highways as Office Assistant IV positions within the Roadside
34 Environmental Unit, and the duties of the positions shall include managing the litter program.
35 The Department shall transfer from the highway maintenance units to the Roadside
36 Environmental Unit all functions and funding related to the litter program and lawn mowing.
37

38 VARIOUS REPORTING CHANGES

39 SECTION 29.12.(a) G.S. 136-89.183(a)(5) reads as rewritten:

40 "(5) To fix, revise, charge, retain, enforce, and collect tolls and fees for the use of
41 the Turnpike Projects. ~~Prior~~ Thirty days prior to the effective date of any toll
42 or fee for use of a Turnpike Facility, the Authority shall submit a description
43 of the proposed toll or fee to the Board of Transportation, the Joint
44 Legislative Transportation Oversight Committee and the Joint Legislative
45 Commission on Governmental Operations for review."

46 SECTION 29.12.(b) G.S. 143B-350(f)(4) reads as rewritten:

47 "(4) To approve a schedule of all major transportation improvement projects and
48 their anticipated cost. This schedule is designated the Transportation
49 Improvement Program. The Board shall publish the schedule in a format that
50 is easily reproducible for distribution and make copies available for
51 distribution. ~~distribution.~~ distribution in accordance with the process established for

1 public records in Chapter 132 of the General Statutes. The document that
2 contains the Transportation Improvement Program, or a separate document
3 that is published at the same time as the Transportation Improvement
4 Program, shall include the anticipated funding sources for the improvement
5 projects included in the ~~Program, Program~~ and a list of any changes made
6 from the previous year's Program, and the reasons for the changes."

7 **SECTION 29.12.(c)** G.S. 136-44.8(a1) reads as rewritten:

8 "(a1) In each county having unpaved roads programmed for paving, representatives of the
9 Department of Transportation shall annually provide to the board of county commissioners in
10 those counties a list of roads proposed for the annual paving program approved by the Board of
11 Transportation. The paving priority list shall include the priority rating of each secondary road
12 paving project included in the proposed paving program according to the criteria and standards
13 adopted by the Board of Transportation. In addition to the list required under this subsection,
14 the Department of Transportation shall annually provide to the board of county commissioners
15 a summary of unpaved secondary road projects completed in the particular county for the prior
16 calendar year, including an indication as to which projects were not completed on schedule and
17 a detailed explanation as to why the projects were not completed on schedule."

18 **SECTION 29.12.(d)** G.S. 136-44.9 is repealed.

19 **SECTION 29.12.(e)** G.S. 136-28.6(h) reads as rewritten:

20 "(h) The Secretary shall report in writing, on a ~~quarterly~~ an annual basis, to the Joint
21 Legislative ~~Commission on Governmental Operations~~ Transportation Oversight Committee on
22 all agreements entered into between a private developer and the Department of Transportation
23 for participation in private engineering and construction contracts under this section, as well as
24 (i) agreements by counties and municipalities to participate in private engineering and
25 construction contracts under subsection (i) of this section and (ii) pass-through funding from
26 private developers to counties or municipalities for State transportation projects. The
27 information in the report required by this subsection shall be set forth separately for each
28 division of the Department of Transportation."

29 **SECTION 29.12.(f)** G.S. 136-66.3(f) reads as rewritten:

30 "(f) Report to General Assembly. – The Department shall report in writing, on a
31 ~~monthly~~ an annual basis, to the Joint Legislative ~~Commission on Governmental Operations~~
32 Transportation Oversight Committee on all agreements entered into between counties,
33 municipalities and the Department of Transportation. The report shall state in summary form
34 the contents of ~~such~~ the agreements. The information in the report required by this subsection
35 shall be set forth separately for each division of the Department of Transportation."

36 **SECTION 29.12.(g)** G.S. 136-28.10(c) reads as rewritten:

37 "(c) The Secretary of Transportation shall report ~~quarterly~~ annually to the Joint
38 Legislative Transportation Oversight Committee on the implementation of this section. The
39 information in the report required by this subsection shall be set forth separately for each
40 division of the Department of Transportation."

41 **SECTION 29.12.(h)** G.S. 143B-350 is amended by adding a new subsection to
42 read:

43 "(p) Reports. – Notwithstanding any other provision of law, any report required to be
44 submitted by the Board to the General Assembly or a committee thereof is due by the 15th day
45 of the month that the report is due."

47 **OUTSOURCING OF PRECONSTRUCTION ACTIVITY**

48 **SECTION 29.13.(a)** Section 34.13(a) of S.L. 2014-100 reads as rewritten:

49 "**SECTION 34.13.(a)** The Department of Transportation shall seek to increase the use of
50 contracts to further privatize preconstruction work where practical, economical, and likely to

1 lead to increased efficiency. In doing so, the Department of Transportation shall meet each of
 2 the following privatization requirements:

- 3 (1) Increase the outsourcing of all activities performed by the Department's
 4 Preconstruction and Technical Services units to seventy percent (70%) of the
 5 total cost of activities performed by those units in fiscal year
 6 ~~2014-2015, 2015-2016~~, excluding the cost of activities performed by the
 7 Turnpike Authority, the Structures Design and Management unit, and the
 8 Bridge Program.
- 9 (2) Increase the outsourcing of all activities performed by the Department's
 10 Roadway Design unit to fifty percent (50%) of the total cost of activities
 11 performed by that unit in fiscal year ~~2014-2015, 2015-2016~~.
- 12 (3) Increase the outsourcing of all activities performed by the Department's
 13 Project Development and Environmental Analysis unit to sixty-five percent
 14 (65%) of the total cost of activities performed by that unit in fiscal year
 15 ~~2014-2015, 2015-2016~~.
- 16 (4) ~~The~~Based on the total expenditures for outsourced activity in fiscal year
 17 ~~2013-2014~~, the Department's Right-of-Way unit shall increase the total
 18 expenditures for outsourced activity by five percent (5%) in fiscal year
 19 ~~2014-2015, 2015-2016~~."

20 **SECTION 29.13.(b)** Section 34.13(d) of S.L. 2014-100 reads as rewritten:

21 "SECTION 34.13.(d) The Department shall report no later than October 1, ~~2014, 2015~~, and
 22 quarterly thereafter, to the Joint Legislative Transportation Oversight Committee and the Fiscal
 23 Research Division regarding its implementation of this section, including any reductions in
 24 force used to meet privatization requirements."
 25

26 **RECLASSIFY FUNDING SOURCE FOR CERTAIN POSITIONS**

27 **SECTION 29.14.** No later than May 1, 2016, the Department of Transportation, in
 28 consultation with the Fiscal Research Division and the Office of State Budget and
 29 Management, shall reclassify to appropriation the funding source for all full-time positions that
 30 are budgeted as receipt-supported on the basis of charging to projects and shall adjust budgeted
 31 funds accordingly. Employees in the Division of Highways shall be attributed to the respective
 32 Highway Division fund codes within the Highway Fund. Notwithstanding any other provision
 33 of law, the Department of Transportation is authorized to reallocate sufficient funds from the
 34 Primary Maintenance, Secondary Maintenance, and General Maintenance Reserve fund codes
 35 to each Highway Division to pay for salary and related costs associated with the reclassified
 36 positions. Receipt-supported positions in other organizational units within the Department of
 37 Transportation shall be funded through existing fund codes and funding sources for their
 38 assigned organizational units.
 39

40 **DOT/STREAMLINING AND REORGANIZATION**

41 **SECTION 29.14A.(a)** Intent. – It is the intent of the General Assembly to reduce
 42 costs and increase efficiencies within the Department of Transportation. To achieve this intent,
 43 the General Assembly finds that the elimination and reorganization of certain positions, units,
 44 and programs is necessary.

45 **SECTION 29.14A.(b)** Position Eliminations. – In accordance with G.S. 126-7.1,
 46 but by no later than 60 days after the effective date of this section, the Department of
 47 Transportation shall eliminate the following positions:

<u>Position number</u>	<u>Title</u>
60026819	Processing Assistant III
60026963	Technical Support Analyst
60026961	Technical Support Analyst

1	60026964	Engineering Technician
2	60026962	Technology Support Analyst
3	60015475	Engineering Technician
4	60027682	Processing Assistant V
5	60024002	Management Engineer III
6	60029011	Engineer
7	60029012	Architect Supervisor
8	60029019	Engineering Technician
9	60015784	Engineer
10	60015785	Environmental Specialist
11	60018852	Marine Welder
12	60024003	Technology Support Analyst
13	60024034	Administrative Officer II
14	60024046	Radio Communications Engineer
15	60024055	Technical Trainer II
16	60024057	Technical Trainer II
17	60024058	Technical Trainer II
18	60024072	Radio Engineer I
19	60024011	Information Processing Technician
20	60024012	Information Processing Technician
21	60024041	Information Processing Technician
22	60024068	Administrative Assistant III
23	60027194	Engineer
24	60026559	Engineer
25	60026603	Engineer
26	60026472	Engineer
27	60026509	Engineer
28	60026843	Engineering Supervisor
29	60027171	Engineering Manager
30	60029468	Engineer
31	60029009	Engineering Technician
32	60029014	Engineering Technician
33	60029015	Engineering Supervisor
34	60029018	Engineering Technician
35	60025908	Engineering Supervisor
36	60025855	Engineer
37	60025937	Engineering Supervisor
38	60025980	Engineer
39	60025919	Engineering Technician
40	60026010	Engineer
41	60025859	Engineer
42	60025846	Engineer
43	60026005	Engineering Supervisor
44	60026015	Engineer
45	60025862	Engineer
46	60025999	Engineer
47	60025877	Engineer
48	60025945	Engineering Supervisor
49	60026805	Engineering Technician
50	60026944	Engineering Technician
51	60025069	Engineering Manager

1 60027023 Engineering Director
2 60027025 Engineer

3 **SECTION 29.14A.(c)** Vacant Positions. – The Office of State Budget and
4 Management shall eliminate all vacant positions within units or programs of the Department of
5 Transportation in which all filled positions have been eliminated.

6 **SECTION 29.14A.(d)** Reorganization and Consolidation. – Notwithstanding any
7 other provision of law, the Department of Transportation may, when it deems necessary for
8 purposes of eliminating redundancies and achieving efficiencies, reorganize or consolidate any
9 unit or program within the Department of Transportation in which a filled position has been
10 eliminated under this section.

11 **SECTION 29.14A.(e)** Plan for Future Position Elimination and Reorganization. –
12 It is the intent of the General Assembly for the 2016-2017 fiscal year to reduce the number of
13 administrative, managerial, supervisory, and oversight functions centrally or regionally based
14 in offices of the Department of Transportation and shift decision making on project
15 development to the highway divisions. To achieve this intent, the Department of Transportation
16 shall submit a plan to eliminate at least ten percent (10%) of the total amount of filled positions
17 that are centrally or regionally based as of June 30, 2015, and that perform administrative,
18 managerial, supervisory, or oversight functions. In addition, the plan shall describe the
19 functions performed at the centrally and regionally based offices, including justification as to
20 why each function cannot be outsourced, consolidated, or shifted to the highway divisions. The
21 Department of Transportation shall submit the plan required under this subsection to the chairs
22 of the Senate Appropriations Committee on the Department of Transportation and the House of
23 Representatives Committee on Transportation Appropriations and the Joint Legislative
24 Transportation Oversight Committee by January 1, 2016.

25 **SECTION 29.14A.(f)** Effective Date. – This section is effective when it becomes
26 law.

27 28 **STUDY/TURNPIKE AUTHORITY PROCESSING FEE**

29 **SECTION 29.15.(a)** Study. – The Department of Transportation shall study
30 whether the amount of the processing fee set forth in G.S. 136-89.215 is in excess of the actual
31 cost to collect and process unpaid open road tolls. The following information, set forth
32 separately for each calendar year since the fee's enactment, shall be included within the study:

- 33 (1) The amount of the processing fee.
- 34 (2) The total amount of proceeds generated by the imposition of the processing
35 fee.
- 36 (3) The total amount of costs incurred by the Turnpike Authority to collect and
37 process unpaid open road tolls and a description of how the Department
38 determined the total amount of costs incurred.
- 39 (4) An identification of whether the processing fees collected exceeded,
40 equaled, or fell short of the costs incurred by the Turnpike Authority for
41 collecting and processing unpaid open road tolls.

42 **SECTION 29.15.(b)** Report. – The Department shall report its findings to the Joint
43 Legislative Transportation Oversight Committee by March 1, 2016.

44 45 **ADJUST CAP ON TURNPIKE PROJECTS**

46 **SECTION 29.15A.** G.S. 136-89.183(a)(2) reads as rewritten:

47 **"§ 136-89.183. Powers of the Authority.**

48 (a) The Authority shall have all of the powers necessary to execute the provisions of
49 this Article, including the following:

50 ...

(2) To study, plan, develop, and undertake preliminary design work on ~~up to nine~~ Turnpike Projects. At the conclusion of these activities, the Turnpike Authority is authorized to design, establish, purchase, construct, operate, and maintain no more than eleven projects, which shall include the following projects: following:

- a. Triangle Expressway, including segments also known as N.C. 540, Triangle Parkway, and the Western Wake Freeway in Wake and Durham Counties. The described segments constitute ~~three projects: one project.~~
- b. Repealed by Session Laws 2013-183, s. 5.1, effective July 1, 2013.
- c. Monroe Connector/Bypass.
- d., e. Repealed by Session Laws 2013-183, s. 5.1, effective July 1, 2013.
- f. Repealed by Session Laws 2008-225, s. 4, effective August 17, 2008.

Any other project proposed by the Authority in addition to the projects listed in this subdivision requires prior consultation with the Joint Legislative Commission on Governmental Operations pursuant to G.S. 120-76.1 no less than 180 days prior to initiating the process required by Article 7 of Chapter 159 of the General Statutes.

With the exception of the ~~four~~two projects set forth in sub-subdivisions a. and c. of this subdivision, the Turnpike projects selected for construction by the Turnpike Authority, prior to the letting of a contract for the project, shall meet the following conditions: (i) two of the projects must be ranked in the top 35 based on total score on the Department-produced list entitled "Mobility Fund Project Scores" dated June 6, 2012, and, in addition, may be subject to G.S. 136-18(39a); (ii) of the projects not ranked as provided in (i), one may be subject to G.S. 136-18(39a); (iii) the projects shall be included in any applicable locally adopted comprehensive transportation plans; (iv) the projects shall be shown in the current State Transportation Improvement Program; and (v) toll projects must be approved by all affected Metropolitan Planning Organizations and Rural Transportation Planning Organizations for tolling."

USE OF FUNDS FOR PAVEMENT PRESERVATION PROGRAM

SECTION 29.17.(a) G.S. 136-44.17 reads as rewritten:

"§ 136-44.17. Pavement preservation program.

...

(b) Eligible Activities or Treatments. – Applications eligible for funding under the pavement preservation program include the following preservation activities or treatments for asphalt pavement structures:

- (1) Chip seals, slurry seals, fog seals, sand seals, scrub seals, and cape seals.
- (2) Microsurfacing.
- (3) Profile milling not covered by resurfacing.
- (4) Asphalt rejuvenators.
- (5) Open graded asphalt friction course.
- (6) Overlays less than 1,000 feet in length.
- (7) Diamond grinding.
- (8) Joint sealing.
- (9) Dowel bar retrofit.
- (10) Partial-depth or full-depth repairs and reclamations.
- (11) Ultra-thin whitetopping.
- (12) Thin lift and sand asphalt overlays.

1 (13) Asphalt crack sealing.
 2 (c) Ineligible Activities or Treatments. – The pavement preservation program shall not
 3 include the following preservation activities or treatments:

- 4 (1) Contract resurfacing activities or major pavement rehabilitation treatments
 5 and pretreatments that are used in combination with a resurfacing treatment,
 6 such as profile milling or chip seals.
 7 (2) Routine maintenance activities used to maintain and preserve the condition
 8 of roads. Treatments include, but are not limited to, ~~asphalt crack sealing,~~
 9 pothole patching, rut filling, cleaning of roadside ditches and structures,
 10 shoulder maintenance, and retracing of pavement markings.
 11 (3) Maintenance and preservation activities performed on bridges or culverts.
 12 (4) Activities related to positive guidance or signal maintenance program
 13 functions.

14 (d) Encumbrance Schedule. – Beginning in the 2015-2016 fiscal year, the Department
 15 of Transportation shall spend or encumber all funds appropriated by the General Assembly to
 16 the Department for the pavement preservation program by June 30 of the fiscal year for which
 17 the funds were appropriated."

18 **SECTION 29.17.(b)** Subsection (k) of Section 34.11 of S.L. 2014-100 is repealed.

19 **SECTION 29.17.(c)** Subdivision (3) of subsection (l) of Section 34.11 of S.L.
 20 2014-100 reads as rewritten:

- 21 "(3) The statewide cost per lane mile (hereafter "unit cost") along with unit cost
 22 for each division and for each type of treatment. The Department shall
 23 provide an explanation for unit costs that vary by more than ~~twenty percent~~
 24 (20%)ten percent (10%) from the statewide unit cost."

25 **SECTION 29.17.(d)** Subsection (c) of this section is effective when this act
 26 becomes law and applies to reports submitted on or after that date.

27 **FUNDS FOR CONTRACT RESURFACING**

28 **SECTION 29.17C.(a)** Subsection (e) of Section 34.11 of S.L. 2014-100 is
 29 repealed.

30 **SECTION 29.17C.(b)** G.S. 136-44.3A reads as rewritten:

31 **"§ 136-44.3A. Highway Maintenance Improvement Program.**

32 ...
 33 ~~(d) Contract Maintenance Resurfacing Program Letting Schedule. — Beginning in the~~
 34 ~~2015-2016 fiscal year, and based on the amount of funds appropriated in the prior fiscal year by~~
 35 ~~the General Assembly to the Department for the contract maintenance resurfacing program, the~~
 36 ~~Department shall let contracts that total at least seventy percent (70%) of contract resurfacing~~
 37 ~~program funds included in the certified budget annually by September 1.~~

38 (d1) Encumbrance Schedule. – Beginning in the 2015-2016 fiscal year, the Department
 39 of Transportation shall spend or encumber all funds appropriated by the General Assembly to
 40 the Department for the contract maintenance resurfacing program by June 30 of the fiscal year
 41 for which the funds were appropriated.

42"
 43
 44

45 **STABILIZATION OF FUNDING FOR STATE AID TO MUNICIPALITIES**

46 **SECTION 29.17D.** G.S. 136-41.1(a) reads as rewritten:

47 "(a) ~~There is annually appropriated out of the State Highway Fund a sum equal to ten~~
 48 ~~and four tenths percent (10.4%) of the net amount after refunds that was produced during the~~
 49 ~~fiscal year by the tax imposed under Article 36C of Chapter 105 of the General Statutes and on~~
 50 ~~the equivalent amount of alternative fuel taxed under Article 36D of that Chapter.~~
 51 One-half Upon appropriation of funds by the General Assembly to the Department of

1 Transportation for State aid to municipalities, one-half of the amount appropriated shall be
2 allocated in cash on or before October 1 of each year to the cities and towns of the State in
3 accordance with this section. The second one-half of the amount appropriated shall be allocated
4 in cash on or before January 1 of each year to the cities and towns of the State in accordance
5 with this section. ~~The appropriation from the Highway Fund shall be based on revenue~~
6 ~~collected during the fiscal year preceding the date the distribution is made.~~

7 Seventy-five percent (75%) of the funds appropriated for cities and towns shall be
8 distributed among the several eligible municipalities of the State in the percentage proportion
9 that the population of each eligible municipality bears to the total population of all eligible
10 municipalities according to the most recent annual estimates of population as certified to the
11 Secretary of Revenue by the State Budget Officer. This annual estimation of population shall
12 include increases in the population within the municipalities caused by annexations
13 accomplished through July 1 of the calendar year in which these funds are distributed.
14 Twenty-five percent (25%) of said fund shall be distributed among the several eligible
15 municipalities of the State in the percentage proportion that the mileage of public streets in
16 each eligible municipality which does not form a part of the State highway system bears to the
17 total mileage of the public streets in all eligible municipalities which do not constitute a part of
18 the State highway system.

19 It shall be the duty of the mayor of each municipality to report to the Department of
20 Transportation such information as it may request for its guidance in determining the eligibility
21 of each municipality to receive funds under this section and in determining the amount of
22 allocation to which each is entitled. Upon failure of any municipality to make such report
23 within the time prescribed by the Department of Transportation, the Department of
24 Transportation may disregard such defaulting unit in making said allotment.

25 The funds to be allocated under this section shall be paid in cash to the various eligible
26 municipalities on or before October 1 and January 1 of each year as provided in this section.
27 Provided that eligible municipalities are authorized within the discretion of their governing
28 bodies to enter into contracts for the purpose of maintenance, repair, construction,
29 reconstruction, widening, or improving streets of such municipalities at any time after January
30 1 of any calendar year in total amounts not to exceed ninety percent (90%) of the amount
31 received by such municipality during the preceding fiscal year, in anticipation of the receipt of
32 funds under this section during the next fiscal year, to be paid for out of such funds when
33 received.

34 The Department of Transportation may withhold each year an amount not to exceed one
35 percent (1%) of the total amount appropriated for distribution under this section for the purpose
36 of correcting errors in allocations: Provided, that the amount so withheld and not used for
37 correcting errors will be carried over and added to the amount to be allocated for the following
38 year.

39 The word "street" as used in this section is hereby defined as any public road maintained by
40 a municipality and open to use by the general public, and having an average width of not less
41 than 16 feet. In order to obtain the necessary information to distribute the funds herein
42 allocated, the Department of Transportation may require that each municipality eligible to
43 receive funds under this section submit to it a statement, certified by a registered engineer or
44 surveyor of the total number of miles of streets in such municipality. The Department of
45 Transportation may in its discretion require the certification of mileage on a biennial basis."
46

47 **STUDY/IMPROVING SAFETY ON SECONDARY ROADS**

48 **SECTION 29.17E.(a)** Study. – The Department of Transportation shall study ways
49 to improve safety and decrease the number of traffic accidents and fatalities occurring on
50 secondary roads. The study shall include all of the following:

- 1 (1) An identification of the secondary roads with the highest number of traffic
2 accidents and fatalities.
- 3 (2) An identification of the most common causes listed for traffic accidents and
4 fatalities occurring on secondary roads.
- 5 (3) Any other matters or information the Department deems relevant to the
6 completion of the study.

7 **SECTION 29.17E.(b)** Report. – The Department shall report its findings and
8 recommendations, including any legislative proposals, to the Joint Legislative Transportation
9 Oversight Committee by February 1, 2016.

10

11 **RELOCATION COSTS/SALE OF VISITOR CENTER IN BOONE, NC**

12 **SECTION 29.17F.** If the visitor center located in the Town of Boone is sold or
13 otherwise disposed of during the 2015-2017 fiscal biennium, there is appropriated from the
14 Special Registration Plate Account the sum of fifty thousand dollars (\$50,000) in nonrecurring
15 funds to the North Carolina High Country Host, Inc., for the purpose of covering costs incurred
16 from renovating or upfitting the relocated visitor center. These funds shall be in addition to any
17 other funds the North Carolina High Country Host, Inc., may receive under G.S. 20-79.7 for the
18 operation of a visitor center.

19

20 **REPORT/USE OF COAL COMBUSTION RESIDUALS**

21 **SECTION 29.18.** Report. – By January 15, 2016, the Utilities Commission shall
22 submit a report to the Joint Legislative Commission on Governmental Operations, the Joint
23 Legislative Transportation Oversight Committee, and the Environmental Review Commission
24 on the incremental cost incentives related to coal combustion residuals surface impoundments
25 for investor-owned public utilities. The report shall include all of the following:

- 26 (1) The Utilities Commission policy on allowed incremental cost recoupment.
- 27 (2) The impact on utility customers' rates under the current policy on allowed
28 incremental cost recoupment.
- 29 (3) Possible revisions to the current policy on allowed incremental cost
30 recoupment that would promote reprocessing and other technologies that
31 allow the reuse of coal combustion residuals stored in surface impoundments
32 for concrete and other beneficial end uses.

33

34 **RAIL DIVISION/STUDY ESTABLISHING COMMERCIAL FREIGHT RAIL**
35 **SERVICE IN JACKSONVILLE**

36 **SECTION 29.21.(a)** Study. – The Rail Division of the Department of
37 Transportation, in collaboration with the Camp Lejeune Marine Corps Air Base, the
38 Jacksonville Urban Area Metropolitan Planning Organization, the City of Jacksonville, Onslow
39 County, and the Norfolk Southern Railway Company, shall study the feasibility and
40 advisability of establishing a commercial freight rail service along the Camp Lejeune rail line
41 located in Onslow County, North Carolina. The study shall include all of the following:

- 42 (1) An evaluation of the maintenance needs of the existing rail line and any
43 enhancements needed to support commercial freight access.
- 44 (2) An evaluation of the use of partnership opportunities to complete long-term
45 maintenance and enhancements in order to minimize the cost burden for all
46 parties involved.
- 47 (3) Any other matters that the Rail Division deems relevant to the study.

48 **SECTION 29.21.(b)** Report. – The Rail Division shall report its findings to the
49 Chairs of the Senate Appropriations Committee on the Department of Transportation and the
50 House of Representatives Committee on Transportation Appropriations by July 1, 2016.

PASSENGER RAIL RECEIPT-GENERATING ACTIVITIES

SECTION 29.22.(a) G.S. 136-18 is amended by adding a new subdivision to read:

"(44a) Where the Department owns or leases the passenger rail facility, owns or leases the rail equipment, or holds leasehold or license rights for the purpose of operating passenger stations, the Department may operate or contract for the following receipt-generating activities and use the proceeds to fund passenger rail operations:

a. Where the Department owns the passenger rail facility or owns or leases the rail equipment, operation of concessions on State-funded passenger trains and at passenger rail facilities to provide to passengers food, drink, and other refreshments, personal comfort items, Internet access, and souvenirs publicizing the passenger rail system.

b. Where the Department holds leasehold or license rights for the purpose of operating passenger stations, operation of concessions at rail passenger facilities to provide food, drink, and other refreshments, personal comfort items, Internet access, and souvenirs publicizing the passenger rail system, in accordance with the terms of the leasehold or license.

c. Advertising on or within the Department's passenger rail equipment or facility, including display advertising and advertising delivered to passengers through the use of video monitors, public address systems installed in passenger areas, and other electronic media.

d. The sale of naming rights to Department-owned passenger rail equipment or facilities."

SECTION 29.22.(b) G.S. 66-58(c)(21) reads as rewritten:

"(21) Any activity conducted or contracted for by the Department of Transportation that is authorized by G.S. 136-18(44a) or G.S. 136-82(f)."

FREIGHT RAIL & RAIL CROSSING SAFETY IMPROVEMENT FUND USES

SECTION 29.23. G.S. 124-5.1 reads as rewritten:

"§ 124-5.1. North Carolina Railroad Company dividends deposited to Highway Fund.

Any dividends of the North Carolina Railroad Company received by the State shall be deposited into the Freight Rail & Rail Crossing Safety Improvement Fund within the Highway Fund and administered by the Rail Division of the Department of Transportation. The Fund shall be used for the enhancement of freight rail service and railroad-roadway crossing safety, which may include the following project types:

(1) Track and associated infrastructure improvements for freight service.

(2) Grade crossing protection, elimination, and hazard removal.

(3) Signalization improvements.

(4) Assistance for projects to improve rail access to industrial, port, and military facilities and for freight intermodal facility improvements, provided that funding assistance under this subdivision shall be subject to the same limits as that for short-line railroads under G.S. 136-44.39.

(5) Corridor protection and reactivation.

The Fund may also be used to supplement funds allocated for freight rail or railroad-roadway crossing safety projects approved as part of the Transportation Improvement Program."

USE OF PROCEEDS GENERATED FROM SHIPYARD

SECTION 29.23A. G.S. 136-82 reads as rewritten:

1 **"§ 136-82. Department of Transportation to establish and maintain ferries.**

2 ...

3 (d) Use of Toll Proceeds. – The Department of Transportation shall credit the proceeds
4 from tolls collected on North Carolina Ferry System routes and certain receipts generated under
5 subsection (f) of this section to reserve accounts within the Highway Fund for each of the
6 Highway Divisions in which system terminals are located and fares are earned. For the
7 purposes of this subsection, fares are earned based on the terminals from which a passenger trip
8 originates and terminates. Commuter pass receipts shall be credited proportionately to each
9 reserve account based on the distribution of trips originating and terminating in each Highway
10 Division. The proceeds credited to each reserve account shall be used exclusively for
11 prioritized North Carolina Ferry System ferry passenger vessel replacement projects in the
12 Division in which the proceeds are earned. Proceeds may be used to fund ferry passenger vessel
13 replacement projects or supplement funds allocated for ferry passenger vessel replacement
14 projects approved in the Transportation Improvement Program.

15 ...

16 (f) Authority to Generate Certain Receipts. – The Department of Transportation,
17 notwithstanding any other provision of law, may operate or contract for the following
18 receipt-generating activities ~~and~~, except as otherwise provided in subsection (f1) of this
19 section, use the proceeds for ferry passenger vessel replacement projects in the manner set forth
20 in subsection (d) of this section:

21 ...

22 (f1) Use of Receipts Generated From Shipyard. – The Department of Transportation
23 shall credit the proceeds from receipts generated under subsection (f) of this section from
24 activities performed by the North Carolina State Shipyard to a reserve account within the
25 Highway Fund to be used exclusively for improvements to the Shipyard, including equipment
26 and associated infrastructure. Notwithstanding the restrictions on the use of proceeds set forth
27 in subsections (d) and (f) of this section, the Department may use a proportional amount of the
28 proceeds credited to each reserve account described in subsection (d) of this section to replace
29 or repair equipment in accordance with this subsection if there is an insufficient amount of
30 funds in the reserve account within the Highway Fund for the Shipyard.

31"

32
33 **SET FEE FOR PRIORITY BOARDING ON FERRY**

34 **SECTION 29.23B.(a)** G.S. 136-82(f) is amended by adding a new subdivision to
35 read:

36 "(3a) Issuance of annual passes to individual passengers that entitle the passengers
37 to priority when boarding a ferry passenger vessel. The Department of
38 Transportation shall charge an annual fee of one hundred fifty dollars
39 (\$150.00) for each pass issued under this subdivision. The fee shall be in
40 addition to any applicable ferry toll. In addition to the purposes set forth in
41 this subsection, proceeds from fees collected under this subdivision may be
42 used for operating expenses of the route in which the fee was collected.
43 Notwithstanding any other provision of law, the Department of
44 Transportation shall not provide free of charge annual passes to individual
45 passengers that entitle the passengers to priority when boarding a ferry
46 passenger vessel."

47 **SECTION 29.23B.(b)** This section becomes effective July 1, 2015, and applies to
48 passes issued on or after that date.

49
50 **RFI AND STUDY/PRIVATIZATION OF FERRY SYSTEM**

1 **SECTION 29.23C.(a)** Intent. – The General Assembly finds that the privatization
2 of the North Carolina Ferry System would provide a more cost-effective service model for the
3 citizens of the State. Therefore, it is the intent of the General Assembly to ascertain market
4 interest for the private operation of the North Carolina Ferry System or its component parts.

5 **SECTION 29.23C.(b)** Request for Information. – The Board of Transportation
6 shall issue a request for information (RFI) for the privatization of the North Carolina Ferry
7 System.

8 **SECTION 29.23C.(c)** Report. – The Board of Transportation shall report to the
9 Joint Legislative Transportation Oversight Committee and the Fiscal Research Division no later
10 than February 1, 2016, on the results of the RFI and whether it is more cost-effective to
11 privatize the North Carolina Ferry System.

12 **SECTION 29.23C.(d)** Study. – The Joint Legislative Transportation Oversight
13 Committee shall study the feasibility and desirability of privatizing the North Carolina Ferry
14 System. The study shall include ownership, governance, and regulatory issues related to (i)
15 potential privatization of the North Carolina Ferry System and (ii) privately owned ferries
16 currently operating in North Carolina. The Joint Legislative Transportation Oversight
17 Committee shall report its findings and any legislative proposals to the 2016 Regular Session of
18 the 2015 General Assembly.

19 20 **USE OF FUNDS APPROPRIATED TO DIVISION OF AVIATION**

21 **SECTION 29.27.** Of the funds appropriated in this act to the Division of Aviation
22 of the Department of Transportation, the Division shall allocate (i) the sum of three million five
23 hundred thousand dollars (\$3,500,000) in nonrecurring funds for the 2015-2016 fiscal year to
24 the Cape Fear Regional Jetport to be used for improvements to the Jetport and (ii) the sum of
25 one million dollars (\$1,000,000) in nonrecurring funds for the 2015-2016 fiscal year to the
26 Albert J. Ellis Airport to be used for the establishment of an air traffic control tower. The
27 remaining funds appropriated in this act to the Division may be used for time-sensitive,
28 aviation-related economic development projects.

29 30 **ADJUST MUNICIPAL VEHICLE TAX**

31 **SECTION 29.27A.(a)** G.S. 20-97 reads as rewritten:

32 **"§ 20-97. Taxes credited to Highway Fund; municipal vehicle taxes.**

33 (a) State Taxes to Highway Fund. – All taxes levied under this Article are
34 compensatory taxes for the use and privileges of the public highways of this State. The taxes
35 collected shall be credited to the State Highway Fund. Except as provided in this section, no
36 county or municipality shall levy any license or privilege tax upon any motor vehicle licensed
37 by the State.

38 (b) General Municipal Vehicle Tax. – ~~Cities and towns may levy a tax of not more than~~
39 ~~five dollars (\$5.00) per year upon any vehicle resident in the city or town. The proceeds of the~~
40 ~~tax may be used for any lawful purpose.~~

41 **(b1) Municipal Vehicle Tax.** – A city or town may levy an annual municipal vehicle tax
42 upon any vehicle resident in the city or town. The aggregate annual municipal vehicle tax
43 levied, including any annual municipal vehicle tax authorized by local legislation, may not
44 exceed thirty dollars (\$30.00) per vehicle. A city or town may use the net proceeds from the
45 municipal vehicle tax as follows:

46 (1) General purpose. – Not more than five dollars (\$5.00) of the tax levied may
47 be used for any lawful purpose.

48 (2) Public transportation. – Not more than five dollars (\$5.00) of the tax levied
49 may be used for financing, constructing, operating, and maintaining local
50 public transportation systems. This subdivision only applies to a city or town
51 that operates a public transportation system as defined in G.S. 105-550.

(3) Public streets. – The remainder of the tax levied may be used for maintaining, repairing, constructing, reconstructing, widening, or improving public streets in the city or town that do not form a part of the State highway system.

(e) ~~Municipal Vehicle Tax for Public Transportation. – A city or town that operates a public transportation system as defined in G.S. 105-550 may levy a tax of not more than five dollars (\$5.00) per year upon any vehicle resident in the city or town. The tax authorized by this subsection is in addition to the tax authorized by subsection (b) of this section. A city or town may not levy a tax under this section, however, to the extent the rate of tax, when added to the general motor vehicle taxes levied by the city or town under subsection (b) of this section and under any local legislation, would exceed thirty dollars (\$30.00) per year. The proceeds of the tax may be used only for financing, constructing, operating, and maintaining local public transportation systems. Cities and towns shall use the proceeds of the tax to supplement and not to supplant or replace existing funds or other resources for public transportation systems. This subsection does not apply to the cities and towns in Gaston County.~~

(d) ~~Municipal Taxi Tax. – Cities and towns may levy a tax of not more than fifteen dollars (\$15.00) per year upon each vehicle operated in the city or town as a taxicab. The proceeds of the tax may be used for any lawful purpose.~~

(e) ~~No Additional Local Tax. – No county, city or town may impose a franchise tax, license tax, or other fee upon a motor carrier unless the tax is authorized by this section."~~

SECTION 29.27A.(b) This section is effective when it becomes law. This section does not change, repeal, or affect any local modifications to G.S. 20-97(b) enacted on or before the effective date.

ADJUST DISTRIBUTION OF REVENUE FROM MOTOR FUEL EXCISE TAX RATE

SECTION 29.27B.(a) G.S. 105-449.125 reads as rewritten:

"§ 105-449.125. Distribution of tax revenue among various funds and accounts.

The Secretary shall allocate the amount of revenue collected under this Article from an excise tax of one-half cent (1/2¢) a gallon to the following funds and accounts in the fraction indicated:

<u>Fund or Account</u>	<u>Amount</u>
Commercial Leaking Petroleum	
Underground Storage Tank Cleanup Fund	Nineteen thirty-seconds
Noncommercial Leaking Petroleum	
Underground Storage Tank Cleanup Fund	Three thirty-seconds
Water and Air Quality Account	Five-sixteenths.

The Secretary shall allocate ~~seventy-five percent (75%)~~ seventy percent (70%) of the remaining excise tax revenue collected under this Article to the Highway Fund and shall allocate ~~twenty-five percent (25%)~~ thirty percent (30%) to the Highway Trust Fund.

The Secretary shall charge a proportionate share of a refund allowed under this Article to each fund or account to which revenue collected under this Article is credited. The Secretary shall credit revenue or charge refunds to the appropriate funds or accounts on a monthly basis."

SECTION 29.27B.(b) G.S. 105-449.125, as amended by subsection (a) of this section, reads as rewritten:

"§ 105-449.125. Distribution of tax revenue among various funds and accounts.

The Secretary shall allocate the amount of revenue collected under this Article from an excise tax of one-half cent (1/2¢) a gallon to the following funds and accounts in the fraction indicated:

<u>Fund or Account</u>	<u>Amount</u>
Commercial Leaking Petroleum	
Underground Storage Tank Cleanup Fund	Nineteen thirty-seconds

1 Noncommercial Leaking Petroleum
 2 Underground Storage Tank Cleanup Fund Three thirty seconds
 3 Water and Air Quality Account Five-sixteenths.
 4 The Secretary shall allocate seventy percent (70%) of the remaining excise tax revenue
 5 collected under this Article to the Highway Fund and shall allocate thirty percent (30%) to the
 6 Highway Trust Fund.

7 The Secretary shall charge a proportionate share of a refund allowed under this Article to
 8 each fund or account to which revenue collected under this Article is credited. The Secretary
 9 shall credit revenue or charge refunds to the appropriate funds or accounts on a monthly basis."

10 **SECTION 29.27B.(c)** Subsection (b) of this section becomes effective July 1,
 11 2016, and applies to revenue collected on or after that date.

12
 13 **INCREASE AND ADJUST DMV FEES**

14 **SECTION 29.30.(a)** G.S. 20-7(i1) reads as rewritten:

15 "(i1) Restoration Fee. – Any person whose drivers license has been revoked pursuant to
 16 the provisions of this Chapter, other than G.S. 20-17(a)(2) shall pay a restoration fee of fifty
 17 dollars (\$50.00). A person whose drivers license has been revoked under G.S. 20-17(a)(2) shall
 18 pay a restoration fee of one hundred dollars (\$100.00). The fee shall be paid to the Division
 19 prior to the issuance to such person of a new drivers license or the restoration of the drivers
 20 license. The restoration fee shall be paid to the Division in addition to any and all fees which
 21 may be provided by law. This restoration fee shall not be required from any licensee whose
 22 license was revoked or voluntarily surrendered for medical or health reasons whether or not a
 23 medical evaluation was conducted pursuant to this Chapter. The fifty-dollar (\$50.00) fee, and
 24 the first fifty dollars (\$50.00) seventy-five dollars (\$75.00) of the one-hundred-dollar (\$100.00)
 25 fee, shall be deposited in the Highway Fund. Twenty-five dollars (\$25.00) of the
 26 one-hundred-dollar (\$100.00) fee shall be used to fund a statewide chemical alcohol testing
 27 program administered by the Forensic Tests for Alcohol Branch of the Chronic Disease and
 28 Injury Section of the Department of Health and Human Services. ~~The remainder of the~~
 29 ~~one hundred dollar (\$100.00) fee shall be deposited in the General Fund.~~ The Office of State
 30 Budget and Management shall annually report to the General Assembly the amount of fees
 31 deposited in the General Fund and transferred to the Forensic Tests for Alcohol Branch of the
 32 Chronic Disease and Injury Section of the Department of Health and Human Services under
 33 this subsection.

34 ~~Effective with the 2011-2012 fiscal year, from the funds deposited in the General Fund~~
 35 ~~under this subsection the sum of five hundred thirty seven thousand four hundred fifty five~~
 36 ~~dollars (\$537,455) shall be transferred annually to the Board of Governors of The University of~~
 37 ~~North Carolina to be used for the operating expenses of the Bowles Center for Alcohol Studies~~
 38 ~~at The University of North Carolina at Chapel Hill."~~

39 **SECTION 29.30.(a1)** G.S. 20-7, as amended by subsection (a) of this section,
 40 reads as rewritten:

41 "**§ 20-7. Issuance and renewal of drivers licenses.**

42 ...

43 (i) Fees. – The fee for a regular drivers license is the amount set in the following table
 44 multiplied by the number of years in the period for which the license is issued:

45 Class of Regular License	Fee for Each Year
46 Class A	\$4.00 \$5.00
47 Class B	\$4.00 \$5.00
48 Class C	\$4.00 \$5.00

49 The fee for a motorcycle endorsement is ~~one dollar and seventy five cents (\$1.75)~~ two dollars
 50 (\$2.00) for each year of the period for which the endorsement is issued. The appropriate fee
 51 shall be paid before a person receives a regular drivers license or an endorsement.

(il) Restoration Fee. – Any person whose drivers license has been revoked pursuant to the provisions of this Chapter, other than G.S. 20-17(a)(2) shall pay a restoration fee of ~~fifty dollars (\$50.00);~~sixty dollars (\$60.00). A person whose drivers license has been revoked under G.S. 20-17(a)(2) shall pay a restoration fee of ~~one hundred dollars (\$100.00);~~one hundred twenty dollars (\$120.00). The fee shall be paid to the Division prior to the issuance to such person of a new drivers license or the restoration of the drivers license. The restoration fee shall be paid to the Division in addition to any and all fees which may be provided by law. This restoration fee shall not be required from any licensee whose license was revoked or voluntarily surrendered for medical or health reasons whether or not a medical evaluation was conducted pursuant to this Chapter. The ~~fifty dollar (\$50.00);~~sixty-dollar (\$60.00) fee, and the first ~~seventy five dollars (\$75.00);~~ninety-five dollars (\$95.00) of the ~~one hundred dollar (\$100.00);~~one-hundred-twenty-dollar (\$120.00) fee, shall be deposited in the Highway Fund. Twenty-five dollars (\$25.00) of the ~~one hundred dollar (\$100.00);~~one-hundred-twenty-dollar (\$120.00) fee shall be used to fund a statewide chemical alcohol testing program administered by the Forensic Tests for Alcohol Branch of the Chronic Disease and Injury Section of the Department of Health and Human Services. The Office of State Budget and Management shall annually report to the General Assembly the amount of fees transferred to the Forensic Tests for Alcohol Branch of the Chronic Disease and Injury Section of the Department of Health and Human Services under this subsection.

...

(l) Learner's Permit. – A person who is at least 18 years old may obtain a learner's permit. A learner's permit authorizes the permit holder to drive a specified type or class of motor vehicle while in possession of the permit. A learner's permit is valid for a period of 18 months after it is issued. The fee for a learner's permit is ~~fifteen dollars (\$15.00);~~eighteen dollars (\$18.00). A learner's permit may be renewed, or a second learner's permit may be issued, for an additional period of 18 months. The permit holder must, while operating a motor vehicle over the highways, be accompanied by a person who is licensed to operate the motor vehicle being driven and is seated beside the permit holder.

...."

SECTION 29.30.(b) G.S. 20-11(j) reads as rewritten:

"(j) Duration and Fee. — A limited learner's permit expires on the eighteenth birthday of the permit holder. A limited provisional license expires on the eighteenth birthday of the license holder. A limited learner's permit or limited provisional license issued under this section that expires on a weekend or State holiday shall remain valid through the fifth regular State business day following the date of expiration. A full provisional license expires on the date set under G.S. 20-7(f). The fee for a limited learner's permit or a limited provisional license is ~~fifteen dollars (\$15.00);~~eighteen dollars (\$18.00). The fee for a full provisional license is the amount set under G.S. 20-7(i)."

SECTION 29.30.(c) G.S. 20-14 reads as rewritten:

"§ 20-14. Duplicate licenses.

A person may obtain a duplicate of a license issued by the Division by paying a fee of ~~ten dollars (\$10.00);~~twelve dollars (\$12.00) and giving the Division satisfactory proof that any of the following has occurred:

- (1) The person's license has been lost or destroyed.
- (2) It is necessary to change the name or address on the license.
- (3) Because of age, the person is entitled to a license with a different color photographic background or a different color border.
- (4) The Division revoked the person's license, the revocation period has expired, and the period for which the license was issued has not expired."

SECTION 29.30.(d) G.S. 20-16(e) reads as rewritten:

"(e) The Division may conduct driver improvement clinics for the benefit of those who have been convicted of one or more violations of this Chapter. Each driver attending a driver improvement clinic shall pay a fee of ~~fifty dollars (\$50.00)~~ sixty dollars (\$60.00)."

SECTION 29.30.(e) G.S. 20-26(c) reads as rewritten:

"(c) The Division shall furnish copies of license records required to be kept by subsection (a) of this section in accordance with G.S. 20-43.1 to other persons for uses other than official upon prepayment of the following fees:

- (1) Limited extract copy of license record, for period up to three years ~~\$8.00~~ \$10.00
- (2) Complete extract copy of license record ~~8.00~~ 10.00
- (3) Certified true copy of complete license record ~~11.00~~ 13.00

All fees received by the Division under this subsection shall be credited to the Highway Fund."

SECTION 29.30.(f) G.S. 20-37.15(a1) reads as rewritten:

"(a1) The application must be accompanied by a nonrefundable application fee of ~~thirty dollars (\$30.00)~~ thirty-six dollars (\$36.00). This fee does not apply in any of the following circumstances:

- (1) When an individual surrenders a commercial driver learner's permit issued by the Division when submitting the application.
- (2) When the application is to renew a commercial drivers license issued by the Division.

This fee shall entitle the applicant to three attempts to pass the written knowledge test without payment of a new fee. No application fee shall be charged to an applicant eligible for a waiver under G.S. 20-37.13(c)."

SECTION 29.30.(g) G.S. 20-37.16(d) reads as rewritten:

"(d) The fee for a Class A, B, or C commercial drivers license is ~~fifteen dollars (\$15.00)~~ eighteen dollars (\$18.00) for each year of the period for which the license is issued. The fee for each endorsement is ~~three dollars (\$3.00)~~ four dollars (\$4.00) for each year of the period for which the endorsement is issued. The fees required under this section do not apply to employees of the Driver License Section of the Division who are designated by the Commissioner."

SECTION 29.30.(h) G.S. 20-42(b) reads as rewritten:

"(b) The Commissioner and officers of the Division designated by the Commissioner may prepare under the seal of the Division and deliver upon request a certified copy of any document of the Division for a fee. The fee for a document, other than an accident report under G.S. 20-166.1, is ~~ten dollars (\$10.00)~~ twelve dollars (\$12.00). The fee for an accident report is ~~five dollars (\$5.00)~~ six dollars (\$6.00). A certified copy shall be admissible in any proceeding in any court in like manner as the original thereof, without further certification. The certification fee does not apply to a document furnished for official use to a judicial official or to an official of the federal government, a state government, or a local government."

SECTION 29.30.(i) G.S. 20-85(a) reads as rewritten:

"(a) The following fees are imposed concerning a certificate of title, a registration card, or a registration plate for a motor vehicle. These fees are payable to the Division and are in addition to the tax imposed by Article 5A of Chapter 105 of the General Statutes.

- (1) Each application for certificate of title ~~\$40.00~~ \$48.00
- (2) Each application for duplicate or corrected certificate of title ~~15.00~~ 18.00
- (3) Each application of reposessor for certificate of title ~~15.00~~ 18.00
- (4) Each transfer of registration ~~15.00~~ 18.00
- (5) Each set of replacement registration plates ~~15.00~~ 18.00
- (6) Each application for duplicate registration card ~~15.00~~ 18.00
- (7) Each application for recording supplementary lien ~~15.00~~ 18.00

- 1 (8) Each application for removing a lien from a certificate of
- 2 title ~~15.00~~18.00
- 3 (9) Each application for certificate of title for a motor vehicle transferred to a
- 4 manufacturer, as defined in G.S. 20-286, or a motor vehicle retailer for the
- 5 purpose of resale ~~15.00~~18.00
- 6 (10) Each application for a salvage certificate of title made by an insurer or by a
- 7 used motor vehicle dealer pursuant to subdivision (b)(2) or subsection (e1)
- 8 of G.S. 20-109.1 ~~15.00~~18.00
- 9 (11) Each set of replacement Stock Car Racing Theme plates issued under
- 10 G.S. 20-79.4 ~~25.00~~25.00"

11 **SECTION 29.30.(j)** G.S. 20-85.1(b) reads as rewritten:

12 "(b) The Commissioner and the employees of the Division designated by the
13 Commissioner may prepare and deliver upon request a certificate of title, charging a fee of
14 ~~seventy five dollars (\$75.00)~~ninety dollars (\$90.00) for one-day title service, in lieu of the title
15 fee required by G.S. 20-85(a). The fee for one-day title service must be paid by cash or by
16 certified check. This fee shall be credited to the Highway Trust Fund."

17 **SECTION 29.30.(k)** G.S. 20-87 reads as rewritten:

18 **"§ 20-87. Passenger vehicle registration fees.**

19 These fees shall be paid to the Division annually for the registration and licensing of
20 passenger vehicles, according to the following classifications and schedules:

- 21 (1) For-Hire Passenger Vehicles. – The fee for a passenger vehicle that is
- 22 operated for compensation and has a capacity of 15 passengers or less is
- 23 ~~seventy eight dollars (\$78.00)~~ninety-four dollars (\$94.00). The fee for a
- 24 passenger vehicle that is operated for compensation and has a capacity of
- 25 more than 15 passengers is ~~one dollar and forty cents (\$1.40)~~one dollar and
- 26 seventy cents (\$1.70) per hundred pounds of empty weight of the vehicle.

- 27 (2) U-Drive-It Vehicles. – U-drive-it vehicles shall pay the following tax:
- 28 Motorcycles: 1-passenger capacity ~~\$18.00~~\$22.00
- 29 2-passenger capacity ~~22.00~~26.00
- 30 3-passenger capacity ~~26.00~~31.00
- 31 Automobiles: 15 or fewer passengers ~~\$51.00~~\$61.00
- 32 Buses: 16 or more passengers ~~\$2.00~~\$2.40 per
- 33 hundred
- 34 pounds of
- 35 empty weight
- 36 Trucks under
- 37 7,000 pounds
- 38 that do not
- 39 haul products
- 40 for hire: 4,000 pounds..... ~~\$41.50~~\$50.00
- 41 5,000 pounds..... ~~\$51.00~~\$61.00
- 42 6,000 pounds..... ~~\$61.00~~\$73.00.

- 43 ...
- 44 (5) Private Passenger Vehicles. – There shall be paid to the Division annually,
- 45 as of the first day of January, for the registration and licensing of private
- 46 passenger vehicles, fees according to the following classifications and
- 47 schedules:
- 48 Private passenger vehicles of not more than
- 49 fifteen passengers ~~\$28.00~~\$34.00
- 50 Private passenger vehicles over fifteen passengers..... ~~31.00~~37.00

1 Provided, that a fee of only ~~one dollar (\$1.00)~~ one dollar and twenty cents
 2 (\$1.20) shall be charged for any vehicle given by the federal government to
 3 any veteran on account of any disability suffered during war so long as such
 4 vehicle is owned by the original donee or other veteran entitled to receive
 5 such gift under Title 38, section 252, United States Code Annotated.

6 (6) Private Motorcycles. – The base fee on private passenger motorcycles shall
 7 be ~~fifteen dollars (\$15.00);~~ eighteen dollars (\$18.00); except that when a
 8 motorcycle is equipped with an additional form of device designed to
 9 transport persons or property, the base fee shall be ~~twenty-two dollars~~
 10 ~~(\$22.00);~~ twenty-six dollars (\$26.00). An additional fee of three dollars
 11 (\$3.00) is imposed on each private motorcycle registered under this
 12 subdivision in addition to the base fee. The revenue from the additional fee,
 13 in addition to any other funds appropriated for this purpose, shall be used to
 14 fund the Motorcycle Safety Instruction Program created in G.S. 115D-72.

15 ...
 16 (9) House Trailers. – In lieu of other registration and license fees levied on
 17 house trailers under this section or G.S. 20-88, the registration and license
 18 fee on house trailers shall be ~~eleven dollars (\$11.00)~~ thirteen dollars (\$13.00)
 19 for the license year or any portion thereof.

20 ...
 21 (11) Any vehicle fee determined under this section according to the weight of the
 22 vehicle shall be increased by the sum of ~~three dollars (\$3.00)~~ four dollars
 23 (\$4.00) to arrive at the total fee.

24 ...
 25 (13) Additional fee for certain electric vehicles. – At the time of an initial
 26 registration or registration renewal, the owner of a plug-in electric vehicle
 27 that is not a low-speed vehicle and that does not rely on a nonelectric source
 28 of power shall pay a fee in the amount of ~~one hundred dollars (\$100.00)~~ one
 29 hundred twenty dollars (\$120.00) in addition to any other required
 30 registration fees."

31 **SECTION 29.30.(I)** G.S. 20-88 reads as rewritten:

32 **"§ 20-88. Property-hauling vehicles.**

33 ...
 34 (b) The following fees are imposed on the annual registration of self-propelled
 35 property-hauling vehicles; the fees are based on the type of vehicle and its weight:

36 **SCHEDULE OF WEIGHTS AND RATES**
 37 **Rates Per Hundred Pound Gross Weight**

	Farmer Rate
39 Not over 4,000 pounds	\$0.29 <u>\$0.35</u>
40 4,001 to 9,000 pounds inclusive	.40 <u>.48</u>
41 9,001 to 13,000 pounds inclusive	.50 <u>.60</u>
42 13,001 to 17,000 pounds inclusive	.68 <u>.82</u>
43 Over 17,000 pounds	.77 <u>.92</u>
44 Rates Per Hundred Pound Gross Weight	
	General Rate
46 Not over 4,000 pounds	\$0.59 <u>\$0.71</u>
47 4,001 to 9,000 pounds inclusive	.81 <u>.97</u>
48 9,001 to 13,000 pounds inclusive	1.00 <u>1.20</u>
49 13,001 to 17,000 pounds inclusive	1.36 <u>1.63</u>
50 Over 17,000 pounds	1.54 <u>1.85</u>

1 (1) The minimum fee for a vehicle licensed under this subsection is ~~twenty-four~~
 2 ~~dollars (\$24.00)~~ twenty-nine dollars (\$29.00) at the former rate and
 3 ~~twenty-eight dollars (\$28.00)~~ thirty-four dollars (\$34.00) at the general rate.

4 ...
 5 (6) There shall be paid to the Division annually the following fees for
 6 "wreckers" as defined under G.S. 20-4.01(50): a wrecker fully equipped
 7 weighing 7,000 pounds or less, ~~seventy-five dollars (\$75.00);~~ ninety dollars
 8 (\$90.00); wreckers weighing in excess of 7,000 pounds shall pay ~~one~~
 9 ~~hundred forty-eight dollars (\$148.00)~~ one hundred seventy-eight dollars
 10 (\$178.00). Fees to be prorated monthly. Provided, further, that nothing
 11 herein shall prohibit a licensed dealer from using a dealer's license plate to
 12 tow a vehicle for a customer.

13 (c) The fee for a semitrailer or trailer is ~~nineteen dollars (\$19.00)~~ twenty-three dollars
 14 (\$23.00) for each year or part of a year. The fee is payable each year. Upon the application of
 15 the owner of a semitrailer or trailer, the Division may issue a multiyear plate and registration
 16 card for the semitrailer or trailer for a fee of ~~seventy-five dollars (\$75.00)~~ ninety dollars
 17 (\$90.00). A multiyear plate and registration card for a semitrailer or trailer are valid until the
 18 owner transfers the semitrailer or trailer to another person or surrenders the plate and
 19 registration card to the Division. A multiyear plate may not be transferred to another vehicle.

20 The Division shall issue a multiyear semitrailer or trailer plate in a different color than an
 21 annual semitrailer or trailer plate and shall include the word "multiyear" on the plate. The
 22 Division may not issue a multiyear plate for a house trailer.

23 ...
 24 (i) Any vehicle fee determined under this section according to the weight of the vehicle
 25 shall be increased by the sum of ~~three dollars (\$3.00)~~ four dollars (\$4.00) to arrive at the total
 26 fee.

27"
 28 **SECTION 29.30.(m)** G.S. 20-289(a) reads as rewritten:

- 29 "(a) The license fee for each fiscal year, or part thereof, shall be as follows:
- 30 (1) For motor vehicle dealers, distributors, distributor branches, and
 31 wholesalers, ~~seventy dollars (\$70.00)~~ eighty-four dollars (\$84.00) for each
 32 place of business.
 - 33 (2) For manufacturers, ~~one hundred fifty dollars (\$150.00)~~ one hundred eighty
 34 dollars (\$180.00) and for each factory branch in this State, ~~one hundred~~
 35 ~~dollars (\$100.00)~~ one hundred twenty dollars (\$120.00).
 - 36 (3) For motor vehicle sales representatives, ~~fifteen dollars (\$15.00)~~ eighteen
 37 dollars (\$18.00).
 - 38 (4) For factory representatives, or distributor representatives, ~~fifteen dollars~~
 39 ~~(\$15.00)~~ eighteen dollars (\$18.00).
 - 40 (5) Repealed by Session Laws 1991, c. 662, s. 4."

41 **SECTION 29.30.(n)** G.S. 20-385(a) reads as rewritten:

42 "(a) The fees listed in this section apply to a motor carrier. These fees are in addition to
 43 any fees required under the Unified Carrier Registration Agreement.

- 44 (1) Repealed by Session Laws 2007-492, s. 5, effective August 30, 2007.
- 45 (2) Application by an intrastate motor carrier for a
 46 certificate of exemption 45.0054.00
- 47 (3) Certification by an interstate motor carrier that it is
 48 not regulated by the United States Department
 49 of Transportation 45.0054.00
- 50 (4) Application by an interstate motor carrier for an
 51 emergency trip permit ~~18.00~~ 22.00."

1 **SECTION 29.30.(o)** G.S. 44A-4(b)(1) reads as rewritten:

2 "(b) Notice and Hearings. –

3 (1) If the property upon which the lien is claimed is a motor vehicle that is
4 required to be registered, the lienor following the expiration of the relevant
5 time period provided by subsection (a) shall give notice to the Division of
6 Motor Vehicles that a lien is asserted and sale is proposed and shall remit to
7 the Division a fee of ~~ten dollars (\$10.00)~~ twelve dollars (\$12.00). The
8 Division of Motor Vehicles shall issue notice by certified mail, return receipt
9 requested, to the person having legal title to the property, if reasonably
10 ascertainable, to the person with whom the lienor dealt if different, and to
11 each secured party and other person claiming an interest in the property who
12 is actually known to the Division or who can be reasonably ascertained. The
13 notice shall state that a lien has been asserted against specific property and
14 shall identify the lienor, the date that the lien arose, the general nature of the
15 services performed and materials used or sold for which the lien is asserted,
16 the amount of the lien, and that the lienor intends to sell the property in
17 satisfaction of the lien. The notice shall inform the recipient that the
18 recipient has the right to a judicial hearing at which time a determination
19 will be made as to the validity of the lien prior to a sale taking place. The
20 notice shall further state that the recipient has a period of 10 days from the
21 date of receipt in which to notify the Division by certified mail, return
22 receipt requested, that a hearing is desired and that if the recipient wishes to
23 contest the sale of his property pursuant to such lien, the recipient should
24 notify the Division that a hearing is desired. The notice shall state the
25 required information in simplified terms and shall contain a form whereby
26 the recipient may notify the Division that a hearing is desired by the return
27 of such form to the Division. The Division shall notify the lienor whether
28 such notice is timely received by the Division. In lieu of the notice by the
29 lienor to the Division and the notices issued by the Division described
30 above, the lienor may issue notice on a form approved by the Division
31 pursuant to the notice requirements above. If notice is issued by the lienor,
32 the recipient shall return the form requesting a hearing to the lienor, and not
33 the Division, within 10 days from the date the recipient receives the notice if
34 a judicial hearing is requested. If the certified mail notice has been returned
35 as undeliverable and the notice of a right to a judicial hearing has been given
36 to the owner of the motor vehicle in accordance with G.S. 20-28.4, no
37 further notice is required. Failure of the recipient to notify the Division or
38 lienor, as specified in the notice, within 10 days of the receipt of such notice
39 that a hearing is desired shall be deemed a waiver of the right to a hearing
40 prior to the sale of the property against which the lien is asserted, and the
41 lienor may proceed to enforce the lien by public or private sale as provided
42 in this section and the Division shall transfer title to the property pursuant to
43 such sale. If the Division or lienor, as specified in the notice, is notified
44 within the 10-day period provided above that a hearing is desired prior to
45 sale, the lien may be enforced by sale as provided in this section and the
46 Division will transfer title only pursuant to the order of a court of competent
47 jurisdiction.

48 If the certified mail notice has been returned as undeliverable, or if the
49 name of the person having legal title to the vehicle cannot reasonably be
50 ascertained and the fair market value of the vehicle is less than eight hundred
51 dollars (\$800.00), the lienor may institute a special proceeding in the county

1 where the vehicle is being held, for authorization to sell that vehicle. Market
2 value shall be determined by the schedule of values adopted by the
3 Commissioner under G.S. 105-187.3.

4 In such a proceeding a lienor may include more than one vehicle, but the
5 proceeds of the sale of each shall be subject only to valid claims against that
6 vehicle, and any excess proceeds of the sale shall be paid immediately to the
7 Treasurer for disposition pursuant to Chapter 116B of the General Statutes.

8 The application to the clerk in such a special proceeding shall contain the
9 notice of sale information set out in subsection (f) hereof. If the application
10 is in proper form the clerk shall enter an order authorizing the sale on a date
11 not less than 14 days therefrom, and the lienor shall cause the application
12 and order to be sent immediately by first-class mail pursuant to G.S. 1A-1,
13 Rule 5, to each person to whom notice was mailed pursuant to this
14 subsection. Following the authorized sale the lienor shall file with the clerk a
15 report in the form of an affidavit, stating that the lienor has complied with
16 the public or private sale provisions of G.S. 44A-4, the name, address, and
17 bid of the high bidder or person buying at a private sale, and a statement of
18 the disposition of the sale proceeds. The clerk then shall enter an order
19 directing the Division to transfer title accordingly.

20 If prior to the sale the owner or legal possessor contests the sale or lien in
21 a writing filed with the clerk, the proceeding shall be handled in accordance
22 with G.S. 1-301.2."

23 **SECTION 29.30.(p)** Article 1 of Chapter 20 of the General Statutes is amended by
24 adding a new section to read:

25 **"§ 20-4.02. Quadrennial adjustment of certain fees.**

26 (a) Adjustment for Inflation. – Beginning July 1, 2020, and every four years thereafter,
27 the Division shall adjust the fees charged pursuant to the statutes listed in this subsection for
28 inflation in accordance with the Consumer Price Index computed by the Bureau of Labor
29 Statistics, rounded to the nearest twenty-five cents (25¢):

30 (1) G.S. 20-7.

31 (2) G.S. 20-11.

32 (3) G.S. 20-14.

33 (4) G.S. 20-16.

34 (5) G.S. 20-26.

35 (6) G.S. 20-37.15.

36 (7) G.S. 20-37.16.

37 (8) G.S. 20-42(b).

38 (9) G.S. 20-85(a)(1) through (10).

39 (10) G.S. 20-85.1.

40 (11) G.S. 20-87, except for the additional fee set forth in G.S. 20-87(6) for private
41 motorcycles.

42 (12) G.S. 20-88.

43 (13) G.S. 20-289.

44 (14) G.S. 20-385.

45 (15) G.S. 44A-4(b)(1).

46 (b) Computation. – In determining the rate of inflation to use when adjusting the fees
47 pursuant to subsection (a) of this section, the Division shall base the rate on the percent change
48 in the annual Consumer Price Index over the preceding four-year period.

49 (c) Rules. – The provisions of Chapter 150B of the General Statutes shall not apply to
50 the adjustment of fees required by this section.

1 (d) Consultation and Publication. – At least 90 days prior to adjusting the fees pursuant
2 to subsection (a) of this section, the Division shall (i) consult with the Joint Legislative
3 Commission on Governmental Operations, (ii) provide a report to the chairs of the Senate
4 Appropriations Committee on the Department of Transportation and the House of
5 Representatives Committee on Transportation Appropriations, and (iii) publish notice of the
6 fees that will be in effect in the offices of the Division and on the Division's Web site."

7 **SECTION 29.30.(q)** G.S. 150B-1(d) is amended by adding a new subdivision to
8 read:

9 "(27) The Division of Motor Vehicles with respect to fee adjustments under
10 G.S. 20-4.02."

11 **SECTION 29.30.(r)** Subsections (a) and (r) of this section become effective July 1,
12 2015. Subsections (p) and (q) of this section become effective July 1, 2020. The remainder of
13 this section becomes effective January 1, 2016, and applies to issuances, renewals, restorations,
14 and requests on or after that date.

15 **DMV HEARING FEE SCHEDULE IMPLEMENTATION DATE**

16 **SECTION 29.30A.** Subsection (c) of Section 34.9 of S.L. 2014-100 reads as
17 rewritten:

18 "**SECTION 34.9.(c)** From funds appropriated to the Department of Transportation,
19 Information Technology Section for the 2014-2015 fiscal year, the Department shall implement
20 modifications to supporting information technology systems necessary to timely implement the
21 hearing fee schedule required by subsection (a) of this section. The Department shall
22 implement the hearing fee schedule required by subsection (a) of this section by no later than
23 January 1, 2016; July 1, 2017."
24
25

26 **DISTRIBUTION OF FUNDS IN SPECIAL REGISTRATION PLATE ACCOUNT**

27 **SECTION 29.30B.** G.S. 20-79.7(c)(3) reads as rewritten:

28 "(3) The Division shall transfer fifty percent (50%) of the remaining revenue in
29 the Special Registration Plate Account quarterly, and funds are hereby
30 appropriated, as follows: to the Department of Transportation to be used
31 solely for the purpose of beautification of highways. These funds shall be
32 administered by the Department of Transportation for beautification
33 purposes not inconsistent with good landscaping and engineering principles.
34 The Division shall transfer the remaining revenue in the Special Registration
35 Plate Account quarterly to the Highway Fund.

36 a. ~~Thirty three percent (33%) to the account of the Department of~~
37 ~~Commerce to aid in financing out-of-state print and other media~~
38 ~~advertising under the program for the promotion of travel and~~
39 ~~industrial development in this State.~~

40 b. ~~Fifty percent (50%) to the Department of Transportation to be used~~
41 ~~solely for the purpose of beautification of highways. These funds~~
42 ~~shall be administered by the Department of Transportation for~~
43 ~~beautification purposes not inconsistent with good landscaping and~~
44 ~~engineering principles.~~

45 e. ~~Seventeen percent (17%) to the account of the Department of Health~~
46 ~~and Human Services to promote travel accessibility for disabled~~
47 ~~persons in this State. These funds shall be used to collect and update~~
48 ~~site information on travel attractions designated by the Department of~~
49 ~~Commerce in its publications, to provide technical assistance to~~
50 ~~travel attractions concerning accommodation of disabled tourists, and~~
51 ~~to develop, print, and promote the publication ACCESS NORTH~~

CAROLINA as provided in G.S. 168-2. Any funds allocated for these purposes that are neither spent nor obligated at the end of the fiscal year shall be transferred to the Department of Administration for removal of man-made barriers to disabled travelers at State-funded travel attractions. Guidelines for the removal of man-made barriers shall be developed in consultation with the Department of Health and Human Services."

ENFORCING PENALTIES FOR LAPSE IN FINANCIAL RESPONSIBILITY

SECTION 29.31.(a) G.S. 20-311 reads as rewritten:

"§ 20-311. Action by the Division when notified of a lapse in financial responsibility.

(a) Action. – When the Division receives evidence, by a notice of termination of a motor vehicle liability policy or otherwise, that the owner of a motor vehicle registered or required to be registered in this State does not have financial responsibility for the operation of the vehicle, the Division shall send the owner a letter. The letter shall notify the owner of the evidence and inform the owner that the owner shall respond to the letter within 10 days of the date on the letter and explain how the owner has met the duty to have continuous financial responsibility for the vehicle. Based on the owner's response, the Division shall take the appropriate action listed:

- (1) Division correction. – If the owner responds within the required time and the response establishes that the owner has not had a lapse in financial responsibility, the Division shall correct its records.
- (2) Penalty only. – If the owner responds within the required time and the response establishes all of the following, the Division shall assess the owner a penalty in the amount set in subsection (b) of this section:
 - a. The owner had a lapse in financial responsibility, but the owner now has financial responsibility.
 - b. The vehicle was not involved in an accident during the lapse in financial responsibility.
 - c. The owner did not operate the vehicle or allow the vehicle to be operated during the lapse with knowledge that the owner had no financial responsibility for the vehicle.
- (3) Penalty and revocation. – If the owner responds within the required time and the response establishes ~~any~~either of the following, the Division shall assess the owner a penalty in the amount set in subsection (b) of this section and revoke the registration of the owner's vehicle for the period set in subsection (c) of this section:
 - a. The owner had a lapse in financial responsibility and still does not have financial responsibility.
 - b. The owner now has financial responsibility even though the owner had a lapse, but the response also establishes any of the following:
 1. The vehicle was involved in an accident during the lapse, the lapse.
 2. The owner operated the vehicle during the lapse with knowledge that the owner had no financial responsibility for the vehicle, or both vehicle.
 3. The owner allowed the vehicle to be operated during the lapse with knowledge that the owner had no financial responsibility for the vehicle.
- (4) ~~Revocation pending response.~~ Penalty and revocation for failure to respond. – ~~Except as otherwise provided in this subdivision, if the owner does not~~

1 respond within the required time, the Division shall assess a penalty in the
 2 applicable amount set forth in subsection (b) of this section and shall revoke
 3 the registration of the owner's vehicle for the period set in subsection (c) of
 4 this section. When the owner responds, the Division shall take the
 5 appropriate action listed in subdivisions (1) through (3) of this subsection as
 6 if the response had been timely. If the owner does not respond within the
 7 required time, but later responds and establishes that the owner has not had a
 8 lapse in financial responsibility, the Division shall correct its records, rescind
 9 any revocation under this subdivision of the registration of the owner's
 10 vehicle, and the owner shall not be responsible for any fee or penalty arising
 11 under this section from the owner's failure to timely respond.

12 (b) Penalty Amount. – The following table determines the amount of a penalty payable
 13 under this section by an owner who has had a lapse in financial responsibility; the amount is
 14 based on the number of times the owner has been assessed a penalty under this section during
 15 the three-year period before the date the owner's current lapse began:

16 Number of Lapses in Previous Three Years	Penalty Amount
17 None	\$50.00
18 One	\$100.00
19 Two or More	\$150.00

20 (c) Revocation Period. – The revocation period for a revocation based on a response
 21 that establishes that a vehicle owner does not have financial responsibility is indefinite and ends
 22 when the owner obtains financial responsibility or transfers the vehicle to an owner who has
 23 financial responsibility. The revocation period for a revocation based on a response that
 24 establishes the occurrence of an accident during a lapse in financial responsibility or the
 25 knowing operation of a vehicle without financial responsibility is 30 days. The revocation
 26 period for a revocation based on failure of a vehicle owner to respond is indefinite and ends
 27 when the owner ~~responds.~~ (i) establishes that the owner has not had a lapse in financial
 28 responsibility, (ii) obtains financial responsibility, or (iii) transfers the vehicle to an owner who
 29 has financial responsibility, whichever occurs first.

30 (d) Revocation Notice. – When the Division revokes the registration of an owner's
 31 vehicle, it shall notify the owner of the revocation. The notice shall inform the owner of the
 32 following:

- 33 (1) That the owner shall return the vehicle's registration plate and registration
 34 card to the Division, if the owner has not done so already, and that failure to
 35 do so is a Class 2 misdemeanor under G.S. 20-45.
- 36 (2) That the vehicle's registration plate and registration card are subject to
 37 seizure by a law enforcement officer.
- 38 (3) That the registration of the vehicle cannot be renewed while the registration
 39 is revoked.
- 40 (4) That the owner shall pay any penalties ~~assessed,~~ assessed within 30 days of
 41 the date of the notice, a restoration fee, and the fee for a registration plate
 42 when the owner applies to the Division to register a vehicle whose
 43 registration was revoked.
- 44 (5) That failure of an owner to pay any penalty or fee assessed pursuant to this
 45 section shall result in the Division withholding the registration renewal of
 46 any motor vehicle registered in that owner's name.

47 (e) Registration After Revocation. – A vehicle whose registration has been revoked
 48 may not be registered during the revocation period in the name of the owner, a child of the
 49 owner, the owner's spouse, or a child of the owner's spouse. This restriction does not apply to a
 50 spouse who is living separate and apart from the owner. At the end of a revocation period, a
 51 vehicle owner who has financial responsibility may apply to register a vehicle whose

1 registration was revoked. The owner shall provide proof of current financial responsibility and
 2 pay any penalty assessed, a restoration fee of fifty dollars (\$50.00), and the fee for a
 3 registration plate. Pursuant to G.S. 20-54, failure of an owner to pay any penalty or fee assessed
 4 pursuant to this section shall result in the Division withholding the registration renewal of any
 5 motor vehicle registered in that owner's name.

6 ...

7 (g) Military Waiver. – Notwithstanding the penalty and restoration fee provisions of
 8 this section, any monetary penalty or restoration fee shall be waived for any person who, at the
 9 time of notification of a lapse in ~~coverage,~~financial responsibility, was deployed as a member
 10 of the Armed Forces of the United States outside of the continental United States for a total of
 11 45 or more days. In addition, no insurance points under the Safe Driver Incentive Plan shall be
 12 assessed for any violation for which a monetary penalty or restoration fee is waived pursuant to
 13 this subsection. ~~Any~~All of the following apply to a person qualifying under this subsection
 14 ~~shall:~~subsection:

- 15 (1) ~~Have~~The person shall have an affirmative defense to any criminal charge
 16 based upon the failure to return any registration card or registration plate to
 17 the ~~Division;~~Division.
- 18 (2) Upon reregistration, the person shall receive without cost from the Division
 19 all necessary registration cards or ~~plates;~~and plates.
- 20 (3) Upon notice of revocation, the person shall be permitted to transfer the
 21 vehicle's registration immediately to his or her spouse, child, or spouse's
 22 child, notwithstanding the provisions of subsection (e) of this section.

23 (h) Applicability. – The penalty and revocation imposed under this section do not apply
 24 when the sole owner of a vehicle dies and that owner had financial responsibility for the vehicle
 25 as of the date of the owner's death."

26 **SECTION 29.31.(b)** G.S. 20-54 is amended by adding a new subdivision to read:

27 "(12) The owner of the vehicle has failed to pay any penalty or fee imposed
 28 pursuant to G.S. 20-311."

29 **SECTION 29.31.(c)** G.S. 20-311(h), as enacted by subsection (a) of this section, is
 30 effective when this act becomes law. The remainder of this section becomes effective
 31 December 1, 2015, and applies to lapses in financial responsibility occurring on or after that
 32 date.

33 LPA CONTRACT STANDARDS

34 **SECTION 29.32.(a)** G.S. 20-63(h) reads as rewritten:

35 "(h) Commission Contracts for Issuance of Plates and Certificates. – All registration
 36 plates, registration certificates, and certificates of title issued by the Division, outside of those
 37 issued from the office of the Division located in Wake, Cumberland, or Mecklenburg Counties
 38 and those issued and handled through the United States mail, shall be issued insofar as
 39 practicable and possible through commission contracts entered into by the Division for the
 40 issuance of the plates and certificates in localities throughout North Carolina, including military
 41 installations within this State, with persons, firms, corporations or governmental subdivisions
 42 of the State of North Carolina. The Division shall make a reasonable effort in every locality,
 43 except as noted above, to enter into a commission contract for the issuance of the plates and
 44 certificates and a record of these efforts shall be maintained in the Division. In the event the
 45 Division is unsuccessful in making commission contracts, it shall issue the plates and
 46 certificates through the regular employees of the Division. Whenever registration plates,
 47 registration certificates, and certificates of title are issued by the Division through commission
 48 contract arrangements, the Division shall provide proper supervision of the distribution.
 49 Nothing contained in this subsection allows or permits the operation of fewer outlets in any
 50 county in this State than are now being operated.
 51

1 ~~Commission contracts entered into by the Division under this subsection shall provide for~~
2 ~~the payment of compensation.~~ The terms of a commission contract entered under this subsection
3 shall specify the duration of the contract and either include or incorporate by reference
4 standards by which the Division may supervise and evaluate the performance of the
5 commission contractor. The duration of an initial commission contract may not exceed eight
6 years and the duration of a renewal commission contract may not exceed two years. The
7 Division may award monetary performance bonuses, not to exceed an aggregate total of ninety
8 thousand dollars (\$90,000) annually, to commission contractors based on their performance.

9 The amount of compensation payable to a commission contractor is determined on a per
10 transaction basis. The collection of the highway use tax is considered a separate transaction for
11 which one dollar and ~~twenty-seven cents (\$1.27)~~ thirty cents (\$1.30) compensation shall be
12 paid. The issuance of a limited registration "T" sticker and the collection of property tax are
13 each considered a separate transaction for which compensation at the rate of one dollar and
14 ~~twenty-seven cents (\$1.27)~~ thirty cents (\$1.30) and one dollar and ~~six cents (\$1.06)~~ eight cents
15 (\$1.08) respectively, shall be paid by counties and municipalities as a cost of the combined
16 motor vehicle registration renewal and property tax collection system. The performance at the
17 same time of one or more of the transactions below is considered a single transaction for which
18 one dollar and ~~forty-three cents (\$1.43)~~ forty-six cents (\$1.46) compensation shall be paid:

- 19 (1) Issuance of a registration plate, a registration card, a registration sticker, or a
20 certificate of title.
- 21 (2) Issuance of a handicapped placard or handicapped identification card.
- 22 (3) Acceptance of an application for a personalized registration plate.
- 23 (4) Acceptance of a surrendered registration plate, registration card, or
24 registration renewal sticker, or acceptance of an affidavit stating why a
25 person cannot surrender a registration plate, registration card, or registration
26 renewal sticker.
- 27 (5) Cancellation of a title because the vehicle has been junked.
- 28 (6) Acceptance of an application for, or issuance of, a refund for a fee or a tax,
29 other than the highway use tax.
- 30 (7) Receipt of the civil penalty imposed by G.S. 20-311 for a lapse in financial
31 responsibility or receipt of the restoration fee imposed by that statute.
- 32 (8) Acceptance of a notice of failure to maintain financial responsibility for a
33 motor vehicle.
- 34 (8a) Collection of civil penalties imposed for violations of G.S. 20-183.8A.
- 35 (8b), (9) Repealed by Session Laws 2013-372, s. 2(a), effective July 1, 2013.
- 36 (10) Acceptance of a temporary lien filing.
- 37 (11) Conversion of an existing paper title to an electronic lien upon request of a
38 primary lienholder."

39 **SECTION 29.32.(b)** All commission contracts entered into by the Division of
40 Motor Vehicles under G.S. 20-63(h) after the effective date of this subsection shall specify the
41 duration of the contract and include or incorporate by reference the standards required under
42 subsection (a) of this section. No later than July 1, 2018, all other commission contracts entered
43 into by the Division of Motor Vehicles shall specify the duration of the contract and include or
44 incorporate by reference the standards required under subsection (a) of this section.

45 **SECTION 29.32.(c)** This section becomes effective July 1, 2015, and applies to
46 transactions on or after that date.

47 **DMV/UMSTEAD ACT CLARIFICATION**

48 **SECTION 29.33.** G.S. 66-58(c) is amended by adding a new subdivision to read:

49 "(c) The provisions of subsection (a) shall not prohibit:

50 ...
51

1 (22) The operation by the Division of Motor Vehicles of digital advertising and
2 automated teller machines in offices of the Division or contract license plate
3 agencies."
4

5 HIGHWAY USE TAX CLARIFICATION

6 SECTION 29.34.(a) G.S. 105-187.6(c) reads as rewritten:

7 "(c) Out-of-state Vehicles. – A maximum tax of one hundred fifty dollars (\$150.00)
8 applies when a certificate of title is issued for a motor vehicle that, at the time of applying for a
9 certificate of title, is and has been titled in the name of the owner of the motor vehicle in
10 another state for at least 90 days:days prior to the date of application for a certificate of title in
11 this State."

12 SECTION 29.34.(b) This section is effective when this act becomes law.
13

14 ADJUST MAXIMUM HIGHWAY USE TAX IMPOSED FOR CERTAIN MOTOR 15 VEHICLES

16 SECTION 29.34A.(a) G.S. 105-187.3(a1) reads as rewritten:

17 "(a1) Tax Rate. – The tax rate is three percent (3%). The maximum tax is ~~one two~~
18 ~~thousand dollars (\$1,000)-(\$2,000)~~ for each certificate of title issued for a Class A or Class B
19 motor vehicle that is a commercial motor vehicle, as defined in G.S. 20-4.01. ~~The maximum~~
20 ~~tax is one thousand five hundred dollars (\$1,500)-G.S. 20-4.01, and for each certificate of title~~
21 ~~issued for a recreational vehicle that is not subject to the one thousand dollar (\$1,000)~~
22 ~~maximum tax-vehicle.~~ The tax is payable as provided in G.S. 105-187.4."

23 SECTION 29.34A.(b) G.S. 105-187.6(c), as amended by Section 29.34 of this act,
24 reads as rewritten:

25 "(c) Out-of-state Vehicles. – A maximum tax of ~~one two~~ hundred fifty dollars (~~\$150.00~~)
26 (~~\$250.00~~) applies when a certificate of title is issued for a motor vehicle that, at the time of
27 applying for a certificate of title, is and has been titled in the name of the owner of the motor
28 vehicle in another state for at least 90 days prior to the date of application for a certificate of
29 title in this State."

30 SECTION 29.34A.(c) This section becomes effective January 1, 2016, and applies
31 to sales made on or after that date.
32

33 ELIMINATE 10-DAY TRIP PERMIT AND INCREASE TEMPORARY TAG FEE

34 SECTION 29.35.(a) G.S. 20-183.4C reads as rewritten:

35 "§ 20-183.4C. When a vehicle must be inspected; 10-day ~~trip permit~~ temporary license
36 plate.

37 ...

38 (b) Permit: Temporary License Plate. – The Division may issue a ~~10-day trip permit~~
39 temporary license plate under and in accordance with G.S. 20-50(b) that is valid for 10 days
40 to a person that authorizes the person to drive a vehicle whose inspection authorization or
41 registration has expired. ~~The permit may only be issued when the person has furnished proof of~~
42 financial responsibility. ~~The permit must describe the vehicle whose inspection authorization or~~
43 registration has expired. ~~The permit authorizes the person to drive the described vehicle for a~~
44 period not to exceed 10 days from the date of issuance.

45 "

46 SECTION 29.35.(b) G.S. 20-50(b) reads as rewritten:

47 "(b) The Division may issue a temporary license plate for a vehicle. A temporary license
48 plate is valid for the period set by the Division. The period may not be less than 10 days nor
49 more than 60 days.

1 A person may obtain a temporary license plate for a vehicle by filing an application with
2 the Division and paying the required fee. An application must be filed on a form provided by
3 the Division.

4 The fee for a temporary license plate that is valid for 10 days is ~~five~~^{ten} dollars
5 ~~(\$5.00).~~(\$10.00). The fee for a temporary license plate that is valid for more than 10 days is the
6 amount that would be required with an application for a license plate for the vehicle. If a person
7 obtains for a vehicle a temporary license plate that is valid for more than 10 days and files an
8 application for a license plate for that vehicle before the temporary license plate expires, the
9 person is not required to pay the fee that would otherwise be required for the license plate.

10 A temporary license plate is subject to the following limitations and conditions:

- 11 (1) It may be issued only upon proper proof that the applicant has met the
12 applicable financial responsibility requirements.
- 13 (2) It expires on midnight of the day set for expiration.
- 14 (3) It may be used only on the vehicle for which issued and may not be
15 transferred, loaned, or assigned to another.
- 16 (4) If it is lost or stolen, the person who applied for it must notify the Division.
- 17 (5) It may not be issued by a dealer.
- 18 (6) The provisions of G.S. 20-63, 20-71, 20-110 and 20-111 that apply to license
19 plates apply to temporary license plates insofar as possible."

20 **SECTION 29.35.(c)** Ten-day trip permits issued under G.S. 20-183.4C(b) prior to
21 the effective date of this section shall remain valid for the duration of the issuance.

22 **SECTION 29.35.(d)** This section becomes effective July 1, 2015, and applies to
23 temporary license plates issued on or after that date.

24 25 TECHNICAL CORRECTION/REMOTE RENEWAL OF DRIVERS LICENSE

26 **SECTION 29.36.** G.S. 20-7(f)(6) reads as rewritten:

27 "(6) Remote renewal. – ~~The~~Subject to the following requirements and
28 limitations, the Division may offer remote renewal of a drivers license issued
29 by the Division. For purposes of this subdivision, "remote renewal" means
30 renewal of a drivers license by mail, telephone, electronic device, or other
31 secure means approved by the Commissioner.~~Division:~~

- 32 a. Requirements. – To be eligible for remote renewal under this
33 subdivision, a person must meet all of the following requirements:
 - 34 1. The license holder possesses a valid, unexpired Class C
35 drivers license that was issued when the person was at least
36 18 years old.
 - 37 2. The license holder's current license includes no restrictions
38 other than a restriction for corrective lenses.
 - 39 3. The license holder attests, in a manner designated by the
40 Division, that (i) the license holder is a resident of the State
41 and currently resides at the address on the license to be
42 renewed, (ii) the license holder's name as it appears on the
43 license to be renewed has not changed, and (iii) all other
44 information required by the Division for an in-person renewal
45 under this Article has been provided completely and
46 truthfully.
 - 47 4. The most recent renewal was an in-person renewal and not a
48 remote renewal under this subdivision.
 - 49 5. The license holder is otherwise eligible for renewal under this
50 subsection.

- 1 b. Waiver of requirements. – When renewing a drivers license pursuant
 2 to this subdivision, the Division may waive the examination and
 3 photograph that would otherwise be required for the renewal.
 4 c. Duration of remote renewal. – A renewed drivers license issued to a
 5 person by remote renewal under this subdivision expires according to
 6 the following schedule:
 7 1. For a person at least 18 years old but less than 66 years old,
 8 on the birthday of the licensee in the eighth year after
 9 issuance.
 10 2. For a person at least 66 years old, on the birthday of the
 11 licensee in the fifth year after issuance.
 12 d. Rules. – The Division shall adopt rules to implement this
 13 subdivision.
 14 e. Federal law. – Nothing in this subdivision shall be construed to
 15 supersede any more restrictive provisions for renewal of drivers
 16 licenses prescribed by federal law or regulation.
 17 f. Definition. – For purposes of this subdivision, "remote renewal"
 18 means renewal of a drivers license by mail, telephone, electronic
 19 device, or other secure means approved by the Commissioner."
 20

21 VISITOR CENTERS FUNDING TECHNICAL CORRECTION

22 **SECTION 29.36A.** G.S. 20-79.7(c)(2)d. reads as rewritten:

23 "(c) Use of Funds in Special Registration Plate Account. –

24 ...

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

30 ...

31 d. ~~in the Town of Boone, Watauga County,~~ ninety-two thousand eight
 32 hundred fifty-seven dollars (\$92,857);

33"

34 STOP LAMPS ON MOTOR VEHICLE/CLARIFICATION

35 **SECTION 29.36B.(a)** G.S. 20-129(g), as amended by Section 1 of S.L. 2015-31,
 36 reads as rewritten:

37
 38 "(g) No person shall sell or operate on the highways of the State any motor vehicle
 39 manufactured after December 31, 1955, and on or before December 31, 1970, unless it shall be
 40 equipped with a stop lamp on the rear of the vehicle. No person shall sell or operate on the
 41 highways of the State any motor vehicle, manufactured after December 31, 1970, unless it shall
 42 be equipped with stop lamps, one on each side of the rear of the vehicle. No person shall sell or
 43 operate on the highways of the State any motorcycle or motor-driven cycle, manufactured after
 44 December 31, 1970, unless it shall be equipped with a stop lamp on the rear of the
 45 motorcycle or motor-driven cycle. The stop lamps shall emit, reflect, or display a red or amber
 46 light visible from a distance of not less than 100 feet to the rear in normal sunlight, and shall be
 47 actuated upon application of the service (foot) brake. The stop lamps may be incorporated into
 48 a unit with one or more other rear lamps."

49 **SECTION 29.36B.(b)** This section becomes effective October 1, 2015, and applies
 50 to offenses committed on or after that date.
 51

POSITIONS IN SUPPORT OF THE COMBINED MOTOR VEHICLE REGISTRATION AND PROPERTY TAX COLLECTION SYSTEM

SECTION 29.37. Section 24.10(a) of S.L. 2012-142 reads as rewritten:

"**SECTION 24.10.(a)** Upon request from the Department of Transportation and notwithstanding any other provision of law to the contrary, the Office of State Budget and Management may authorize the creation of time-limited, full-time equivalent positions within the Department of Transportation and its Division of Motor Vehicles in excess of the positions authorized by this act for the sole purposes of implementing and administering the combined motor vehicle registration and property tax collection system, in accordance with the funding authorizations in G.S. 105-330.5 and G.S. 105-330.10. Positions created under this authorization shall terminate no later than ~~June 30, 2014.~~ June 30, 2017. Following the approval of a request, the Office of State Budget and Management shall direct the transfer of funds from the Combined Motor Vehicle and Registration Account, also known as the Division of Motor Vehicles Taxation Interest Fund for Integrated Computer System, to support personnel and related operating costs for the positions approved under this section."

DMV/TITLE AND LICENSE PERSONAL WATERCRAFT

SECTION 29.38. G.S. 20-39(e) reads as rewritten:

"(e) The Commissioner is authorized to cooperate with and provide assistance to the Environmental Management Commission, or appropriate local government officials, and to develop, adopt, and ensure enforcement of necessary rules and regulations, regarding programs of motor vehicle emissions inspection/maintenance required for areas in which ambient air pollutant concentrations exceed National Ambient Air Quality Standards. The Commissioner is further authorized to allow offices of the Division that provide vehicle titling and registration services and commission contractors of the Division under G.S. 20-63 to serve, upon agreement with the Wildlife Resources Commission, as vessel agents under G.S. 75A-5.2."

PART XXX. SALARIES AND BENEFITS

GOVERNOR AND COUNCIL OF STATE

SECTION 30.1.(a) The salary of the Governor as provided by G.S. 147-11(a) shall remain unchanged for the 2015-2017 fiscal biennium.

SECTION 30.1.(b) The annual salaries for members of the Council of State, payable monthly, shall remain unchanged for the 2015-2017 fiscal biennium, as follows:

<u>Council of State</u>	<u>Annual Salary</u>
Lieutenant Governor	\$125,676
Attorney General	125,676
Secretary of State	125,676
State Treasurer	125,676
State Auditor	125,676
Superintendent of Public Instruction	125,676
Agriculture Commissioner	125,676
Insurance Commissioner	125,676
Labor Commissioner	125,676

SECTION 30.1.(c) The Office of State Human Resources shall study the compensation of the Council of State, as follows:

- (1) Examine the salary, retirement and deferred compensation plans, health and other insurance coverages, per diem rates, travel reimbursement rates, use of State vehicles, and any other expense reimbursements or benefits other than salary.

- 1 (2) Review any comparative information from other states and current salary
2 levels for similar statewide elected constitutional officers.
- 3 (3) Review market data for any comparable private sector executive positions.
- 4 (4) Consider whether Council of State salaries should be restructured and set in
5 a different manner.
- 6 (5) Consider any other matters pertaining to the compensation of the Council of
7 State.

8 **SECTION 30.1.(d)** By May 1, 2016, the Office of State Human Resources shall
9 report to the chairs of the Senate Appropriations/Base Budget Committee and the House of
10 Representatives Appropriations Committee on the review of Council of State compensation
11 required by subsection (c) of this section.

12 CERTAIN EXECUTIVE BRANCH OFFICIALS

13 **SECTION 30.2.** The annual salaries, payable monthly, for the following executive
14 branch officials shall remain unchanged for the 2015-2017 fiscal biennium, as follows:

15	<u>Executive Branch Officials</u>	<u>Annual Salary</u>
16	Chairman, Alcoholic Beverage Control Commission	\$111,868
17	State Controller	156,159
18	Commissioner of Banks	125,676
19	Chair, Board of Review, Division of Employment Security	123,255
20	Members, Board of Review, Division of Employment Security	121,737
21	Chairman, Parole Commission	102,235
22	Members of the Parole Commission	94,464
23	Chairman, Utilities Commission	139,849
24	Members of the Utilities Commission	125,676
25	Executive Director, North Carolina 26 Agricultural Finance Authority	108,915

27 JUDICIAL BRANCH SALARIES

28 **SECTION 30.3.(a)** The annual salaries, payable monthly, for specified judicial
29 branch officials shall remain unchanged for the 2015-2017 fiscal biennium, as follows:

30	<u>Judicial Branch Officials</u>	<u>Annual Salary</u>
31	Chief Justice, Supreme Court	\$143,623
32	Associate Justice, Supreme Court	139,896
33	Chief Judge, Court of Appeals	137,682
34	Judge, Court of Appeals	134,109
35	Judge, Senior Regular Resident Superior Court	130,492
36	Judge, Superior Court	126,875
37	Chief Judge, District Court	115,301
38	Judge, District Court	111,684
39	District Attorney	121,737
40	Administrative Officer of the Courts	129,259
41	Assistant Administrative Officer of the Courts	118,152
42	Public Defender	121,737
43	Director of Indigent Defense Services	125,498

44 **SECTION 30.3.(b)** The annual salaries of permanent full-time employees of the
45 Judicial Department whose salaries are not itemized in this act shall not be legislatively
46 increased for the 2015-2017 fiscal biennium, but may be increased as otherwise allowed by
47 law.

48 **SECTION 30.3.(c)** Salary reserves generated by the clerk of superior court offices
49 during the 2015-2016 fiscal year shall be used exclusively by the clerks of superior court. The
50
51

1 clerks of superior court may use these funds to award salary increases in addition to those
 2 specifically provided for deputy and assistant clerks under the respective salary plans. Any
 3 additional increases may be awarded at the discretion of each elected clerk of superior court.
 4 The Administrative Office of the Courts shall (i) allocate funds for additional discretionary
 5 salary adjustments on a per capita basis and (ii) adopt a plan for distribution of the funds in
 6 consultation with the Conference of Clerks of Superior Court.

8 LEGISLATIVE BRANCH SALARIES

9 **SECTION 30.4.(a)** For the 2015-2017 fiscal biennium, the salaries of members
 10 and officers of the General Assembly shall remain unchanged at the amounts set under
 11 G.S. 120-3, as provided in 1994 by the 1993 General Assembly.

12 **SECTION 30.4.(b)** The annual salaries of the Legislative Services Officer and of
 13 nonelected employees of the General Assembly in effect on June 30, 2015, shall not be
 14 legislatively increased for the 2015-2017 fiscal biennium, but may be increased as otherwise
 15 allowed by law.

17 COMMUNITY COLLEGES PERSONNEL

18 **SECTION 30.5.(a)** The minimum salaries for nine-month, full-time curriculum
 19 community college faculty for the 2015-2017 fiscal biennium shall remain unchanged as
 20 follows:

21 <u>Education Level</u>	21 <u>Minimum Salary</u>
22 Vocational Diploma/Certificate or Less	22 \$35,314
23 Associate Degree or Equivalent	23 35,819
24 Bachelor's Degree	24 38,009
25 Master's Degree or Education Specialist	25 39,952
26 Doctoral Degree	26 42,753

27 No full-time faculty member shall earn less than the minimum salary for his or her
 28 education level.

29 The pro rata hourly rate of the minimum salary for each education level shall be
 30 used to determine the minimum salary for part-time faculty members.

31 **SECTION 30.5.(b)** For the 2015-2017 fiscal biennium, the community college
 32 boards of trustees may provide instructional personnel a salary increase pursuant to the policies
 33 adopted by the State Board of Community Colleges. Funds for compensation increases may be
 34 used for any one or more of the following purposes: (i) merit pay, (ii) across-the-board
 35 increases, (iii) recruitment bonuses, (iv) retention increases, and (v) any other compensation
 36 increase pursuant to policies adopted by the State Board of Community Colleges. The State
 37 Board of Community Colleges shall make a report on the use of these funds to the 2016
 38 Regular Session of the 2015 General Assembly no later than March 1, 2016.

40 UNIVERSITY OF NORTH CAROLINA SYSTEM

41 **SECTION 30.6.** Effective for the 2015-2017 fiscal biennium, the annual
 42 compensation of all full-time University of North Carolina SHRA and EHRA employees shall
 43 not be legislatively increased for the 2015-2017 fiscal biennium, but may be increased as
 44 otherwise allowed by law.

46 STATE AGENCY TEACHERS

47 **SECTION 30.7.** Employees of schools operated by the Department of Health and
 48 Human Services, the Department of Public Safety, and the State Board of Education who are
 49 paid on the Teacher Salary Schedule shall receive any experience step increases authorized in
 50 Section 9.1 of this act.

1 ALL STATE-SUPPORTED PERSONNEL

2 **SECTION 30.8.(a)** For the 2015-2017 fiscal biennium, except as provided by Part
3 9 and Section 30.5 of this act, the annual compensation of all employees subject to or exempt
4 from the North Carolina Human Resources Act shall not be legislatively increased, but may be
5 increased as otherwise provided by law.

6 **SECTION 30.8.(b)** Salaries and Related Benefits for Positions That Are Funded. –

7 (1) Partially from the General Fund or Highway Fund and partially from sources
8 other than the General Fund or Highway Fund shall be increased from the
9 General Fund or Highway Fund appropriation only to the extent of the
10 proportionate part of the salaries paid from the General Fund or Highway
11 Fund.

12 (2) Fully from sources other than the General Fund or Highway Fund shall be
13 increased as provided by this act. The Director of the Budget may increase
14 expenditures of receipts from these sources by the amount necessary to
15 provide the legislative increase to receipt-supported personnel in the
16 certified budget.

17 **SECTION 30.8.(c)** The salary increases provided in this act become effective July
18 1, 2015, and do not apply to persons separated from State service due to resignation, dismissal,
19 reduction in force, death, or retirement, or whose last workday is prior to July 1, 2015.

20 **SECTION 30.8.(d)** Payroll checks issued to employees after July 1, 2015, that
21 represent payment of services provided prior to July 1, 2015, shall not be eligible for salary
22 increases provided for in this act. This subsection applies to all employees paid from State
23 funds, whether or not subject to or exempt from the North Carolina Human Resources Act,
24 including employees of public schools, community colleges, and The University of North
25 Carolina.

26 **SECTION 30.8.(e)** Nothing in this act authorizes the transfer of funds between the
27 General Fund and the Highway Fund for salary increases.

28 MOST STATE EMPLOYEES

29 **SECTION 30.9.** For the 2015-2017 fiscal biennium, the salaries in effect June 30,
30 2015, for the following employees shall not be legislatively increased, but may be increased as
31 otherwise allowed by law:
32

33 (1) Permanent full-time State officials and persons whose salaries are set in
34 accordance with the State Human Resources Act.

35 (2) Permanent full-time State officials and persons in positions exempt from the
36 State Human Resources Act.

37 (3) Permanent part-time State employees.

38 (4) Temporary and permanent hourly State employees.
39

40 USE OF FUNDS APPROPRIATED FOR COMPENSATION INCREASES

41 **SECTION 30.10.(a)** The appropriations set forth in Section 2.1 of this act include
42 appropriations for compensation increases in amounts set forth in the committee report
43 described in Section 33.2 of this act. The Office of State Budget and Management shall ensure
44 that those funds are used only for salary increases as provided by this act or otherwise allowed
45 by law.

46 **SECTION 30.10.(b)** If the Director of the Budget determines that funds
47 appropriated to a State agency for salary increases exceed the amount required by that agency
48 for that purpose, the Director may reallocate those funds to other State agencies that received
49 insufficient funds for salary increases.

50 **SECTION 30.10.(c)** No later than January 1, 2016, the Office of State Budget and
51 Management shall report to the Joint Legislative Commission on Governmental Operations on

1 the expenditure of funds for salary increases. This report shall include at least the following
2 information for each State agency for the 2015-2016 fiscal year:

- 3 (1) The total amount of funds that the agency received for salary increases.
- 4 (2) The total amount of funds transferred from the agency to other State
5 agencies pursuant to subsection (b) of this section. This section of the report
6 shall identify the amounts transferred to each recipient State agency.
- 7 (3) The total amount of funds used by the agency for salary increases.
- 8 (4) The total amount of funds received by the agency for salary increases that
9 are anticipated to revert at the end of the fiscal year.

10 11 **MONITOR SALARY INCREASES**

12 **SECTION 30.11.(a)** The Office of State Budget and Management and the Office
13 of State Human Resources shall submit a semiannual report to the Joint Legislative
14 Commission on Governmental Operations on nonlegislative salary increases in (i) State
15 agencies, departments, and institutions, including authorities, boards, and commissions; (ii) the
16 judicial branch; and (iii) The University of North Carolina and its constituent institutions. The
17 reports required by this section shall include the following information:

- 18 (1) For agencies reporting through the BEACON HR/Payroll system, (i) a
19 breakdown by action type (including, but not limited to, promotion,
20 reallocation, career progression, salary adjustment, and any similar actions
21 increasing employee pay) of the number and annual amount of those
22 increases and (ii) a breakdown by action reason (including in-range higher
23 level, acting pay, trainee adjustment, and other similar action reasons) of the
24 number and annual amount of those action types coded as salary adjustment.
- 25 (2) For The University of North Carolina and its constituent institutions, a
26 breakdown of the number and annual amount of those increases categorized
27 by the University as promotions, changes in job duties or responsibilities,
28 Distinguished Professorships, retention pay, career progression, and any
29 other similar actions increasing employee pay.
- 30 (3) A summary of actions taken by the Office of State Budget and Management
31 and the Office of State Personnel with respect to unauthorized salary
32 increases.

33 **SECTION 30.11.(b)** The Legislative Services Officer shall report semiannually to
34 the President Pro Tempore of the Senate and the Speaker of the House of Representatives on
35 nonlegislative salary increases.

36 37 **COMPENSATION LIMITATIONS/LOTTERY COMMISSION**

38 **SECTION 30.12.** For the 2015-2017 fiscal biennium, notwithstanding the
39 provisions of G.S. 18C-114(a)(11) and G.S. 18C-120(b)(3), the Lottery Commission shall not
40 expend funds for compensation bonuses or for merit-based or performance-based increases.

41 42 **SALARY ADJUSTMENT FUND**

43 **SECTION 30.12A.(a)** Funds appropriated or otherwise transferred to the General
44 Fund Salary Adjustment by this act or any other provision of law shall be used to fund agency
45 requests for salary range revisions, special minimum rates, grade to band transfers, and
46 geographic site differential adjustments to provide competitive salary rates for affected job
47 classifications or groups in response to changes in labor market rates as documented through
48 data collection and analysis according to accepted human resource professional practices and
49 standards. Funds shall only be used for salary adjustments that are in compliance with State
50 Human Resources Commission policies. Funding shall not be used for other purposes,

1 including in-range adjustments, career progression adjustments, or other adjustments as these
2 terms may be defined by State human resources policy.

3 **SECTION 30.12A.(b)** The Director of the Budget shall consult with the Joint
4 Legislative Commission on Governmental Operations prior to transferring any salary
5 adjustment funds for any State agency.

6 **SECTION 30.12A.(c)** The Director of the Budget may transfer to General Fund
7 budget codes from the General Fund Salary Adjustment Fund amounts required to support
8 salary adjustments authorized by this section.

9 **SECTION 30.12A.(d)** The Judicial Department is eligible for the funding
10 authorized in subsection (a) of this section.

11 **SECTION 30.12A.(e)** Employees of The University of North Carolina system, the
12 community colleges, and local school boards are ineligible for the funding authorized in this
13 section.

14 **SECTION 30.12A.(f)** Funds may not be used to increase the compensation of job
15 classes that receive other compensation increases provided by law.

16 **SALARY DETERMINATIONS FOR CERTAIN LICENSED HEALTH** 17 **PROFESSIONALS**

18 **SECTION 30.14.** State agencies, departments, and institutions shall have salary
19 administration flexibility for licensed physicians, dentists, nurses, physicians assistants,
20 pharmacists, and other allied health professionals and may exercise the flexibility within
21 existing resources. No salary determination made under this section may exceed the maximum
22 of the applicable salary range established by the Office of State Human Resources under
23 Chapter 126 of the General Statutes. Beginning September 1, 2015, and then annually
24 thereafter, the Office of State Human Resources shall report to the Joint Legislative
25 Commission on Governmental Operations and to the Fiscal Research Division on the salary
26 actions taken under this section.
27

28 **STATE WORKERS' COMPENSATION REFORM**

29 **SECTION 30.18.(a)** The Director of the Budget shall establish a statewide reserve
30 in the amount of five million dollars (\$5,000,000) for closure of workers' compensation claims.
31 The Office of State Budget and Management shall distribute funds from the reserve to the
32 Office of State Human Resources to pay the settlement cost of workers' compensation claims in
33 agencies.
34

35 **SECTION 30.18.(b)** Article 63 of Chapter 143 of the General Statutes reads as
36 rewritten:

37 "Article 63.

38 "State Employees Workplace Requirements Program for ~~Safety and Health~~ Safety, Health, and
39 Workers' Compensation.

40 "Part 1. Executive Branch Programs.

41 **"§ 143-580. Definition.**

42 As used in this Article, "State agency" means any department, commission, division, board,
43 or institution of the State within the executive branch of ~~government~~ government, including
44 The University of North Carolina system, and the Office of Administrative Hearings.

45 **"§ 143-581. Program goals.**

46 ~~Each State agency~~ The Office of State Human Resources shall establish a written program
47 for State employee workplace ~~safety and health~~ safety, health, and workers' compensation. The
48 program shall promote safe and healthful working conditions and shall be based on clearly
49 stated goals and objectives for meeting the goals. The program shall provide managers,
50 supervisors, and employees with a clear and firm understanding of the State's concern for
51 protecting employees from job-related injuries and health impairment; preventing accidents and

1 fires; planning for emergencies and emergency medical procedures; identifying and controlling
2 physical, chemical, and biological hazards in the workplace; communicating potential hazards
3 to employees; and assuring adequate housekeeping and sanitation.

4 **"§ 143-582. Program requirements.**

5 The written program required under this Article shall describe at a minimum:

- 6 (1) The methods to be used to identify, analyze, and control new or existing
7 hazards, conditions, and operations.
- 8 (2) How managers, supervisors, and employees are responsible for
9 implementing the program, controlling accident-related expenditures, and
10 how continued participation of management and employees will be
11 established, measured, and maintained.
- 12 (3) How the plan will be communicated to all affected employees so that they
13 are informed of work-related physical, chemical, or biological hazards, and
14 controls necessary to prevent injury or illness.
- 15 (4) How managers, supervisors, and employees will receive training in
16 avoidance of job-related injuries and health impairment.
- 17 (5) How workplace accidents will be reported and investigated and how
18 corrective actions will be implemented.
- 19 (6) How safe work practices and rules will be communicated and enforced.
- 20 (7) The safety and health training program that will be made available to
21 employees.
- 22 (8) How employees can make complaints concerning safety and health problems
23 without fear of retaliation.
- 24 (9) How employees will receive medical attention following a work-related
25 injury or illness.

26 **"§ 143-583. Model program; technical assistance; reports.**

27 (a) ~~The State Human Resources Commission, through the Office of State Human~~
28 ~~Resources, shall:~~ Resources shall:

- 29 (1) Maintain a model program of safety and health requirements to guide State
30 agencies in the development of their individual programs and in complying
31 with the provisions of G.S. 95-148 and this Article.
- 32 (2) Establish guidelines for the creation and operation of State agency safety and
33 health committees.
- 34 (3) Adopt policies that shall govern the administration of the workers'
35 compensation program and monitor compliance with Chapter 97 of the
36 General Statutes.
- 37 (4) Establish guidelines for the delegation of certain administrative functions as
38 necessary for the administration of the workers' compensation program to
39 State agencies, as defined in this section.

40 (b) ~~The Office of State Human Resources shall:~~

- 41 (1) ~~Provide consultative and technical services to assist State agencies in~~
42 ~~establishing and administering their workplace safety and health programs~~
43 ~~and to address specific technical problems.~~
- 44 (2) ~~Monitor compliance with this Article.~~

45 (c) ~~The Office of State Human Resources Commission shall report by September 1, and~~
46 ~~annually thereafter, to the Joint Legislative Commission on Governmental Operations on the~~
47 ~~safety and health—~~ safety, health, and workers' compensation activities of State agencies,
48 compliance with this Article, and the fines levied against State agencies pursuant to Article 16
49 of Chapter 95 of the General Statutes.

50 **"§ 143-584. State agency safety and health committees.**

1 ~~Each State agency~~ The Office of State Human Resources shall create, pursuant to
2 guidelines adopted under subsection (a) of G.S. 143-583, ~~safety and health~~ committees to
3 perform workplace inspections, review injury and illness records, make advisory
4 recommendations to the agency's managers, and perform other functions determined by the
5 Office of State Human Resources Commission to be necessary for the effective implementation
6 of the State Employees Workplace Requirements Program for Safety and ~~Health~~ the workers'
7 compensation program.

8 **"§§ 143-585 through 143-588. Reserved for future codification purposes.**

9 "Part 2. Legislative and Judicial Branch Programs.

10 **"§ 143-589. Legislative and judicial branch safety and health programs.**

11 The Legislative Services Commission and the Administrative Office of the Courts are
12 authorized to separately establish safety and health programs for their employees."

13 **SECTION 30.18.(c)** G.S. 143-166.14 reads as rewritten:

14 **"§ 143-166.14. Payment of salary notwithstanding incapacity; Workers' Compensation**
15 **Act applicable after two years; duration of payment.**

16 The salary of any eligible person shall be paid as long as the person's employment in that
17 position continues, notwithstanding the person's total or partial incapacity to perform any duties
18 to which the person may be lawfully assigned, if that incapacity is the result of an injury or
19 injuries ~~proximately caused by the heightened risk and special hazards directly related to the~~
20 ~~violent nature of~~ resulting from or arising out of an episode of violence, resistance, or due to
21 other special hazards that occur while the eligible person's person is performing official duties,
22 except if that incapacity continues for more than two years from its inception, the person shall,
23 during the further continuance of that incapacity, be subject to the provisions of Chapter 97 of
24 the General Statutes pertaining to workers' compensation. The time period for which an eligible
25 person receives benefits pursuant to this section shall be deducted from the eligible person's
26 total eligibility for benefits pursuant to G.S. 97-29 and G.S. 97-30. For purposes of this section,
27 the term "salary" shall be defined as the total base pay of the person reflected on the person's
28 salary statement and shall not include overtime pay, shift differential pay, holiday pay, or other
29 additional earnings to which the person may have been entitled prior to such incapacity. Salary
30 paid to an eligible person pursuant to this Article shall cease upon the resumption of the
31 person's regularly assigned duties, retirement, resignation, or death, whichever first occurs,
32 except that temporary return to duty shall not prohibit payment of salary for a subsequent
33 period of incapacity which can be shown to be directly related to the original injury."

34 **SECTION 30.18.(d)** By February 1, 2016, the Office of State Human Resources
35 shall report to the Joint Legislative Commission on Governmental Operations and Fiscal
36 Research Division on the implementation of this section.

37 **SECTION 30.18.(e)** The Department of Administration shall reclassify three
38 vacant positions within the Department and assign the positions to the Office of State Human
39 Resources to staff the Office's Workers' Compensation program for implementation of the
40 provisions of Article 63 of Chapter 143 of the General Statutes as amended by this act.

41 **SALARY-RELATED CONTRIBUTIONS**

42 **SECTION 30.20.(a)** Effective for the 2015-2017 fiscal biennium, required
43 employer salary-related contributions for employees whose salaries are paid from department,
44 office, institution, or agency receipts shall be paid from the same source as the source of the
45 employee's salary. If an employee's salary is paid in part from the General Fund or Highway
46 Fund and in part from department, office, institution, or agency receipts, required employer
47 salary-related contributions may be paid from the General Fund or Highway Fund only to the
48 extent of the proportionate part paid from the General Fund or Highway Fund in support of the
49 salary of the employee, and the remainder of the employer's requirements shall be paid from the
50 source that supplies the remainder of the employee's salary. The requirements of this section as
51

1 to source of payment are also applicable to payments on behalf of the employee for hospital
2 medical benefits, longevity pay, unemployment compensation, accumulated leave, workers'
3 compensation, severance pay, separation allowances, and applicable disability income benefits.

4 **SECTION 30.20.(b)** Effective July 1, 2015, the State's employer contribution rates
5 budgeted for retirement and related benefits as a percentage of covered salaries for the
6 2015-2017 fiscal biennium are (i) fifteen and twenty-one hundredths percent (15.21%) –
7 Teachers and State Employees; (ii) twenty and twenty-one hundredths percent (20.21%) – State
8 Law Enforcement Officers; (iii) twelve and seventy-four hundredths percent (12.74%) –
9 University Employees' Optional Retirement Program; (iv) twelve and seventy-four hundredths
10 percent (12.74%) – Community College Optional Retirement Program; (v) thirty-two and
11 seventy hundredths percent (32.70%) – Consolidated Judicial Retirement System; and (vi)
12 seven and twenty-nine hundredths percent (7.29%) – Legislative Retirement System. Each of
13 the foregoing contribution rates includes five and forty-nine hundredths percent (5.49%) for
14 hospital and medical benefits. The rate for the Teachers and State Employees, State Law
15 Enforcement Officers, University Employees' Optional Retirement Program, and the
16 Community College Optional Retirement Program includes forty-one hundredths percent
17 (0.41%) for the Disability Income Plan. The rates for Teachers and State Employees and State
18 Law Enforcement Officers include sixteen hundredths percent (0.16%) for the Death Benefits
19 Plan. The rate for State Law Enforcement Officers includes five percent (5%) for Supplemental
20 Retirement Income. The rate for Teachers and State Employees and State Law Enforcement
21 Officers includes one hundredth percent (0.01%) for the Qualified Excess Benefit
22 Arrangement.

23 **SECTION 30.20.(c)** Effective July 1, 2015, the maximum annual employer
24 contributions, payable monthly, by the State for each covered employee or retiree for the
25 2015-2016 fiscal year to the State Health Plan for Teachers and State Employees are (i)
26 Medicare-eligible employees and retirees – four thousand one hundred seventy-nine dollars
27 (\$4,179) and (ii) non-Medicare-eligible employees and retirees – five thousand three hundred
28 seventy-eight dollars (\$5,378).

29
30 **ALLOW RETIREES WHO RETURN TO WORK FOR THE STATE IN**
31 **NONPERMANENT POSITIONS TO RETAIN THEIR COVERAGE OPTIONS**
32 **UNDER THE STATE HEALTH PLAN FOR TEACHERS AND STATE**
33 **EMPLOYEES RATHER THAN LIMITING SUCH RETIREES' COVERAGE**
34 **OPTIONS TO THE "BRONZE LEVEL" HIGH-DEDUCTIBLE HEALTH PLAN**
35 **NECESSITATED BY THE AFFORDABLE CARE ACT**

36 **SECTION 30.25.(a)** G.S. 135-48.40 reads as rewritten:

37 **"§ 135-48.40. Categories of eligibility.**

38 ...

39 (b) Partially Contributory Coverage. – The following persons are eligible for coverage
40 under the Plan, on a partially contributory basis, subject to the provisions of G.S. 135-48.43:

41 (1) All permanent full-time employees of an employing unit who meet either of
42 the following conditions:

43 a. Paid from general or special State funds.

44 b. Paid from non-State funds and in a group for which his or her
45 employing unit has agreed to provide coverage.

46 Employees of State agencies, departments, institutions, boards, and
47 commissions not otherwise covered by the Plan who are employed in
48 permanent job positions on a recurring basis and who work 30 or more hours
49 per week for nine or more months per calendar year are covered by the
50 provisions of this subdivision.

1 (1a) All retirees who (i) are employed by an employing unit, (ii) do not qualify
2 for coverage under subdivision (1) of this subsection, and (iii) are
3 determined to be "full-time" by their employing unit in accordance with
4 section 4980H of the Internal Revenue Code and the applicable regulations,
5 as amended. The employing unit shall pay the employer premiums for
6 retirees who enroll under this subdivision.

7 ...

8 (e) Other Contributory Coverage. – Any employee of an employing unit is eligible for
9 coverage under this section on a contributory basis, subject to the provisions of G.S. 135-48.43
10 and of this section, if (i) the employee's employing unit determines that the employee is a
11 full-time employee and (ii) the employee does not qualify for coverage under subdivision (1),
12 (1a), (5), (6), (7), (8), (9), or (10) of G.S. 135-48.40(b). For the purposes of this subsection, the
13 full-time status of an employee shall be determined by the employing unit, in its sole discretion,
14 in accordance with Section 4980H of the Internal Revenue Code and the applicable regulations,
15 as amended. The coverage offered and the contribution required for coverage under this section
16 shall be determined by the Treasurer and approved by the Board of Trustees. Such coverage
17 shall do all of the following:

- 18 (1) Be designed to meet the requirements of minimum essential coverage under
19 the Patient Protection and Affordable Care Act, P.L. 111-148, and the
20 applicable regulations, as amended (Affordable Care Act).
- 21 (2) Provide no greater coverage than a bronze-level plan, as defined under the
22 Affordable Care Act.
- 23 (3) Minimize the required employer contribution in an administratively feasible
24 manner."

25 **SECTION 30.25.(b)** G.S. 135-48.41(j) reads as rewritten:

26 "(j) If a retiree has been hired by an employing unit and is eligible for coverage under
27 subdivision (1), (1a), (5), (6), (7), (8), (9), or (10) of G.S. 135-48.40(b) or under
28 G.S. 135-48.40(e), then the hired retiree shall not, during the time of employment, be eligible
29 for retiree coverage under G.S. 135-48.40(a)(1), G.S. 135-48.40(b)(3), G.S. 135-48.40(c)(2), or
30 G.S. 135-48.40(d)(11)."

31 32 **INTEREST RATE USED TO CALCULATE EMPLOYER CONTRIBUTION RATES**

33 **SECTION 30.29.(a)** G.S. 135-6(o) reads as rewritten:

34 "(o) On the basis of such tables and interest assumption rate as the Board of Trustees
35 shall adopt, the actuary shall make an annual valuation of the assets and liabilities of the funds
36 of the System created by this Chapter. Notwithstanding the Board's general authority to set
37 interest assumption rates for the annual valuation, for purposes of the calculation of employer
38 contribution rates, the Board shall use an interest rate of seven and twenty-hundredths percent
39 (7.20%) in the valuation prepared as of December 31, 2013, and shall reduce that interest rate
40 in each subsequent annual valuation by five-hundredths percent (0.05%) relative to the
41 previous year's valuation."

42 **SECTION 30.29.(b)** G.S. 135-69(e) reads as rewritten:

43 "(e) The normal contribution rate and the accrued liability contribution rate shall be
44 determined after each annual valuation of the Retirement System and shall remain in effect
45 until a new valuation is made. In setting the contribution rates under this section, the Board
46 shall use the same interest rate as that required under G.S. 135-6(o)."

47 48 **CLARIFY AND AMEND THE LAW PROVIDING FOR PURCHASE OF SERVICE BY** 49 **MEMBERS OF THE TEACHERS' AND STATE EMPLOYEES' RETIREMENT** 50 **SYSTEM FOR EDUCATIONAL LEAVE**

51 **SECTION 30.30.** G.S. 135-8(b)(5) reads as rewritten:

1 "(5) The Board of Trustees may approve the purchase of creditable service by
2 any member for leaves of absence or for interrupted service to an employer
3 for the sole ~~purpose~~purposes of acquiring knowledge, talents, or abilities and
4 to ~~increase~~increasing the efficiency of service to the ~~employer~~. employer,
5 subject to the provisions of this subdivision. A leave of absence or
6 interrupted service may be approved for purchase under this subdivision for
7 a period of employment as a teacher in a charter school. Any other leave of
8 absence or interrupted service shall qualify for purchase under this
9 subdivision only if (i) during the time of the leave or interrupted service the
10 member is enrolled and participates in a full-time degree program at an
11 accredited institution of higher education, (ii) the member is not paid for the
12 activity in which he or she is acquiring knowledge, talents, or abilities, and
13 (iii) the service is not purchased for any month in which the member
14 performed any services for any of the organizations listed in G.S. 135-27(a)
15 or G.S. 135-27(f), or a successor to any of those organizations. This approval
16 Approval by the Board under this subdivision shall be made prior to the
17 purchase of the creditable service, is limited to a career total of six years for
18 each member, and may be obtained in the following manner:

- 19 a. Approved leave of absence. – Where the employer grants an
20 approved leave of absence, a member may make monthly
21 contributions to the annuity savings fund on the basis of
22 compensation the member was earning immediately prior to such
23 leave of absence. The employer shall make monthly contributions
24 equal to the normal and accrued liability contribution on such
25 compensation or, in lieu thereof, the member may pay into the
26 annuity savings fund monthly an amount equal to the employer's
27 normal and accrued liability contribution when the policy of the
28 employer is not to make such payment.
- 29 b. No educational leave policy. – Where the employer has a policy of
30 not granting educational leaves of absence or the member has
31 unsuccessfully petitioned for leave of absence and the member has
32 interrupted service for educational purposes, the member may make
33 monthly contributions into the annuity savings fund in an amount
34 equal to the employee contribution plus the employer normal and
35 accrued liability contribution on the basis of the compensation the
36 member was earning immediately prior to the interrupted service.
- 37 c. Educational program prior to July 1, 1981. – Creditable service for
38 leaves of absence or interrupted service for educational purposes
39 prior to July 1, 1981, may be purchased by a member, before or after
40 retirement, who returned as a contributing employee or teacher
41 within 12 months after completing the educational program and
42 completed 10 years of subsequent membership service, by making a
43 lump sum payment into the annuity savings fund equal to the full
44 cost of the service credits calculated on the basis of the assumptions
45 used for purposes of the actuarial valuation of the system's liabilities
46 and shall take into account the retirement allowance arising on
47 account of the additional service credit commencing at the earliest
48 age at which the member could retire on an unreduced retirement
49 allowance as determined by the Board of Trustees upon the advice of
50 the consulting actuary, plus a fee to be determined by the Board of
51 Trustees.

1 d. Employment in a charter school. – Notwithstanding subparagraph a.
2 of this subdivision, where the employer grants an approved leave of
3 absence for the member to be employed in a charter school or where
4 the member's service is interrupted by employment in a charter
5 school, authorized under Part 6A of Article 16 of Chapter 115C of
6 the General Statutes, the member may make monthly contributions
7 into the annuity savings fund in an amount equal to the employee
8 contribution plus the employer normal and accrued liability
9 contribution on the basis of the compensation the member was
10 earning immediately prior to the interrupted service.

11 Payments required to be made by the member, the employer, or both
12 under subparagraphs a or b are due by the 15th of the month following the
13 month for which the service credit is allowed and payments made after the
14 due date shall be assessed a penalty, in lieu of interest, of one percent (1%)
15 per month or fraction thereof the payment is made beyond the due date;
16 provided, that these payments shall be made prior to retirement and provided
17 further, that if the member did not become a contributing member within 12
18 months after completing the educational program and failed to complete
19 three years of subsequent membership service, except in the event of death
20 or disability, any payment made by the member including penalty shall be
21 refunded with regular interest thereon and the service credits cancelled prior
22 to or at retirement."
23

24 STATE HEALTH PLAN CASH RESERVE

25 **SECTION 30.31.(a)** During the 2015-2017 fiscal biennium, the State Health Plan
26 for Teachers and State Employees shall maintain a cash reserve of at least twenty percent
27 (20%) of its annual costs. For purposes of this section, the term "cash reserve" means the total
28 balance in the Public Employee Health Benefit Fund and the Health Benefit Reserve Fund
29 established in G.S. 135-48.5 plus the Plan's administrative account, and the term "annual costs"
30 means the total of all medical claims, pharmacy claims, administrative costs, fees, and premium
31 payments for coverage outside of the Plan.

32 **SECTION 30.31.(b)** On and after January 1, 2016, if the State Health Plan for
33 Teachers and State Employees projects a cash reserve of less than the minimum cash reserve
34 required by this section at any time during the remainder of the 2015-2017 fiscal biennium, or
35 the Fiscal Research Division of the General Assembly notifies the Plan that it projects such a
36 deficiency, the Department of State Treasurer shall report to the Joint Legislative Commission
37 on Governmental Operations within 60 days of that projection or notification on actions the
38 Department plans to take in order to maintain that required minimum cash reserve.
39

40 STATE HEALTH PLAN ELIGIBILITY/PREMIUMS FOR ALTERNATIVE 41 COVERAGE OPTIONS

42 **SECTION 30.32.(a)** G.S. 135-48.1(18) reads as rewritten:

43 "(18) Retired employee (retiree). – Retired teachers, State employees, and
44 members of the General Assembly who (i) are receiving monthly retirement
45 benefits from ~~any retirement system supported in whole or in part by~~
46 ~~contributions of the State of North Carolina, the Teachers' and State~~
47 Employees' Retirement System, the Consolidated Judicial Retirement
48 System, the Legislative Retirement System, or the Optional Retirement
49 Program and (ii) earned contributory retirement service in one of these
50 retirement systems prior to January 1, 2016, and did not withdraw that
51 service, so long as the retiree is enrolled."

1 **SECTION 30.32.(b)** G.S. 135-48.40 reads as rewritten:

2 "**§ 135-48.40. Categories of eligibility.**

3 (a) Noncontributory Coverage. – The following persons are eligible for coverage under
4 the Plan, on a noncontributory basis, subject to the provisions of G.S. 135-48.43:

5 (1) ~~Retired teachers, State employees, members of the General Assembly,~~
6 Retired employees as defined in G.S. 135-48.1(18) and retired State law
7 enforcement officers who retired under the Law Enforcement Officers'
8 Retirement System prior to January 1, 1985. Except as otherwise provided in
9 this subdivision, on and after January 1, 1988, a retiring employee or retiree
10 must have completed at least five years of contributory retirement service
11 with an employing unit prior to retirement from any State-supported
12 retirement system in order to be eligible for group benefits under this Part as
13 a retired employee or retiree. For employees first hired on and after October
14 1, 2006, and members of the General Assembly first taking office on and
15 after February 1, 2007, future coverage as retired employees and retired
16 members of the General Assembly is subject to a requirement that the future
17 retiree have 20 or more years of retirement service credit in order to be
18 covered by the provisions of this subdivision.

19 ...

20 (b) Partially Contributory Coverage. – The following persons are eligible for coverage
21 under the Plan, on a partially contributory basis, subject to the provisions of G.S. 135-48.43:

22 ...

23 (2) ~~Retired teachers, State employees, members of the General Assembly,~~
24 Retired employees as defined in G.S. 135-48.1(18) and retired State law
25 enforcement officers who retired under the Law Enforcement Officers'
26 Retirement System prior to January 1, 1985. Except as otherwise provided in
27 this subdivision, on and after January 1, 1988, a retiring employee or retiree
28 must have completed at least five years of contributory retirement service
29 with an employing unit prior to retirement from any State-supported
30 retirement system in order to be eligible for group benefits under this Part as
31 a retired employee or retiree. For employees first hired on and after October
32 1, 2006, and members of the General Assembly first taking office on and
33 after February 1, 2007, future coverage as retired employees and retired
34 members of the General Assembly is subject to a requirement that the future
35 retiree have 20 or more years of retirement service credit in order to be
36 covered by the provisions of this subdivision.

37 ...

38 (c) One-Half Contributory Coverage. – The following persons are eligible for coverage
39 under the Plan, on a one-half contributory basis, subject to the provisions of G.S. 135-48.43:

40 ...

41 (2) ~~Employees and members of the General Assembly~~Retired employees as
42 defined in G.S. 135-48.1(18) with 10 but less than 20 years of retirement
43 service credit provided the employees were first hired on or after October 1,
44 2006, and the members first took office on or after February 1, 2007. For
45 such future retirees, the State shall pay fifty percent (50%) of the Plan's total
46 employer premiums. Individual retirees shall pay the balance of the total
47 premiums not paid by the State.

48 (d) Fully Contributory Coverage. – The following persons shall be eligible for coverage
49 under the Plan, on a fully contributory basis, subject to the provisions of G.S. 135-48.43:

50 ...

(11) ~~Retired teachers, State employees, and members of the General Assembly Retired employees as defined in G.S. 135-48.1(18) with less than 10 years of retirement service credit, provided the teachers and State employees were first hired on or after October 1, 2006, and the members first took office on or after February 1, 2007.~~

...."

SECTION 30.32.(c) G.S. 135-48.30(a) is amended by adding a new subdivision to read as follows:

"(a) The State Treasurer shall have the following powers and duties:

...

(17) Optionally offer Medicare-related options under G.S. 135-48.38.

(18) Optionally offer to pay premiums to purchase alternative coverage in lieu of coverage under the Plan under G.S. 135-48.39."

SECTION 30.32.(d) Part 3 of Article 3B of Chapter 135 of the General Statutes is amended by adding a new section to read as follows:

"§ 135-48.39. Premiums to purchase alternative coverage for retirees in lieu of coverage under the Plan.

(a) The State Treasurer may offer to pay or reimburse premiums for alternative health benefit plan coverage in lieu of coverage under the State Health Plan. If the State Treasurer elects to offer premium payments in lieu of coverage, then the State Treasurer shall adopt rules for and limitations on doing so.

(b) Premium payments in lieu of coverage shall be limited to persons eligible for coverage under the following, and the State Treasurer may vary the amounts of premium payments depending on the category of eligibility:

(1) G.S. 135-48.40(a)(1).

(2) G.S. 135-48.40(a)(2).

(3) G.S. 135-48.40(b)(3).

(4) G.S. 135-48.40(b)(4).

(5) G.S. 135-48.40(c)(2).

(c) Notwithstanding the eligibility for coverage provided in Part 4 of this Article, coverage outside of the Plan shall be in lieu of coverage under the Plan during the period for which the Plan member chooses premium payments in lieu of coverage."

PART XXXI. CAPITAL APPROPRIATIONS

GENERAL FUND CAPITAL APPROPRIATIONS/INTRODUCTION

SECTION 31.1. The appropriations made by the 2015 General Assembly for capital improvements are for constructing, repairing, or renovating State buildings, utilities, and other capital facilities, for acquiring sites for them where necessary, and for acquiring buildings and land for State government purposes.

CAPITAL APPROPRIATIONS/GENERAL FUND

SECTION 31.2. There is appropriated from the General Fund for the 2015-2017 fiscal biennium the following amounts for capital improvements:

Capital Improvements – General Fund	2015-2016	2016-2017
Department of Agriculture and Consumer Services		
Dorton Arena Roof Replacement	2,305,000	–
Department of Cultural Resources		

1	USS North Carolina Hull Repair and Cofferdam	3,500,000	–
2			
3	Department of Environment and Natural Resources		
4	Water Resources Development	5,083,000	–
5			
6	Department of Public Safety		
7	Armory and Facility Development Projects	618,000	5,087,500
8			
9	General Assembly		
10	Legislative Building Roof Replacement and		
11	Asbestos Abatement	9,500,000	–
12			
13	Repairs and Renovations Reserve	144,889,100	
14			
15	Responsible Capital Planning Commission		
16	Capital Improvement Planning Fund	5,000,000	–
17			
18	University of North Carolina		
19	North Carolina School of Science and		
20	Mathematics – Upgrades and Building Repair	4,000,000	–
21			
22	TOTAL CAPITAL IMPROVEMENTS –		
23	GENERAL FUND	\$174,895,100	5,087,500

WATER RESOURCES DEVELOPMENT PROJECTS

SECTION 31.3.(a) The Department of Environment and Natural Resources shall allocate funds for water resources development projects in accordance with the schedule that follows. The amounts set forth in the schedule include funds appropriated in this act for water resources development projects and funds carried forward from previous fiscal years in accordance with subsection (b) of this section. These funds will provide a State match for an estimated forty-four million three hundred fifty-three thousand dollars (\$44,353,000) in federal funds.

	Name of Project	2015-2016
34		
35		
36	(1) Jordan Water Supply	\$200,000
37	(2) Wilmington Harbor Study	225,000
38	(3) Planning Assistance	25,000
39	(4) Wilmington Harbor Deepening	600,000
40	(5) Wilmington Harbor Maintenance	-
41	(6) Morehead City Harbor Maintenance	-
42	(7) Carolina Beach Storm Damage Reduction	1,400,000
43	(8) Carolina Beach Storm Damage Reduction 15-Year Extension Study	81,000
44	(9) Kure Beach Storm Damage Reduction	1,450,000
45	(10) Wrightsville Storm Damage Reduction Reevaluation Report	81,000
46	(11) Ocean Isle Storm Damage Reduction Reevaluation Report	81,000
47	(12) Bogue Banks Storm Damage Reduction Preconstruction,	
48	Engineering, and Design	165,000
49	(13) Surf City/North Topsail Preconstruction Activities	135,000
50	(14) West Onslow Beach Preconstruction Activities	135,000
51	(15) NRCS EQIP (65/35)	1,000,000

1	(16)	Planning for S.L. 2010-143	75,000
2	(17)	State-Local Projects	1,000,000
3	(18)	Lock and Dam #2 – Fish Ramp – Phase 1	250,000
4	(19)	Linville River Restoration	250,000
5	(20)	Assistance to Counties – EAP Preparation	250,000
6	(21)	North Topsail Shoreline Protection – Phase 2	500,000

7
 8 **TOTALS** **\$7,903,000**

9
 10 **SECTION 31.3.(b)** It is the intent of the General Assembly that funds carried
 11 forward from previous fiscal years be used to supplement the five million eighty-three thousand
 12 dollars (\$5,083,000) appropriated for water resources development projects in Section 31.2 of
 13 this act. Therefore, the following funds carried forward from previous fiscal years shall be used
 14 for the following projects:

15	Name of Project		Amount Carried Forward
16	(1)	Wilmington Harbor Study	\$225,000
17	(2)	Planning Assistance	25,000
18	(3)	Wilmington Harbor Deepening	600,000
19	(4)	Carolina Beach Storm Damage Reduction	727,000
20	(5)	Kure Beach Storm Damage Reduction	808,000
21	(6)	Bogue Banks Storm Damage Reduction Preconstruction, Engineering, and Design	165,000
22	(7)	Surf City/North Topsail Preconstruction Activities	135,000
23	(8)	West Onslow Beach Preconstruction Activities	135,000

24
 25
 26
 27
 28 **TOTALS** **\$2,820,000**

29
 30 **SECTION 31.3.(c)** Where the actual costs are different from the estimated costs
 31 under subsection (a) of this section, the Department may adjust the allocations among projects
 32 as needed. If any projects funded under subsection (a) of this section are delayed and the
 33 budgeted State funds cannot be used during the 2015-2016 fiscal year or if the projects funded
 34 under subsection (a) of this section are accomplished at a lower cost, the Department may use
 35 the resulting fund availability to fund any of the following:

- 36 (1) U.S. Army Corps of Engineers project feasibility studies.
- 37 (2) U.S. Army Corps of Engineers projects whose schedules have advanced and
38 require State matching funds in the 2015-2016 fiscal year.
- 39 (3) State-local water resources development projects.

40 Funds subject to this subsection that are not expended or encumbered for the purposes set forth
 41 in subdivisions (1) through (3) of this subsection shall revert to the General Fund at the end of
 42 the 2016-2017 fiscal year.

43 **SECTION 31.3.(d)** The Department shall make semiannual reports on the use of
 44 these funds to the Joint Legislative Commission on Governmental Operations, the Fiscal
 45 Research Division, and the Office of State Budget and Management. Each report shall include
 46 all of the following:

- 47 (1) All projects listed in this section.
- 48 (2) The estimated cost of each project.
- 49 (3) The date that work on each project began or is expected to begin.
- 50 (4) The date that work on each project was completed or is expected to be
51 completed.

(5) The actual cost of the project.
 The semiannual reports also shall show those projects advanced in schedule, those projects delayed in schedule, and an estimate of the amount of funds expected to revert to the General Fund.

SECTION 31.3.(e) Notwithstanding any provision of law to the contrary, funds appropriated for a water resources development project shall be used to provide no more than fifty percent (50%) of the nonfederal portion of funds for the project. This subsection applies to funds appropriated in this act and to funds appropriated prior to the 2015-2017 fiscal biennium that are unencumbered and proposed for reallocation to provide the nonfederal portion of funds for water resources development projects. The limitation on fund usage contained in this subsection applies only to projects in which a local government or local governments participate.

NON-GENERAL FUND CAPITAL IMPROVEMENT AUTHORIZATIONS

SECTION 31.4.(a) The General Assembly authorizes the following capital projects to be funded with receipts or from other non-General Fund sources available to the appropriate department:

Name of Project	Amount of Non-General Fund Funding Authorized	
	FY 2015-2016	FY 2016-2017
Department of Agriculture and Consumer Services		
WNC Farmers Market Improvements/Robert G. Shaw Piedmont Triad Farmers Market Improvements	\$3,000,000	—
WNC Agricultural Center Events/Restroom Building	500,000	—
NC Forest Service Mountain Island Educational Forest-Visitor and Interpretive Center	4,000,000	—
Deer Fence on Research Stations	200,000	—
Aviary Egg Layer Research Building	1,750,000	—
State Fair Renovations/Infrastructure Improvements	2,500,000	—
State Fair Horse Complex	1,000,000	—
Animal Disease Diagnostic Laboratory Equipment	500,000	—
Department of Environment and Natural Resources		
Fort Fisher Aquarium Seawall	590,000	590,000
Gorilla Expansion	450,000	—
Department of Public Safety		
National Guard – Wilmington Replacement	14,200,000	—
Department of Transportation		
Anson County Blacksmith Shop	195,000	—
Nash County Equipment Shop	194,200	2,590,800
Gaston County Equipment Shop	2,409,000	—
Statewide Local Truck Storage Shed	—	194,800
Lee County Resident Engineers Office	—	1,198,000
Watauga County District Engineers	—	1,165,000
Surry County District Engineers Office	—	1,197,000
Guilford County Bridge Maintenance Facility	—	1,024,000

1	Scotland County Maintenance Office	-	1,109,000
2			
3	Wildlife Resources Commission		
4	Boating Access New Construction	3,750,000	3,750,000
5	Land Acquisition	900,000	900,000
6	Jordan Lake Depot	500,000	-
7	Fishing Access Construction	-	200,000
8			
9	TOTAL AMOUNT OF NON-GENERAL		
10	FUND CAPITAL PROJECTS		
11	AUTHORIZED	\$36,638,200	13,918,600
12			

13 **SECTION 31.4.(b)** From funds deposited with the State Treasurer in a capital
14 improvement account to the credit of the Department of Agriculture and Consumer Services
15 pursuant to G.S. 146-30, the sum of seventy-five thousand dollars (\$75,000) for the 2015-2016
16 fiscal year and the sum of seventy-five thousand dollars (\$75,000) for the 2016-2017 fiscal year
17 shall be transferred to the Department of Agriculture and Consumer Services to be used,
18 notwithstanding G.S. 146-30, by the Department for its plant conservation program under
19 Article 19B of Chapter 106 of the General Statutes for costs incidental to the acquisition of
20 land, such as land appraisals, land surveys, title searches, and environmental studies, and for
21 the management of the plant conservation program preserves owned by the Department.

22
23 **REPAIRS AND RENOVATIONS RESERVE ALLOCATION**

24 **SECTION 31.5.(a)** Of the funds in the Reserve for Repairs and Renovations for
25 the 2015-2016 and the 2016-2017 fiscal years, the following allocations shall be made to the
26 following agencies for repairs and renovations pursuant to G.S. 143C-4-3:

- 27 (1) Fifty percent (50%) of the funds shall be allocated to the Board of Governors
28 of The University of North Carolina.
- 29 (2) Fifty percent (50%) of the funds shall be allocated to the Office of State
30 Budget and Management.

31 The Office of State Budget and Management shall consult with or report to the Joint
32 Legislative Commission on Governmental Operations, as appropriate, in accordance with
33 G.S. 143C-4-3(d). The Board of Governors shall report to the Joint Legislative Commission on
34 Governmental Operations in accordance with G.S. 143C-4-3(d).

35 **SECTION 31.5.(b)** Notwithstanding G.S. 143C-4-3(d), of the funds allocated to
36 the Board of Governors of The University of North Carolina in subsection (a) of this section, a
37 portion shall be used each fiscal year by the Board of Governors for the installation of fire
38 sprinklers in university residence halls. This portion shall be in addition to funds otherwise
39 appropriated in this act for the same purpose. Such funds shall be allocated among the
40 University's constituent institutions by the President of The University of North Carolina, who
41 shall consider the following factors when allocating those funds:

- 42 (1) The safety and well-being of the residents of campus housing programs.
- 43 (2) The current level of housing rents charged to students and how that
44 compares to an institution's public peers and other UNC institutions.
- 45 (3) The level of previous authorizations to constituent institutions for the
46 construction or renovation of residence halls funded from the General Fund
47 or from bonds or certificates of participation supported by the General Fund
48 since 1996.
- 49 (4) The financial status of each constituent institution's housing system,
50 including debt capacity, debt coverage ratios, credit rankings, required
51 reserves, the planned use of cash balances for other housing system

1 improvements, and the constituent institution's ability to pay for the
2 installation of fire sprinklers in all residence halls.

- 3 (5) The total cost of each proposed project, including the cost of installing fire
4 sprinklers and the cost of other construction, such as asbestos removal and
5 additional water supply needs.

6 The Board of Governors shall submit progress reports to the Joint Legislative
7 Commission on Governmental Operations. Reports shall include the status of completed,
8 current, and planned projects. Reports also shall include information on the financial status of
9 each constituent institution's housing system, the constituent institution's ability to pay for fire
10 protection in residence halls, and the timing of installation of fire sprinklers. Reports shall be
11 submitted on January 1 and July 1 until all residence halls have fire sprinklers.

12 **SECTION 31.5.(c)** Notwithstanding G.S. 143C-4-3(d), of the funds allocated to
13 the Board of Governors of The University of North Carolina in subsection (a) of this section, a
14 portion shall be used each fiscal year by the Board of Governors for campus public safety
15 improvements allowable under G.S. 143C-4-3(b).

16 **SECTION 31.5.(d)** In making campus allocations of funds allocated to the Board
17 of Governors of The University of North Carolina in subsection (a) of this section, the Board of
18 Governors shall negatively weight the availability of non-State resources and carry forward
19 funds available for repair and renovations and shall include information about the manner in
20 which this subsection was complied with in any report submitted pursuant to G.S. 143C-4-3(d).

21 **PROCEDURES FOR DISBURSEMENT OF CAPITAL FUNDS**

22 **SECTION 31.6.** The appropriations made by the 2015 General Assembly for
23 capital improvements shall be disbursed for the purposes provided by this act. Expenditure of
24 funds shall not be made by any State department, institution, or agency until an allotment has
25 been approved by the Governor as Director of the Budget. The allotment shall be approved
26 only after full compliance with the State Budget Act, Chapter 143C of the General Statutes.
27 Prior to the award of construction contracts for projects to be financed in whole or in part with
28 self-liquidating appropriations, the Director of the Budget shall approve the elements of the
29 method of financing of those projects, including the source of funds, interest rate, and
30 liquidation period. Provided, however, that if the Director of the Budget approves the method
31 of financing a project, the Director shall report that action to the Joint Legislative Commission
32 on Governmental Operations at its next meeting.

33 Where direct capital improvement appropriations include the purpose of furnishing
34 fixed and movable equipment for any project, those funds for equipment shall not be subject to
35 transfer into construction accounts except as authorized by the Director of the Budget. The
36 expenditure of funds for fixed and movable equipment and furnishings shall be reviewed and
37 approved by the Director of the Budget prior to commitment of funds.

38 Capital improvement projects authorized by the 2015 General Assembly shall be
39 completed, including fixed and movable equipment and furnishings, within the limits of the
40 amounts of the direct or self-liquidating appropriations provided, except as otherwise provided
41 in this act. Capital improvement projects authorized by the 2015 General Assembly for the
42 design phase only shall be designed within the scope of the project as defined by the approved
43 cost estimate filed with the Director of the Budget, including costs associated with site
44 preparation, demolition, and movable and fixed equipment.

45 **REPORTING ON CAPITAL PROJECTS**

46 **SECTION 31.7.(a)** Definitions. – The following definitions apply in this section:

- 47 (1) Capital project. – Any capital improvement, as that term is defined in
48 G.S. 143C-1-1, that is not complete by the effective date of this section and
49 that is funded in whole or in part with State funds, including receipts,
50
51

1 non-General Fund sources, or statutorily or constitutionally authorized
2 indebtedness of any kind. This term includes only projects with a total cost
3 of one hundred thousand dollars (\$100,000) or more.

4 (2) Construction phase. – The status of a particular capital project as described
5 using the terms customarily employed in the design and construction
6 industries.

7 (3) New capital project. – A capital project that is authorized in this act or
8 subsequent to the effective date of this act.

9 **SECTION 31.7.(b)** Reporting. – The following reports are required:

10 (1) By October 1, 2015, and every six months thereafter, each State agency shall
11 report on the status of agency capital projects to the Joint Legislative
12 Commission on Governmental Operations.

13 (2) By October 1, 2015, and quarterly thereafter, each State agency shall report
14 on the status of agency capital projects to the Fiscal Research Division of the
15 General Assembly and to the Office of State Budget and Management.

16 **SECTION 31.7.(c)** The reports required by subsection (b) of this section shall
17 include at least the following information about every agency capital project:

18 (1) The current construction phase of the project.

19 (2) The anticipated time line from the current construction phase to project
20 completion.

21 (3) Information about expenditures that have been made in connection with the
22 project, regardless of source of the funds expended.

23 (4) Information about the adequacy of funding to complete the project,
24 including estimates of how final expenditures will relate to initial estimates
25 of expenditures, and whether or not scope reductions will be necessary in
26 order to complete the project within its budget.

27 (5) For new capital projects only, an estimate of the operating costs for the
28 project for the first five fiscal years of its operation.

29 **SECTION 31.7.(d)** In addition to the other reports required by this section, on
30 October 1, 2015, and every six months thereafter, the Office of State Construction shall report
31 on the status of the Facilities Condition Assessment Program (FCAP) to the Joint Legislative
32 Commission on Governmental Operations. The report shall include (i) summary information
33 about the average length of time that passes between FCAP assessments for an average State
34 building; (ii) detailed information about when the last FCAP assessment was for each State
35 building complex; and (iii) detailed information about the condition and repairs and renovations
36 needs of each State building complex.

37 **SECTION 31.7.(e)** In addition to the other reports required by this section, on
38 October 1, 2015, and quarterly thereafter, the State Construction Office shall report to the Joint
39 Legislative Oversight Committee on Capital Improvements on the status of plan review,
40 approval, and permitting for each State capital improvement project and community college
41 capital improvement project over which the Office exercises plan review, approval, and
42 permitting authority. Each report shall include (i) summary information about the workload of
43 the Office during the previous quarter, including information about the average length of time
44 spent by the State Construction Office on each major function it performs that is related to
45 capital project approval, and (ii) detailed information about the amount of time spent engaged
46 in those functions for each project that the State Construction Office worked on during the
47 previous quarter.

48 **NATIONAL GUARD PROJECTS**

49 **SECTION 31.8.(a)** The Department of Public Safety shall allocate the funds
50 appropriated for armory and facility development projects in Section 31.2 of this act to projects
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1 designated by the Adjutant General of the North Carolina National Guard. The Adjutant
2 General shall allocate funds only to projects that were included in the latest Armory and
3 Facilities Development Plan developed pursuant to G.S. 127A-210 and may determine which
4 fiscal year of the biennium each designated project shall be funded. These funds will provide a
5 State match for federal funds made available for this purpose.

6 **SECTION 31.8.(b)** No later than June 1, 2017, and every two years thereafter, the
7 Department shall report on the use of these funds to the Joint Legislative Commission on
8 Governmental Operations, the Fiscal Research Division of the General Assembly, and the
9 Office of State Budget and Management. Each report shall include all of the following:

- 10 (1) The status of all projects undertaken pursuant to this section.
- 11 (2) The estimated total cost of each project.
- 12 (3) The date that work on each project began or is expected to begin.
- 13 (4) The date that work on each project was completed or is expected to be
14 completed.
- 15 (5) The actual cost of each project, including federal matching funds.
- 16 (6) Facilities planned for closure or reversion.
- 17 (7) A list of projects advanced in schedule, those projects delayed in schedule,
18 and an estimate of the amount of funds expected to revert to the General
19 Fund.

21 **PLAN FOR RELOCATING ALL DHHS OFFICES TO ONE LOCATION**

22 **SECTION 31.10.(a)** The Department of Health and Human Services, in
23 consultation with the Department of Administration, shall develop a plan for relocating the
24 personnel and resources of the Department of Health and Human Services that are located on
25 the Dorothea Dix campus and on other property leased or owned by the State in the Greater
26 Triangle area (consisting of Durham, Orange, Johnston, and Wake Counties) to one site
27 available to the State. The Department shall report the plan to the Joint Legislative Oversight
28 Committee on Health and Human Services and the Fiscal Research Division by the earlier of
29 October 1, 2016, or six months prior to the date on which the Department is required to move
30 some or all of its personnel and resources from the Dorothea Dix campus under the terms of an
31 agreement between the State and the City of Raleigh. The plan required by this section shall
32 include at least all of the following information:

- 33 (1) The location to which the personnel and resources of the Department of
34 Health and Human Services will be relocated.
- 35 (2) The square footage needed in order to accommodate the relocation.
- 36 (3) A statement of anticipated costs or benefits associated with the relocation.
- 37 (4) A schedule for implementation of the relocation plan.
- 38 (5) Identification of any potential obstacles to the relocation plan.
- 39 (6) Options for financing the relocation plan developed in conjunction with the
40 State Treasurer and the State Controller.

41 **SECTION 31.10.(b)** Notwithstanding any other provision of law, neither the
42 Department of Health and Human Services nor the Department of Administration shall enter
43 into any lease or other agreement to move the personnel or resources of the Department of
44 Health and Human Services that currently reside on the Dorothea Dix campus or on other
45 property leased or owned by the State in the Greater Triangle area to another site until
46 specifically authorized to do so by the General Assembly.

48 **MODIFY SPECIAL INDEBTEDNESS PROVISIONS**

49 **SECTION 31.11.(a)** G.S. 143-128.1C reads as rewritten:

50 **"§ 143-128.1C. Public-private partnership construction contracts.**

- 51 (a) Definitions for purposes of this section:

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...
(4) Development contract. – Any contract between a governmental entity and a private developer under this section and, as part of the contract, the private developer is required to provide at least fifty percent (50%) of the financing for the total cost necessary to deliver the capital improvement project, whether through lease or ownership, for the governmental entity. For purposes of determining whether the private developer is providing the minimum percentage of the total financing costs, the calculation shall not include any payment made by a public entity or proceeds of financing arrangements by a private entity where the source of repayment is a public entity.

...
(10) State-supported financing arrangement. – Any installment financing arrangement, lease-purchase arrangement, arrangement under which funds are to be paid in the future based upon the availability of an asset or funds for payment, or any similar arrangement in the nature of a financing, under which a State entity agrees to make payments to acquire or obtain ownership or beneficial use of a capital asset for the State entity or any other State entity for a term, including renewal options, of greater than one year. Any arrangement that results in the identification of a portion of a lease payment, installment payment, or similar scheduled payment thereunder by a State entity as "interest" for purposes of federal income taxation shall automatically be a State-supported financing arrangement for purposes of this section. A true operating lease is not a State-supported financing arrangement.

...
(k) Leases and other agreements entered into under this section are subject to approval as follows:

...
(2) If a capital lease ~~is~~ or other agreement entered into by a State entity ~~that~~ constitutes a State-supported financing arrangement and requires payments thereunder that are payable, whether directly or indirectly, and whether or not subject to the appropriation of funds for such payment, by payments from the General Fund of the State or other funds and accounts of the State that are funded from the general revenues and other taxes and fees of the State or State entities, not including taxes and fees that are required to be deposited to the Highway Fund or Highway Trust Fund, Fund to be used to make payments under capital leases or other agreements for projects covered under Article 14B of Chapter 136 of the General Statutes, that capital lease or other agreement shall be subject to the approval procedures required for special indebtedness by G.S. 142-83 and G.S. 142-84. This requirement shall not apply to any arrangement where bonds or other obligations are issued or incurred by a State entity to carry out a financing program authorized by the General Assembly under which such bonds or other obligations are payable from monies derived from specified, limited, nontax sources, so long as the payments under that arrangement by a State entity are limited to the sources authorized by the General Assembly.

...."
SECTION 31.11.(b) This section is effective when this act becomes law.

1 **SECTION 31.14.(a)** Notwithstanding G.S. 143C-8-7, a State agency may
2 undertake repairs and renovations projects so long as each project satisfies the following
3 requirements:

- 4 (1) Total project costs do not exceed three hundred thousand dollars (\$300,000).
- 5 (2) The project satisfies the requirements of G.S. 143C-4-3(b).
- 6 (3) The project is paid for with funds available to the agency.

7 **SECTION 31.14.(b)** Projects undertaken pursuant to this section shall be reported
8 to the Fiscal Research Division on a quarterly basis. A report under this subsection shall
9 include information about all of the following for each project:

- 10 (1) The facility at which the project is being undertaken.
- 11 (2) The nature and scope of the project.
- 12 (3) The source of funds for the project.
- 13 (4) The category of projects set forth in G.S. 143C-4-3(b) that the project falls
14 within.

16 **CREATE JOINT LEGISLATIVE OVERSIGHT COMMITTEE ON CAPITAL** 17 **IMPROVEMENTS**

18 **SECTION 31.16.(a)** Article 29 of Chapter 120 of the General Statutes is amended
19 by adding three new sections to read:

20 "§ 120-261. Creation and membership of Joint Legislative Oversight Committee on 21 Capital Improvements.

22 The Joint Legislative Oversight Committee on Capital Improvements is established. The
23 Committee consists of 16 members as follows:

- 24 (1) Eight members of the House of Representatives appointed by the Speaker of
25 the House of Representatives, at least two of whom are members of the
26 minority party.
- 27 (2) Eight members of the Senate appointed by the President Pro Tempore of the
28 Senate, at least two of whom are members of the minority party.

29 Terms on the Committee are for two years and begin on the convening of the General
30 Assembly in each odd-numbered year, except the terms of the initial members, which begin on
31 appointment and end on the day of the convening of the 2017 General Assembly. Members
32 may complete a term of service on the Committee even if they do not seek reelection or are not
33 reelected to the General Assembly, but resignation or removal from service in the General
34 Assembly constitutes resignation or removal from service on the Committee.

35 A member continues to serve until the member's successor is appointed. A vacancy shall be
36 filled within 30 days by the officer who made the original appointment.

37 "§ 120-262. Purpose and powers of the Committee.

38 (a) The Joint Legislative Oversight Committee on Capital Improvements shall have the
39 power to do all of the following:

- 40 (1) Examine, on a continuing basis, capital improvements requested by,
41 authorized for, and undertaken by or on behalf of State agencies.
- 42 (2) Have oversight over implementation of the six-year capital improvements
43 plan developed pursuant to G.S. 143C-8-5.
- 44 (3) Make recommendations to the General Assembly on ways to improve the
45 planning, financing, design, construction, and maintenance of State capital
46 improvements.
- 47 (4) Make reports and recommendations to the General Assembly regarding
48 which capital improvements requested by State agencies should be
49 authorized and how they should be funded.
- 50 (5) Examine any other topic the Committee believes to be related to its purpose.

1 (b) As used in this section, the term "capital improvement" shall have the same meaning
2 as in G.S. 143C-1-1.

3 **"§ 120-263. Organization of Committee.**

4 (a) The President Pro Tempore of the Senate and the Speaker of the House of
5 Representatives shall each designate a cochair of the Joint Legislative Oversight Committee on
6 Capital Improvements. The Committee shall meet upon the call of the cochairs.

7 (b) A quorum of the Committee is nine members. No action may be taken except by a
8 majority vote at a meeting at which a quorum is present. While in the discharge of its official
9 duties, the Committee has the powers of a joint committee under G.S. 120-19 through
10 G.S. 120-19.4.

11 (c) Members of the Committee receive subsistence and travel expenses as provided in
12 G.S. 120-3.1. The Committee may contract for consultants or hire employees in accordance
13 with G.S. 120-32.02. The Legislative Services Commission, through the Legislative Services
14 Officer, shall assign professional staff to assist the Committee in its work. Upon the direction
15 of the Legislative Services Commission, the Supervisors of Clerks of the Senate and of the
16 House of Representatives shall assign clerical staff to the Committee. The expenses for clerical
17 employees shall be borne by the Committee.

18 (d) The cochairs of the Committee may call upon other knowledgeable persons or
19 experts to assist the Committee in its work."

20 **SECTION 31.16.(b)** G.S. 120-76(9) is repealed.

21
22 **REQUIRE UNC CARRYFORWARD FUNDS TO BE USED FOR REPAIRS AND**
23 **RENOVATIONS**

24 **SECTION 31.17.(a)** G.S. 116-30.3(f) reads as rewritten:

25 "(f) ~~Funds carried forward pursuant to subsection (a) of this section may be used for~~
26 ~~one-time expenditures, provided, however, that the expenditures shall not impose additional~~
27 ~~financial obligations on the State and shall not be used to support positions.~~only for projects
28 that are eligible to receive funds from the Repairs and Renovations Reserve under
29 G.S. 143C-4-3(b)."

30 **SECTION 31.17.(b)** This section becomes effective June 30, 2015.

31
32 **MCGOUGH ARENA REPAIR PROJECT CHANGES**

33 **SECTION 31.18.** Section 36.12(f)(5) of S.L. 2014-100 reads as rewritten:

34 **"SECTION 36.12.(f)** Allocation of Proceeds. – The proceeds of bonds and notes shall be
35 allocated and expended as provided in this subsection:

36 ...

37 (5) A maximum aggregate principal amount of two million dollars (\$2,000,000)
38 to finance the capital facility costs of repairing or renovating the roof of the
39 McGough Arena and other facilities at the Western North Carolina
40 Agricultural Center."

41
42 **TECHNICAL CORRECTION RELATING TO USS NORTH CAROLINA**
43 **BATTLESHIP REPAIRS**

44 **SECTION 31.19.** Section 36.10 of S.L. 2014-100 reads as rewritten:

45 **"SECTION 36.10.** The General Assembly authorizes USS North Carolina Battleship hull
46 and cofferdam repairs to be funded at a maximum cost of thirteen million dollars (\$13,000,000)
47 in accordance with this section. The sum of three million dollars (\$3,000,000) of the proceeds
48 of bonds issued pursuant to Section 36.12(f)(7) of this act shall be used for this project. The
49 remainder of the project shall be funded with receipts or from other non-General Fund sources
50 available to the Department of Cultural Resources, and those funds are hereby appropriated for
51 that purpose."

CAPITAL IMPROVEMENT REFORM

SECTION 31.20.(a) Article 9 of Chapter 143B of the General Statutes is amended by adding a new Part to read:

"Part 3A. Responsible Capital Planning Commission.

"§ 143B-374.1. Creation of Responsible Capital Planning Commission; membership; compensation; meetings; quorum; office space and staffing.

(a) Creation. – There is created the Responsible Capital Planning Commission. The Commission shall be located administratively within the Department of Administration but shall exercise all of its prescribed statutory powers independently of the Secretary of Administration.

(b) Membership. – The Responsible Capital Planning Commission shall consist of the following seven members who shall serve at the pleasure of the Governor:

(1) Two capital projects coordinators from State agencies other than The University of North Carolina.

(2) Two capital projects coordinators from The University of North Carolina system.

(3) Two capital projects coordinators from community colleges in this State.

(4) The State Budget Director, who shall be the chair of the Commission.

(c) Compensation. – The Commission members shall receive no salary as a result of serving on the Commission but shall receive per diem, subsistence, and travel expenses in accordance with the provisions of G.S. 120-3.1, 138-5, and 138-6, as applicable.

(d) Meetings. – The chair shall convene the Commission. Meetings shall be held as often as necessary, but not less than four times a year.

(e) Quorum. – A majority of the members of the Commission shall constitute a quorum for the transaction of business. The affirmative vote of a majority of the members present at meetings of the Commission shall be necessary for action to be taken by the Commission.

(f) Office Space and Staffing. – The Department of Administration shall provide office space in Raleigh for use as offices by the Commission, and the Department of Administration shall receive no reimbursement from the Commission for the use of the property during the life of the Commission. The Secretary of the Department of Administration shall be responsible for staffing the Commission.

"§ 143B-374.2. Powers and duties of the Responsible Capital Planning Commission.

The Responsible Capital Planning Commission shall have the following powers and duties:

(1) To determine whether State agency capital improvement projects have been responsibly planned, in accordance with G.S. 143C-8-13.

(2) To provide funds for advanced planning of State agency capital improvements, in accordance with G.S. 143C-8-14.

(3) To adopt rules to accomplish the purposes set forth in this section in accordance with Chapter 150B of the General Statutes."

SECTION 31.20.(b) Article 8 of Chapter 143C of the General Statutes is amended by adding two new sections to read:

"§ 143C-8-13. Capital improvements require certification of responsible planning.

(a) Certification of Responsible Planning. – The Responsible Capital Planning Commission shall have the power and duty to certify that State agency capital improvements have been responsibly planned. The Commission shall deem a project to have been responsibly planned if advanced planning for the project is complete and the resulting plans satisfy all of the requirements of G.S. 143C-8-14(c)(2) and (3).

(b) State Agencies Shall Submit Plans to Commission. – A State agency that has completed advanced planning of a large capital improvement shall submit those plans and any additional information requested to the Responsible Capital Planning Commission so that the

1 Commission can determine whether or not to issue a certification of responsible planning
2 pursuant to subsection (a) of this section. This subsection applies to all large capital
3 improvements undertaken by State agencies, regardless of the source or sources of funding for
4 advanced planning or for project completion.

5 (c) Reporting. – The Responsible Capital Planning Commission shall report
6 certifications of responsible planning issued pursuant to subsection (a) of this section to the
7 Office of State Budget and Management and to the Fiscal Research Division of the Legislative
8 Services Commission within 10 days of their issuance. Each report shall include all of the
9 following:

10 (1) Details of the basis for the determination that the certification should be
11 issued, including information about the manner in which each of the criteria
12 set forth in G.S. 143-8-14(c)(2) and (3) is satisfied.

13 (2) The total estimated cost to complete the project.

14 (3) The estimated amount of non-State funding that the project will receive.

15 (4) An estimate of the operating costs for the completed project for the first five
16 and 10 years of its operation.

17 (5) A history of the revision of the project plans in response to feedback from
18 the Commission, including any previous denials of certifications.

19 (d) General Assembly Intent. – It is the intent of the General Assembly not to
20 appropriate funds for large capital improvements, or to authorize large capital improvements to
21 be funded with non-General Fund sources, beyond the advanced planning phase until the
22 Responsible Capital Planning Commission has issued a certification of responsible planning
23 pursuant to subsection (a) of this section.

24 (e) Effect of Appropriation or Authorization to Proceed Beyond Advanced Planning
25 Phase. – If the General Assembly appropriates funds for a large capital improvement beyond
26 the advanced planning phase, or authorizes a large capital improvement project to proceed
27 beyond that phase, no funds from any source shall be spent or encumbered for work on phases
28 beyond the advanced planning phase until the Responsible Capital Planning Commission issues
29 a certification of responsible planning pursuant to subsection (a) of this section.

30 (f) Large Capital Improvement. – A capital improvement with an estimated total cost
31 that exceeds five million dollars (\$5,000,000). The term does not include a repairs and
32 renovations project, as described in G.S. 143C-4-3(b).

33 **"§ 143C-8-14. Funds for advanced planning of State capital improvement projects.**

34 (a) Capital Improvement Planning Fund. – The Capital Improvement Planning Fund is
35 established as a special fund in the Responsible Capital Planning Commission of the
36 Department of Administration. It is the intent of the General Assembly to fund appropriations
37 for advanced planning of State agency capital improvement projects exclusively through this
38 Fund using the procedures set forth in this section.

39 (b) Use of Funds. – Funds in the Capital Improvement Planning Fund shall be available
40 for expenditure only upon appropriation by the General Assembly and shall be used only for
41 the advanced planning of State capital improvement projects.

42 (c) Procedure for Allocation of Funds. – The Responsible Capital Planning
43 Commission shall implement a competitive process for awarding funds from the Capital
44 Improvement Planning Fund and those funds shall be allocated to fund the advanced planning
45 of a State agency capital improvement project only if all of the following conditions are
46 satisfied:

47 (1) The project was included in the budget requests made to the Director of the
48 Budget in accordance with Article 3 of Chapter 143C of the General
49 Statutes.

50 (2) The Responsible Capital Planning Commission determines that there is or is
51 likely to be a State need for the project in the future and the need is

1 substantial enough to justify funding the planning of the project. The
2 assessment of the need for the project shall include an analysis of the
3 following:

- 4 a. The estimated statewide impact of the project.
5 b. Whether or not the requesting agency adequately uses the space and
6 facilities currently allocated to it.
7 c. Whether the project will mitigate immediate safety or environmental
8 concerns.
9 d. The availability of non-State investment in and support for the
10 project.
11 e. The estimated economic impact the project will have on the State.
12 f. Any other aspect of the project that the Commission deems to be
13 relevant.

14 (3) The Responsible Capital Planning Commission determines that all of the
15 following conditions are satisfied:

- 16 a. The project is justified with respect to the capital improvement needs
17 criteria developed by the Office of State Budget and Management
18 pursuant to G.S. 143C-8-3.
19 b. The project, or components of the project, will be planned using a
20 standard, reusable design as determined by the Department of
21 Administration.
22 c. The project will minimize the inclusion of design elements that are
23 not related to the core function of the project.
24 d. The estimated total cost of the project is lower than the total cost of
25 similar facilities or otherwise meets the need of the State agency at
26 the lowest possible cost to taxpayers.
27 e. The project will incorporate design elements that have yielded
28 documented operating cost savings in similar facilities.
29 f. The requesting agency's total repairs and renovations needs are not
30 excessive.

31 (4) The State agency that requested planning funds agrees to abide by any
32 limitations on the scope of the planning imposed by the Responsible Capital
33 Planning Commission.

34 (5) If the allocation of funds to plan a particular project exceeds five million
35 dollars (\$5,000,000), the Responsible Capital Planning Commission consults
36 with the Joint Legislative Commission on Governmental Operations prior to
37 the allocation and reports the allocation to the Joint Legislative Oversight
38 Committee on Capital Improvements.

39 (6) If the allocation of funds to plan a particular project is less than or equal to
40 five million dollars (\$5,000,000), the Responsible Capital Planning
41 Commission reports the allocation to the Joint Legislative Commission on
42 Governmental Operations and to the Joint Legislative Oversight Committee
43 on Capital Improvements within 60 days of the expenditure or reallocation.

44 (7) The amount of planning funds allocated for the project does not exceed four
45 percent (4%) of the estimated total cost to complete the project.

46 (8) The request for the project is accompanied by an estimate of the operating
47 costs for the completed facility for the first five and 10 years of its operation.

48 (9) The requesting agency agrees not to spend any of the funds allocated to it
49 from the Capital Improvement Planning Fund to seek LEED Certification
50 from the U.S. Green Building Council.

1 (d) Funding of Planning Does Not Constitute Authority to Complete Full Project. – An
2 allocation of funds for advanced planning of a project under this section shall not be construed
3 to authorize completion of any phase of a project beyond the advanced planning phase. The
4 General Assembly shall not be required to appropriate funds to complete a project that was
5 planned pursuant to this section.

6 (e) Timing of Department Allocations. – To the extent feasible, the Responsible Capital
7 Planning Commission shall ensure that the timing of allocations of funds from the Capital
8 Improvement Planning Fund is managed in a way that allows State agencies and the General
9 Assembly to provide for timely commencement and completion of post-planning stages of a
10 project when the General Assembly decides to authorize completion of a project beyond the
11 planning stage."

12 **SECTION 31.20.(c)** G.S. 143C-3-3 reads as rewritten:

13 **"§ 143C-3-3. Budget requests from State agencies in the executive branch.**

14 ...

15 (d) Capital Funds Request. – In addition to any other information requested by the
16 Director, any State agency proposing to (i) acquire real property, (ii) construct a new facility,
17 (iii) expand the building area (sq. ft.) of an existing facility, or (iv) rehabilitate an existing
18 facility to accommodate new or expanded uses shall accompany that request with all of the
19 following:

- 20 (1) An estimate of its space needs and other physical requirements, together
21 with a review and evaluation of that estimate prepared by the Department of
22 Administration, except that in the case of a project of The University of
23 North Carolina for which advance planning has not been completed, the
24 estimate of space needs may be a preliminary estimate.
- 25 (2) An estimate of project costs and cash flow requirements approved by the
26 Department of Administration.
- 27 (3) A certification of project feasibility as described in G.S. 143-341, except that
28 in the case of a project of The University of North Carolina for which
29 advance planning has not been completed, the request may be submitted
30 without this certification.
- 31 (4) An explanation of the method by which the acquisition, construction, or
32 rehabilitation is to be financed.
- 33 (5) An estimate of maintenance and operating costs, including personnel, for the
34 project, covering the first five and 10 years of operation.
- 35 (6) An estimate of revenues, if any, to be derived from the project, covering the
36 first five years of operation.
- 37 (7) A certification of responsible planning as described in G.S. 143C-8-13 if the
38 project is required to have one pursuant to that section.

39 This subsection does not apply to requests for State resources for railroad, highway, or
40 bridge construction or renovation."

41 **SECTION 31.20.(d)** No later than October 1, 2015, the Responsible Capital
42 Planning Commission shall report to the Joint Legislative Commission on Governmental
43 Operations on the process it will use to make allocation decisions under G.S. 143C-8-14, as
44 enacted by subsection (b) of this section. The report shall specifically include information about
45 the way that the Department will ensure that the process is competitive.

46 **SECTION 31.20.(e)** The Department of Administration and the Office of State
47 Construction shall collaborate with the Government Data Analytics Center (GDAC) in order to
48 leverage existing public-private partnerships and subject matter expertise that can facilitate
49 improvements in capital planning and analysis. The GDAC shall allocate sufficient resources
50 for this purpose and shall integrate financial and budget data with the Department's
51 comprehensive facilities data system.

1 **SECTION 31.20.(f)** This section is effective when this act becomes law, except
2 that it does not apply to projects (i) for which advanced planning was complete before that date
3 or (ii) that are authorized during the 2015-2017 fiscal biennium to be financed with the
4 proceeds of general obligation bonds.
5

6 **PART XXXII. FINANCE PROVISIONS**

7 **JDIG MODIFICATIONS**

8 **SECTION 32.11.(a)** G.S. 143B-437.51 is amended by adding new subdivisions to
9 read:

10 **"§ 143B-437.51. Definitions.**

11 The following definitions apply in this Part:

- 12 (1) Agreement. – A community economic development agreement under
13 G.S. 143B-437.57.
14 (2) Base period. – The period of time set by the Committee during which new
15 employees are to be hired for the positions on which the grant is based.
16 (3) Business. – A corporation, sole proprietorship, cooperative association,
17 partnership, S corporation, limited liability company, nonprofit corporation,
18 or other form of business organization, located either within or outside this
19 State.
20 (4) Committee. – The Economic Investment Committee established pursuant to
21 G.S. 143B-437.54.
22 (4a) Development tier. – The classification assigned to an area pursuant to
23 G.S. 143B-437.08.
24 (5) Eligible position. – A position created by a business and filled by a new
25 full-time employee in this State during the base period.
26 (6) Full-time employee. – A person who is employed for consideration for at
27 least 35 hours a week, whose wages are subject to withholding under Article
28 4A of Chapter 105 of the General Statutes, and who is determined by the
29 Committee to be employed in a permanent position according to criteria it
30 develops in consultation with the Attorney General. The term does not
31 include any person who works as an independent contractor or on a
32 consulting basis for the business.
33 (6a) High-yield project. – A project for which the agreement requires that a
34 business invest at least seven hundred fifty million dollars (\$750,000,000) in
35 private funds and create at least 2,000 eligible positions.
36 (6b) through (6j) Reserved.
37 (6k) Major market community. – A county in which the average weekly wage for
38 all insured private employers in the county is one of the three highest in the
39 State.
40 (7) New employee. – A full-time employee who represents a net increase in the
41 number of the business's employees statewide.
42 (8) Overdue tax debt. – Defined in G.S. 105-243.1.
43 (9) Related member. – Defined in G.S. 105-130.7A.
44 (10) Withholdings. – The amount withheld by a business from the wages of
45 employees in eligible positions under Article 4A of Chapter 105 of the
46 General Statutes."
47

48 **SECTION 32.11.(b)** G.S. 143B-437.52 reads as rewritten:

49 **"§ 143B-437.52. Job Development Investment Grant Program.**

50 (a) Program. – There is established the Job Development Investment Grant Program to
51 be administered by the Economic Investment Committee. In order to foster job creation and

1 investment in the economy of this State, the Committee may enter into agreements with
2 businesses to provide grants in accordance with the provisions of this Part. The Committee, in
3 consultation with the Attorney General, shall develop criteria to be used in determining whether
4 the conditions of this section are satisfied and whether the project described in the application
5 is otherwise consistent with the purposes of this Part. Before entering into an agreement, the
6 Committee must find that all the following conditions are met:

- 7 (1) The project proposed by the business will create, during the term of the
8 agreement, a net increase in employment in this State by the business.
- 9 (2) The project will benefit the people of this State by increasing opportunities
10 for employment and by strengthening this State's economy by, for example,
11 providing worker training opportunities, constructing and enhancing critical
12 infrastructure, increasing development in strategically important industries,
13 or increasing the State and local tax base.
- 14 (3) The project is consistent with economic development goals for the State and
15 for the area where it will be located.
- 16 (4) A grant under this Part is necessary for the completion of the project in this
17 State.
- 18 (5) The total benefits of the project to the State outweigh its costs and render the
19 grant appropriate for the project.
- 20 (6) For a project located in a development tier three area, the affected local
21 governments have participated in recruitment and offered incentives in a
22 manner appropriate to the project.

23 (b) Priority. – In selecting between applicants, a project that is located in an
24 Eco-Industrial Park certified under G.S. 143B-437.08 has priority over a comparable project
25 that is not located in a certified Eco-Industrial Park.

26 (c) Awards.—Award Limitations. – The following limitations apply to grants awarded
27 under this Part:

- 28 (1) Maximum liability. – The maximum amount of total annual liability for
29 grants awarded in any single calendar year under this Part, including
30 amounts transferred to the Utility Account pursuant to G.S. 143B-437.61, is
31 fifteen million dollars ~~(\$15,000,000).~~ (\$15,000,000) for a year in which no
32 grants are awarded for a high-yield project and is thirty million dollars
33 (\$30,000,000) for a year in which a grant is awarded for a high-yield project.
34 No agreement may be entered into that, when considered together with other
35 existing agreements governing grants awarded during a single calendar year,
36 could cause the State's potential total annual liability for grants awarded in a
37 single calendar year to exceed ~~this~~ the applicable amount. The Department
38 shall make every effort to ensure that the average percentage of withholdings
39 of eligible positions for grants awarded under this Part does not exceed the
40 average of the range provided in G.S. 143B-437.56(a).
- 41 (2) Semiannual commitment limitations. – Of the amount authorized in
42 subdivision (1) of this subsection, no more than fifty percent (50%),
43 excluding roll-over amounts, may be awarded in any single calendar
44 semiannual period. A roll-over amount is any amount from a previous
45 semiannual period in the same calendar year that was not awarded as a grant.
46 The limitation of this subdivision does not apply to a grant awarded to a
47 high-yield project.

48 (d) Measuring Employment. – For the purposes of subdivision (a)(1) of this section and
49 G.S. 143B-437.51(5), 143B-437.51(7), and 143B-437.57(a)(11), the Committee may designate
50 that the increase or maintenance of employment is measured at the level of a division or

1 another operating unit of a business, rather than at the business level, if both of the following
 2 conditions are met:

- 3 (1) The Committee makes an explicit finding that the designation is necessary to
 4 secure the project in this State.
- 5 (2) The agreement contains terms to ensure that the business does not create
 6 eligible positions by transferring or shifting to the project existing positions
 7 from another project of the business or a related member of the business."

8 **SECTION 32.11.(c)** G.S. 143B-437.53 reads as rewritten:

9 **"§ 143B-437.53. Eligible projects.**

10 (a) ~~Minimum Number of Standards for Eligible Positions.~~ – A business may apply to
 11 the Committee for a grant for any project that creates the minimum number of eligible positions
 12 satisfying the wage standard as set out in the table below. If the project will be located in more
 13 than one ~~development tier area, area designation,~~ the location with the highest ~~development tier~~
 14 area designation determines the minimum number of eligible positions that must be
 15 ~~created.~~created and the applicable wage standard. The wage standard is met if the business pays
 16 an average weekly wage for all eligible positions that is equal to or greater than the percentage
 17 provided below of the average wage for all insured private employers in the county. Before
 18 using standards greater than the applicable minimum standards established by this subsection
 19 for a project located in a development tier one or two area, the Committee must find that the
 20 deviation from the minimum standards disproportionately increases the beneficial economic
 21 impact of the project and shall include the information for each project on which the finding is
 22 based in the report required by G.S. 143B-437.55(c).

<u>Development Tier Area Designation</u>	<u>Number of Eligible Positions</u>	<u>Wage Standard</u>
<u>Development Tier One</u>	<u>1020</u>	<u>100%</u>
<u>Development Tier Two</u>	<u>2050</u>	<u>105%</u>
<u>Development Tier Three</u>	<u>20100</u>	<u>110%</u>
<u>Major Market Community</u>	<u>250</u>	<u>120%</u>

28"

29 **SECTION 32.11.(d)** G.S. 143B-437.55(c) reads as rewritten:

30 "(c) Annual Reports. – The Committee shall publish a report on the Job Development
 31 Investment Grant Program on or before April 30 of each year. The Committee shall submit the
 32 report electronically to the House of Representatives Finance Committee, the Senate Finance
 33 Committee, the House of Representatives Appropriations Subcommittee on Natural and
 34 Economic Resources, the Senate Appropriations Committee on Natural and Economic
 35 Resources, and the Fiscal Research Division. The report shall include the following:

- 36 ...
- 37 (11) A listing of all businesses making an application under this Part and an
 38 explanation of whether each business ultimately located the project in this
 39 State regardless of whether the business was awarded a grant for the project
 40 under this Part.

- 41 (11a) A listing, itemized by development tier, of the number of offers that have
 42 been calculated, estimated, or extended but were not accepted and the total
 43 award value of the offers.

44"

45 **SECTION 32.11.(e)** G.S. 143B-437.56 reads as rewritten:

46 **"§ 143B-437.56. Calculation of minimum and maximum grants; factors considered.**

47 (a) Subject to the ~~limitations-provisions~~ of subsection-subsections (a1) and (d) of this
 48 section, the amount of the grant awarded in each case shall be a percentage of the withholdings
 49 of eligible positions. ~~The percentage shall be no less than ten percent (10%) and no more than~~
 50 ~~seventy five percent (75%) of the withholdings of the eligible positions for a period of years.~~
 51 The percentage shall be no more than eighty percent (80%) for a development tier one area, no

1 more than seventy percent (70%) for a development tier two area, no more than sixty percent
2 (60%) for a development tier three area, and no more than fifty percent (50%) for a major
3 market community. If the project will be located in more than one area designation, the location
4 with the highest area designation determines the maximum percentage to be used. The
5 percentage used to determine the amount of the grant shall be based on criteria developed by
6 the Committee, in consultation with the Attorney General, after considering at least the
7 following:

- 8 (1) The number of eligible positions to be created.
- 9 (2) The expected duration of those positions.
- 10 (3) The type of contribution the business can make to the long-term growth of
11 the State's economy.
- 12 (4) The amount of other financial assistance the project will receive from the
13 State or local governments.
- 14 (5) The total dollar investment the business is making in the project.
- 15 (6) Whether the project utilizes existing infrastructure and resources in the
16 community.
- 17 (7) Whether the project is located in a development zone.
- 18 (8) The number of eligible positions that would be filled by residents of a
19 development zone.
- 20 (9) The extent to which the project will mitigate unemployment in the State and
21 locality.

22 (a) Notwithstanding the percentage specified by subsection (a) of this section, if the
23 project is a high-yield project, the business has met the investment and job creation
24 requirements, and, for three consecutive years, the business has met all terms of the agreement,
25 the amount of the grant awarded shall be no more than one hundred percent (100%) of the
26 withholdings of eligible positions for each consecutive year the business maintains the
27 minimum job creation requirement and meets all terms of the agreement. A business receiving
28 an enhanced percentage of the withholdings of eligible positions under this subsection that fails
29 to maintain the minimum job creation requirement or meet all terms of the agreement will be
30 disqualified from receiving the enhanced percentage and will have the applicable percentage set
31 forth in subsection (a) of this section applied in the year in which the failure occurs and all
32 remaining years of the grant term.

33 (b) The term of the grant shall not exceed 12 years starting with the first year a grant
34 payment is made. The duration listed in this subsection. The first grant payment must be made
35 within six years after the date on which the grant was awarded. The number of years in the base
36 period for which grant payments may be made shall not exceed five years.

- 37 (1) For high-yield projects in which the business receives the enhanced
38 percentage pursuant to subsection (a1) of this section, 20 years starting with
39 the first year a grant payment is made. If a business is disqualified from the
40 enhanced percentage in one of the first 12 years, the term of the grant shall
41 not exceed 12 years starting with the first year a grant payment is made. If a
42 business is disqualified from receiving the enhanced percentage after the
43 first 12 years, the term of the grant ends in the year the disqualification
44 occurs.

- 45 (2) For all other projects, 12 years starting with the first year a grant payment is
46 made.

47 (c) The grant may be based only on eligible positions created during the base period.

48 (d) For any eligible position that is located in a major market community, eighty-five
49 percent (85%) of the annual grant approved for disbursement shall be payable to the business,
50 and fifteen percent (15%) shall be payable to the Utility Account pursuant to
51 G.S. 143B-437.61. For any eligible position that is located in a development tier three area,

1 ~~seventy-five percent (75%)~~ ninety percent (90%) of the annual grant approved for disbursement
 2 shall be payable to the business, and ~~twenty-five percent (25%)~~ ten percent (10%) shall be
 3 payable to the Utility Account pursuant to G.S. 143B-437.61. For any eligible position that is
 4 located in a development tier two area, ~~eighty-five percent (85%)~~ ninety-five percent (95%) of
 5 the annual grant approved for disbursement shall be payable to the business, and ~~fifteen percent~~
 6 ~~(15%)~~ five percent (5%) shall be payable to the Utility Account pursuant to G.S. 143B-437.61.
 7 A position is located in the development tier area that has been assigned to the county in which
 8 the project is located at the time the application is filed with the Committee. This subsection
 9 does not apply to a high-yield project in years in which the business receives the enhanced
 10 percentage pursuant to subsection (a1) of this section.

11 (e) A business that is receiving any other grant by operation of State law may not
 12 receive an amount as a grant pursuant to this Part that, when combined with any other grants,
 13 exceeds seventy-five percent (75%) of the withholdings of the business, unless the Committee
 14 makes an explicit finding that the additional grant is necessary to secure the project.

15 (f) The amount of a grant associated with any specific eligible position, including any
 16 amount transferred to the Utility Account pursuant to G.S. 143B-437.61, may not exceed six
 17 thousand five hundred dollars (\$6,500) in any year."

18 **SECTION 32.11.(f)** G.S. 143B-437.57(a) reads as rewritten:

19 "(a) Terms. – Each community economic development agreement shall include at least
 20 the following:

21 ...

22 (10) A provision that requires the business to maintain operations at the project
 23 location or another location approved by the Committee for at least one
 24 hundred fifty percent (150%) of the term of the grant and a provision to
 25 ~~permit require~~ the Committee to recapture all or part an appropriate portion
 26 of the grant at its discretion if the business does not remain at the site for the
 27 required term.

28 (11) A provision that requires the business to maintain employment levels in this
 29 State at the greater of the level of the year immediately preceding the base
 30 period employment on the date of the application or the level of employment
 31 on the date of the award.

32"

33 **SECTION 32.11.(g)** G.S. 143B-437.62 reads as rewritten:

34 "**§ 143B-437.62. Expiration.**

35 The authority of the Committee to award new grants expires January 1, ~~2016~~ 2018."

36 **SECTION 32.11.(h)** Section 15.19(a1) of S.L. 2013-360 reads as rewritten:

37 "**SECTION 15.19.(a1)** Notwithstanding G.S. 143B-437.52(c), for the ~~2013-2015 fiscal~~
 38 ~~biennium, period from July 1, 2013, to December 31, 2015,~~ the maximum total liability for
 39 grants awarded, including amounts transferred to the Utility Account pursuant to
 40 G.S. 143B-437.61, is ~~twenty-two million five hundred thousand dollars (\$22,500,000) and, for~~
 41 ~~the period from July 1, 2015, to December 31, 2015, the maximum total liability for grants~~
 42 ~~awarded, including amounts transferred to the Utility Account pursuant to G.S. 143B-437.61, is~~
 43 ~~seven million five hundred thousand dollars (\$7,500,000).~~ thirty-five million dollars
 44 (\$35,000,000) if no grant is awarded for a high-yield project and is fifty million dollars
 45 (\$50,000,000) if a grant is awarded for a high-yield project. No agreement may be entered into
 46 that, when considered together with other existing agreements governing grants awarded during
 47 an applicable time period provided in this subsection, could cause the State's potential total
 48 annual liability for grants awarded in that time period to exceed the designated maximum
 49 amount."

50 **SECTION 32.11.(i)** Subsections (d) and (h) of this section are effective when this
 51 act becomes law. The remainder of this section becomes effective July 1, 2015, and applies to

1 awards made under Part 2G of Article 10 of Chapter 143B of the General Statutes on or after
2 that date.

3
4 **ONE NC MODIFICATIONS**

5 **SECTION 32.12.(a)** G.S. 143B-437.72(c) reads as rewritten:

6 "(c) Local Government Grant Agreement. – An agreement between the State and one or
7 more local governments shall contain the following provisions:

8 (1) A commitment on the part of the local government to match the funds
9 allocated by the ~~State~~ State, as provided in this subdivision. A local match
10 may include cash, fee waivers, in-kind services, the donation of assets, the
11 provision of infrastructure, or a combination of these.

12 a. For a local government in a development tier one area, as defined in
13 G.S. 143B-437.08, the State shall provide no more than three dollars
14 (\$3.00) for every one dollar (\$1.00) provided by the local
15 government.

16 b. For a local government in a development tier two area, as defined in
17 G.S. 143B-437.08, the State shall provide no more than two dollars
18 (\$2.00) for every one dollar (\$1.00) provided by the local
19 government.

20 c. For a local government in a development tier three area, as defined in
21 G.S. 143B-437.08, the State shall provide no more than one dollar
22 (\$1.00) for every one dollar (\$1.00) provided by the local
23 government.

24 d. For a local government in a major market community, as defined in
25 G.S. 143B-437.51, the State shall provide no more than one dollar
26 (\$1.00) for every two dollars (\$2.00) provided by the major market
27 community.

28"

29 **SECTION 32.12.(b)** This section is effective when this act becomes law.

30
31 **CORPORATE INCOME TAX RATE REDUCTION AND TAX BASE EXPANSION**

32 **SECTION 32.13.(a)** Effective for taxable years beginning on or after January 1,
33 2016, G.S. 105-130.3 reads as rewritten:

34 **"§ 105-130.3. Corporations.**

35 A tax is imposed on the State net income of every C Corporation doing business in this
36 State at the rate of ~~five percent (5%).~~ four percent (4%). An S Corporation is not subject to the
37 tax levied in this section."

38 **SECTION 32.13.(b)** Effective for taxable years beginning on or after January 1,
39 2017, G.S. 105-130.3, as rewritten by subsection (a) of this section, reads as rewritten:

40 **"§ 105-130.3. Corporations.**

41 A tax is imposed on the State net income of every C Corporation doing business in this
42 State at the rate of ~~four percent (4%).~~ three percent (3%). An S Corporation is not subject to the
43 tax levied in this section."

44 **SECTION 32.13.(c)** G.S. 105-130.3C is repealed.

45 **SECTION 32.13.(d)** G.S. 105-130.5 reads as rewritten:

46 **"§ 105-130.5. Adjustments to federal taxable income in determining State net income.**

47 ...

48 (b) The following deductions from federal taxable income shall be made in determining
49 State net income:

50 ...

- 1 ~~(6) Amortization in excess of depreciation allowed under the Code on the cost~~
2 ~~of any sewage or waste treatment plant, and facilities or equipment used for~~
3 ~~purposes of recycling or resource recovery of or from solid waste, or for~~
4 ~~purposes of reducing the volume of hazardous waste generated as provided~~
5 ~~in G.S. 105-130.10.~~
- 6 (7) Depreciation of emergency facilities acquired prior to January 1, 1955. Any
7 corporation shall be permitted to depreciate any emergency facility, as such
8 is defined in section 168 of the Code, over its useful life, provided such
9 facility was acquired prior to January 1, 1955, and no amortization has been
10 claimed on such facility for State income tax purposes.
- 11 ...
- 12 (11) If a deduction for an ordinary and necessary business expense was required
13 to be reduced or was not allowed under the Code because the corporation
14 claimed a federal tax credit against its federal income tax liability for the
15 income year in lieu of a deduction, the amount by which the deduction was
16 reduced and the amount of the deduction that was disallowed.—This
17 deduction is allowed only to the extent that a similar credit is not allowed by
18 this Chapter for the amount.
- 19 (12) Reasonable expenses, in excess of deductions allowed under the Code, paid
20 for reforestation and cultivation of commercially grown trees; provided, that
21 this deduction shall be allowed only to those corporations in which the real
22 owners of all the shares of such corporation are natural persons actively
23 engaged in the commercial growing of trees, or the spouse, siblings, or
24 parents of such persons. Provided, further, that in no case shall a corporation
25 be allowed a deduction for the same reforestation or cultivation expenditure
26 more than once.
- 27 (13) The eligible income of an international banking facility to the extent
28 included in determining federal taxable income, determined as follows:
- 29 a. "International banking facility" shall have the same meaning as is set
30 forth in the laws of the United States or regulations of the board of
31 governors of the federal reserve system.
- 32 b. The eligible income of an international banking facility for the
33 taxable year shall be an amount obtained by multiplying State taxable
34 income as determined under G.S. 105-130.3 (determined without
35 regard to eligible income of an international banking facility and
36 allocation and apportionment, if applicable) for such year by a
37 fraction, the denominator of which shall be the gross receipts for
38 such year derived by the bank from all sources, and the numerator of
39 which shall be the adjusted gross receipts for such year derived by
40 the international banking facility from:
- 41 1. Making, arranging for, placing or servicing loans to foreign
42 persons substantially all the proceeds of which are for use
43 outside the United States;
- 44 2. Making or placing deposits with foreign persons which are
45 banks or foreign branches of banks (including foreign
46 subsidiaries or foreign branches of the taxpayer) or with other
47 international banking facilities; or
- 48 3. Entering into foreign exchange trading or hedging
49 transactions related to any of the transactions described in this
50 paragraph.

1 e. ~~The adjusted gross receipts shall be determined by multiplying the~~
 2 ~~gross receipts of the international banking facility by a fraction the~~
 3 ~~numerator of which is the average amount for the taxable year of all~~
 4 ~~assets of the international banking facility which are employed~~
 5 ~~outside the United States and the denominator of which is the~~
 6 ~~average amount for the taxable year of all assets of the international~~
 7 ~~banking facility.~~

8 d. For the purposes of this subsection the term "foreign person" means:
 9 1. An individual who is not a resident of the United States;
 10 2. A foreign corporation, a foreign partnership or a foreign trust,
 11 as defined in section 7701 of the Code, other than a domestic
 12 branch thereof;
 13 3. A foreign branch of a domestic corporation (including the
 14 taxpayer);
 15 4. A foreign government or an international organization or an
 16 agency of either, or
 17 5. An international banking facility.

18 For purposes of this paragraph, the terms "foreign" and
 19 "domestic" shall have the same meaning as set forth in section 7701
 20 of the Code.

21 ...
 22 (15) ~~The amount paid during the income year, pursuant to 7 U.S.C. § 1445-2, as~~
 23 ~~marketing assessments on tobacco grown by the corporation in North~~
 24 ~~Carolina.~~

25 ...
 26 (18) ~~Interest, investment earnings, and gains of a trust, the settlors of which are~~
 27 ~~two or more manufacturers that signed a settlement agreement with this~~
 28 ~~State to settle existing and potential claims of the State against the~~
 29 ~~manufacturers for damages attributable to a product of the manufacturers, if~~
 30 ~~the trust meets all of the following conditions:~~

31 a. ~~The purpose of the trust is to address adverse economic~~
 32 ~~consequences resulting from a decline in demand of the~~
 33 ~~manufactured product potentially expected to occur because of~~
 34 ~~market restrictions and other provisions in the settlement agreement.~~
 35 b. ~~A court of this State approves and retains jurisdiction over the trust.~~
 36 e. ~~Certain portions of the distributions from the trust are made in~~
 37 ~~accordance with certifications that meet the criteria in the agreement~~
 38 ~~creating the trust and are provided by a nonprofit entity, the~~
 39 ~~governing board of which includes State officials.~~

40 (19) ~~To the extent included in federal taxable income, the amount paid to the~~
 41 ~~taxpayer during the taxable year from the Hurricane Floyd Reserve Fund in~~
 42 ~~the Office of State Budget and Management for hurricane relief or~~
 43 ~~assistance, but not including payments for goods or services provided by the~~
 44 ~~taxpayer.~~

45 ...
 46 (22) ~~To the extent included in federal taxable income, the amount paid to the~~
 47 ~~taxpayer during the taxable year from the Disaster Relief Reserve Fund in~~
 48 ~~the Office of State Budget and Management for hurricane relief or~~
 49 ~~assistance, but not including payments for goods or services provided by the~~
 50 ~~taxpayer.~~

51 ...

1 (c) The following other adjustments to federal taxable income shall be made in
2 determining State net income:

- 3 ...
- 4 (4) ~~The taxpayer shall add to federal taxable income the amount of any recovery~~
5 ~~during the taxable year not included in federal taxable income, to the extent~~
6 ~~the taxpayer's deduction of the recovered amount in a prior taxable year~~
7 ~~reduced the taxpayer's tax imposed by this Part but, due to differences~~
8 ~~between the Code and this Part, did not reduce the amount of the taxpayer's~~
9 ~~tax imposed by the Code. The taxpayer may deduct from federal taxable~~
10 ~~income the amount of any recovery during the taxable year included in~~
11 ~~federal taxable income under section 111 of the Code, to the extent the~~
12 ~~taxpayer's deduction of the recovered amount in a prior taxable year reduced~~
13 ~~the taxpayer's tax imposed by the Code but, due to differences between the~~
14 ~~Code and this Part, did not reduce the amount of the taxpayer's tax imposed~~
15 ~~by this Part.~~
- 16 (5) ~~A savings and loan association may deduct interest earned on deposits at the~~
17 ~~Federal Home Loan Bank of Atlanta, or its successor, to the extent included~~
18 ~~in federal taxable income.~~

19"

20 **SECTION 32.13.(e)** G.S. 105-130.6A(e), (f), (g), and (h) are repealed.

21 **SECTION 32.13.(f)** G.S. 105-130.5(a) is amended by adding a new subdivision to

22 read:

23 "(a) The following additions to federal taxable income shall be made in determining
24 State net income:

25 ...

- 26 (25) The amount of net interest expense to a related member as determined under
27 G.S. 105-130.7B."

28 **SECTION 32.13.(g)** G.S. 105-130.5(b) is amended by adding a new subdivision to

29 read:

30 "(b) The following deductions from federal taxable income shall be made in determining
31 State net income:

32 ...

- 33 (28) The amount of qualified interest expense to a related member as determined
34 under G.S. 105-130.7B."

35 **SECTION 32.13.(h)** Part 1 of Article 4 of Chapter 105 of the General Statutes is
36 amended by adding a new section to read:

37 **"§ 105-130.7B. Limitation on qualified interest for certain indebtedness.**

38 (a) Limitation. – In determining State net income, a deduction is allowed only for
39 qualified interest paid or accrued by the taxpayer to a related member during a taxable year.
40 This section does not limit the Secretary's authority to adjust a taxpayer's net income as it
41 relates to payments to or charges by a parent, subsidiary, or affiliated corporation in excess of
42 fair compensation in an intercompany transaction under G.S. 105-130.5(a)(9).

43 (b) Definitions. – The definitions in G.S. 105-130.7A apply in this section. In addition,
44 the following definitions apply in this section:

- 45 (1) Adjusted taxable income. – State net income of the taxpayer determined
46 without regard to this section and other adjustments as the Secretary may by
47 rule provide.
- 48 (2) Net interest expense. – The excess of the interest paid or accrued by the
49 taxpayer to a related member during the taxable year over the amount of
50 interest from a related member includible in the gross income of the taxpayer
51 for the taxable year.

1 (3) Qualified interest. – The amount of net interest paid or accrued to a related
2 member in a taxable year not to exceed thirty percent (30%) of the taxpayer's
3 adjusted taxable income. This limitation does not apply to interest paid or
4 accrued to a related member if one or more of the following applies:

5 a. Tax is imposed by the State under this Article on the related member
6 with respect to the interest.

7 b. The related member pays a net income tax or gross receipts tax to
8 another state with respect to the interest income.

9 c. The related member is organized under the laws of a foreign country
10 that has a comprehensive income tax treaty with the United States,
11 and that country taxes the interest income at a rate equal to or greater
12 than G.S. 105-130.3."

13 **SECTION 32.13.(i)** G.S. 105-130.7A(a) reads as rewritten:

14 "(a) Purpose. – Royalty payments received for the use of intangible property in this State
15 are income derived from doing business in this State. This section provides taxpayers with an
16 option concerning the method by which these royalties can be reported for taxation when the
17 recipient and the payer are related members. As provided in this section, these royalty
18 payments can be either (i) deducted by the payer and included in the income of the recipient, or
19 (ii) added back to the income of the payer and excluded from the income of the recipient.
20 Exercising the royalty reporting income option provided in this section does not prevent a
21 taxpayer from having taxable nexus in this State as otherwise provided in this Article and does
22 not permit the recipient of the income to exclude royalty payments from its calculation of sales
23 as defined in G.S. 105-130.4."

24 **SECTION 32.13.(j)** G.S. 105-102.3 is repealed.

25 **SECTION 32.13.(k)** Except as otherwise provided, subsections (a) through (c) of
26 this section are effective when this act becomes law. Subsections (d) through (h) of this section
27 are effective for taxable years beginning on or after January 1, 2016. Subsection (j) of this
28 section becomes effective July 1, 2016. The remainder of this section is effective when it
29 becomes law.

30 31 **PHASE-IN SINGLE SALES FACTOR APPORTIONMENT AND ADOPT** 32 **MARKET-BASED SOURCING**

33 **SECTION 32.14.(a)** Effective for taxable years beginning on or after January 1,
34 2016, G.S. 105-130.4(i) reads as rewritten:

35 "~~(i) Apportionable Income.~~ – Except as otherwise provided in this section, all
36 apportionable income of corporations other than public utilities, excluded corporations, and
37 qualified capital-intensive corporations shall be apportioned to this State by multiplying the
38 income by a fraction, the numerator of which is the property factor plus the payroll factor plus
39 twice-three times the sales factor, and the denominator of which is four-five. If the sales factor
40 does not exist, the denominator of the fraction is the number of existing factors and if the sales
41 factor exists but the payroll factor or the property factor does not exist, the denominator of the
42 fraction is the number of existing factors plus one-two."

43 **SECTION 32.14.(b)** Effective for taxable years beginning on or after January 1,
44 2017, G.S. 105-130.4(i), as amended by subsection (a) of this section, reads as rewritten:

45 "~~(i) Apportionable Income.~~ – Except as otherwise provided in this section, all
46 apportionable income of corporations shall be apportioned to this State by multiplying the
47 income by a fraction, the numerator of which is the property factor plus the payroll factor plus
48 three-four times the sales factor, and the denominator of which is five-six. If the sales factor
49 does not exist, the denominator of the fraction is the number of existing factors and if the sales
50 factor exists but the payroll factor or the property factor does not exist, the denominator of the
51 fraction is the number of existing factors plus two-three."

1 **SECTION 32.14.(c)** Effective for taxable years beginning on or after January 1,
2 2018, G.S. 105-130.4(i), as amended by subsection (b) of this section, reads as rewritten:

3 "(i) Apportionable Income. – Except as otherwise provided in this section, all
4 apportionable income of corporations shall be apportioned to this State by multiplying the
5 income by a ~~fraction, the numerator of which is the property factor plus the payroll factor plus~~
6 ~~four times the sales factor, and the denominator of which is six. If the sales factor does not~~
7 ~~exist, the denominator of the fraction is the number of existing factors and if the sales factor~~
8 ~~exists but the payroll factor or the property factor does not exist, the denominator of the~~
9 ~~fraction is the number of existing factors plus three.~~ the sales factor as determined under
10 subsection (l) of this section."

11 **SECTION 32.14.(d)** Effective for taxable years beginning on or after January 1,
12 2018, G.S. 105-130.4(a)(6), (a)(9), (j), (k), (s1), and (r) are repealed.

13 **SECTION 32.14.(e)** Effective for taxable years beginning on or after January 1,
14 2016, G.S. 106-130.4, as amended by subsection (a) of this section, reads as rewritten:

15 **"§ 105-130.4. Allocation and apportionment of income for corporations.**

16 (a) ~~As used in this section, unless the context otherwise requires:~~ Definitions. – The
17 following definitions apply in this section:

- 18 (1) ~~"Apportionable income" means all Apportionable income. – All income that~~
19 ~~is apportionable under the United States Constitution.~~ Constitution, including
20 income that arises from one or more of the following:
21 a. Transactions and activities in the regular course of the taxpayer's
22 trade or business.
23 b. Tangible and intangible property if the acquisition, management,
24 employment, development, or disposition of the property is or was
25 related to the operation of the taxpayer's trade or business.
26 (2) Business activity. – Any activity by a corporation that would establish nexus
27 pursuant to 15 U.S.C. § 381.
28 (3) Casual sale of property. – The sale of any property that was not purchased,
29 produced, or acquired primarily for sale in the corporation's regular trade or
30 business.
31 (4) ~~"Commercial domicile" means the Commercial domicile. – The principal~~
32 ~~place from which the trade or business of the taxpayer is directed or~~
33 ~~managed.~~
34 (3)(5) ~~"Compensation" means wages,~~ Compensation. – Wages, salaries,
35 commissions and any other form of remuneration paid to employees for
36 personal services.
37 (4)(6) ~~"Excluded corporation" means any Excluded corporation. – Any corporation~~
38 ~~engaged in business as a building or construction contractor, a securities~~
39 ~~dealer, or a loan company or a corporation that receives more than fifty~~
40 ~~percent (50%) of its ordinary gross income from intangible property.~~
41 (7) Net dividends. – Gross dividend income received less related expenses.
42 (5)(8) ~~"Nonapportionable income" means all Nonapportionable income. – All~~
43 ~~income other than apportionable income.~~
44 (6)(9) ~~"Public utility" means any corporation~~ Public utility. – A corporation that
45 owns or operates for public use any plant, equipment, property, franchise, or
46 license for the production, storage, transmission, sale, delivery, or furnishing
47 of electricity, water, steam, oil, oil products, or natural gas and that is subject
48 to control of one or more of the following entities: the North Carolina
49 Utilities Commission, the Federal Communications Commission, the
50 Interstate Commerce Commission, the Federal Energy Regulatory
51 Commission, or the Federal Aviation Agency; and that owns or operates for

1 public use any plant, equipment, property, franchise, or license for the
2 transmission of communications, the transportation of goods or persons, or
3 the production, storage, transmission, sale, delivery or furnishing of
4 electricity, water, steam, oil, oil products, or gas. The term also includes a
5 motor carrier of property whose principal business activity is transporting
6 property by motor vehicle for hire over the public highways of this
7 State. Commission.

8 ~~(7)~~(10) "Sales" means all Sales. – All gross receipts of the corporation except for the
9 following receipts:

- 10 a. Receipts from a casual sale of property.
11 b. Receipts allocated under subsections (c) through (h) of this section.
12 c. Receipts exempt from taxation.
13 d. The portion of receipts realized from the sale or maturity of securities
14 or other obligations that represents a return of principal.
15 e. The portion of receipts from financial swaps and other similar
16 financial derivatives that represents the notional principal amount
17 that generates the cash flow traded in the swap agreement.
18 f. Receipts in the nature of dividends received that are not taxed under
19 this Part.

20 (8) "Casual sale of property" means the sale of any property which was not
21 purchased, produced or acquired primarily for sale in the corporation's
22 regular trade or business.

23 ~~(9)~~(11) "State" means any State. – A state of the United States, the District of
24 Columbia, the Commonwealth of Puerto Rico, any territory or possession of
25 the United States, and any foreign country or political subdivision thereof.

26 (b) Multistate Corporations. – A corporation having income from business activity
27 which is taxable both within and without this State shall allocate and apportion its net income
28 or net loss as provided in this section. For purposes of allocation and apportionment, a
29 corporation is taxable in another state if (i) the one or more of the following applies:

- 30 (1) The corporation's business activity in that state subjects it to a net income tax
31 or a tax measured by net income, or (ii) that income.
32 (2) That state has jurisdiction based on the corporation's business activity in that
33 state to subject the corporation to a tax measured by net income regardless
34 whether that state exercises its jurisdiction. ~~For purposes of this section,~~
35 "business activity" includes any activity by a corporation that would
36 establish a taxable nexus pursuant to 15 United States Code section 381.

37 (c) Nonapportionable Income. – Rents and royalties from real or tangible personal
38 property, gains and losses, interest, dividends, patent and copyright royalties and other kinds of
39 income, to the extent that they constitute nonapportionable income, less related expenses shall
40 be allocated as provided in subsections (d) through (h) of this section.

41 (d) Rents and Royalties. – Net rents and royalties are allocable to this State as follows:

- 42 (1) Net rents and royalties from real property located in this State are allocable
43 to this State.
44 (2) Net rents and royalties from tangible personal property are allocable to this
45 State:
46 a. If and to the extent that the property is utilized in this State, or
47 b. In their entirety if the corporation's commercial domicile is in this
48 State and the corporation is not organized under the laws of, or is not
49 taxable in, the state in which the property is utilized.
50 (3) The extent of utilization of tangible personal property in a state is
51 determined by multiplying the rents and royalties by a fraction, the

1 numerator of which is the number of days of physical location of the
2 property in the state during the rental or royalty period in the income year
3 and the denominator of which is the number of days of physical location of
4 the property everywhere during all rental or royalty periods in the income
5 year. If the physical location of the property during the rental or royalty
6 period is unknown or unascertainable by the corporation, tangible personal
7 property is utilized in the state in which the property was located at the time
8 the rental or royalty payer obtained possession.

9 (e) Gains and Losses. – Gains and losses are allocable to this State as follows:

- 10 (1) Gains and losses from sales or other disposition of real property located in
11 this State are allocable to this State.
12 (2) Gains and losses from sales or other disposition of tangible personal
13 property are allocable to this State if
14 a. The property had a situs in this State at the time of the sale, or
15 b. The corporation's commercial domicile is in this State and the
16 corporation is not taxable in the state in which the property has a
17 situs.
18 (3) Gains and losses from sales or other disposition of intangible personal
19 property are allocable to this State if the corporation's commercial domicile
20 is in this State.

21 (f) Interest and Net Dividends. – Interest and net dividends are allocable to this State if
22 the corporation's commercial domicile is in this State. ~~For purposes of this section, the term~~
23 ~~"net dividends" means gross dividend income received less related expenses.~~

24 (g) Intangible Property. – Intangible property is allocable to this State as follows:

- 25 (1) Royalties or similar income received from the use of patents, copyrights,
26 secret processes and other similar intangible property are allocable to this
27 State:
28 a. If and to the extent that the patent, copyright, secret process or other
29 similar intangible property is utilized in this State, or
30 b. If and to the extent that the patent, copyright, secret process or other
31 similar intangible property is utilized in a state in which the taxpayer
32 is not taxable and the taxpayer's commercial domicile is in this State.
33 (2) A patent, secret process or other similar intangible property is utilized in a
34 state to the extent that it is employed in production, fabrication,
35 manufacturing, processing, or other use in the state or to the extent that a
36 patented product is produced in the state. If the basis of receipts from such
37 intangible property does not permit allocation to states or if the accounting
38 procedures do not reflect states of utilization, the intangible property is
39 utilized in the state in which the taxpayer's commercial domicile is located.
40 (3) A copyright is utilized in a state to the extent that printing or other
41 publication originates in the state. If the basis of receipts from copyright
42 royalties does not permit allocation to states or if the accounting procedures
43 do not reflect states of utilization, the copyright is utilized in the state in
44 which the taxpayer's commercial domicile is located.

45 (h) Other Income. – The income less related expenses from any other activities
46 producing nonapportionable income or investments not otherwise specified in this section is
47 allocable to this State if the business situs of the activities or investments is located in this
48 State.

49 (i) Apportionable Income. – Except as otherwise provided in this section, all
50 apportionable income of corporations shall be apportioned to this State by multiplying the
51 income by a fraction, the numerator of which is the property factor plus the payroll factor plus

1 three times the sales factor, and the denominator of which is five. If the sales factor does not
2 exist, the denominator of the fraction is the number of existing factors and if the sales factor
3 exists but the payroll factor or the property factor does not exist, the denominator of the
4 fraction is the number of existing factors plus two.

5 ...

6 (1) ~~(4) Sales Factor.~~ – The sales factor is a fraction, the numerator of which is the total
7 sales of the corporation in this State during the income year, and the denominator of which is
8 the total sales of the corporation everywhere during the income year. ~~Notwithstanding any~~
9 ~~other provision under this Part, the receipts from any casual sale of property shall be excluded~~
10 ~~from both the numerator and the denominator of the sales factor. Where a corporation is not~~
11 ~~taxable in another state on its apportionable income but is taxable in another state only because~~
12 ~~of nonapportionable income, all sales shall be treated as having been made in this~~
13 ~~State. Receipts are in this State if the taxpayer's market for the sales is in this State. If the market~~
14 ~~for a sale cannot be determined, the state or states of assignment shall be reasonably~~
15 ~~approximated. If the taxpayer is not taxable in a state to which a receipt is assigned, or if the~~
16 ~~state of assignment cannot be determined or reasonably approximated, then the receipt shall be~~
17 ~~excluded from the denominator of the receipts factor.~~

18 The taxpayer's market for sales is in this State as provided below:

- 19 (1) In the case of sale, rental, lease, or license of real property, if and to the
20 extent the property is located in this State.
21 (2) In the case of rental, lease, or license of tangible personal property, if and to
22 the extent the property is located in this State.
23 (3) In the case of sale of a service, if and to the extent the service is delivered to
24 a location in this State.
25 (4) In the case of intangible property that is rented, leased, or licensed, if and to
26 the extent the property is used in this State. Intangible property utilized in
27 marketing a good or service to a consumer is "used in this State" if that good
28 or service is purchased by a consumer who is in this State.
29 (5) In the case of intangible property that is sold, if and to the extent the
30 property is used in this State. A contract right, government license, or similar
31 intangible property that authorizes the holder to conduct a business activity
32 in a specific geographic area is "used in this State" if the geographic area
33 includes all or part of this State.

34 Receipts from intangible property sales that are contingent on the
35 productivity, use, or disposition of the intangible property shall be treated as
36 receipts from the rental, lease, or licensing of the intangible property as
37 provided under subdivision (4) of this subsection. All other receipts from a
38 sale of intangible property shall be excluded from the numerator and
39 denominator of the sales factor.

- 40 (2) ~~Sales of tangible personal property are in this State if the property is~~
41 ~~received in this State by the purchaser. In the case of delivery of goods by~~
42 ~~common carrier or by other means of transportation, including transportation~~
43 ~~by the purchaser, the place at which the goods are ultimately received after~~
44 ~~all transportation has been completed shall be considered as the place at~~
45 ~~which the goods are received by the purchaser. Direct delivery into this State~~
46 ~~by the taxpayer to a person or firm designated by a purchaser from within or~~
47 ~~without the State shall constitute delivery to the purchaser in this State.~~

- 48 (3) ~~Other sales are in this State if:~~

49 a. ~~The receipts are from real or tangible personal property located in~~
50 ~~this State; or~~

- 1 b. ~~The receipts are from intangible property and are received from~~
2 ~~sources within this State; or~~
3 e. ~~The receipts are from services and the income producing activities~~
4 ~~are in this State.~~

5 (m) Railroad Company. – All apportionable income of a railroad company shall be
6 apportioned to this State by multiplying the income by a fraction, the numerator of which is the
7 "railway operating revenue" from business done within this State and the denominator of which
8 is the "total railway operating revenue" from all business done by the company as shown by its
9 records kept in accordance with the standard classification of accounts prescribed by the
10 Interstate Commerce Commission.

11 "Railway operating revenue" from business done within this State shall mean "railway
12 operating revenue" from business wholly within this State, plus the equal mileage proportion
13 within this State of each item of "railway operating revenue" received from the interstate
14 business of the company. "Equal mileage proportion" shall mean the proportion which the
15 distance of movement of property and passengers over lines in this State bears to the total
16 distance of movement of property and passengers over lines of the company receiving such
17 revenue. "Interstate business" shall mean "railway operating revenue" from the interstate
18 transportation of persons or property into, out of, or through this State. ~~¶~~

19 If the Secretary of Revenue finds, with respect to any particular company, that its
20 accounting records are not kept so as to reflect with exact accuracy such division of revenue by
21 State lines as to each transaction involving interstate revenue, the Secretary of Revenue may
22 adopt such regulations, based upon averages, as will approximate with reasonable accuracy the
23 proportion of interstate revenue actually earned upon lines in this State. Provided, that where a
24 railroad is being operated by a partnership which is treated as a corporation for income tax
25 purposes and pays a net income tax to this State, or if located in another state would be so
26 treated and so pay as if located in this State, each partner's share of the net profits shall be
27 considered as dividends paid by a corporation for purposes of this Part and shall be so treated
28 for inclusion in gross income, deductibility, and separate allocation of dividend income.

29 (n) ~~All apportionable income of a telephone company shall be apportioned to this State~~
30 ~~by multiplying the income by a fraction, the numerator of which is gross operating revenue~~
31 ~~from local service in this State plus gross operating revenue from toll services performed~~
32 ~~wholly within this State plus the proportion of revenue from interstate toll services attributable~~
33 ~~to this State as shown by the records of the company plus the gross operating revenue in North~~
34 ~~Carolina from other service less the uncollectible revenue in this State, and the denominator of~~
35 ~~which is the total gross operating revenue from all business done by the company everywhere~~
36 ~~less total uncollectible revenue. Provided, that where a telephone company is required to keep~~
37 ~~its records in accordance with the standard classification of accounts prescribed by the Federal~~
38 ~~Communications Commission the amounts in such accounts shall be used in computing the~~
39 ~~apportionment fraction as provided in this subsection.~~

40 (o) Motor Carrier. – All apportionable income of a motor carrier of property or a motor
41 carrier of people shall be apportioned by multiplying the income by a fraction, the numerator of
42 which is the number of vehicle miles in this State and the denominator of which is the total
43 number of vehicle miles of the company everywhere. The words "vehicle miles" shall mean
44 miles traveled by vehicles owned or operated by the company based upon one of the following:

- 45 (1) ~~miles traveled by vehicles~~ Miles on a scheduled route.
46 (2) ~~owned or operated by the company~~ Miles hauling property for a charge
47 ~~charge.~~
48 (3) ~~or traveling on a scheduled route.~~ Miles carrying passengers for a fare.

49 (p) ~~All apportionable income of a motor carrier of passengers shall be apportioned by~~
50 ~~multiplying the income by a fraction, the numerator of which is the number of vehicle miles in~~
51 ~~this State and the denominator of which is the total number of vehicle miles of the company~~

1 everywhere. The words "vehicle miles" shall mean miles traveled by vehicles owned or
2 operated by the company carrying passengers for a fare or traveling on a scheduled route.

3 (q) ~~All apportionable income of a telegraph company shall be apportioned by~~
4 ~~multiplying the income by a fraction, the numerator of which is the property factor plus the~~
5 ~~payroll factor plus the sales factor and the denominator of which is three.~~

6 The property factor shall be as defined in subsection (j) of this section, the payroll factor
7 shall be as defined in subsection (k) of this section, and the sales factor shall be as defined in
8 subsection (l) of this section.

9 (r) Single Sales Factor. – All apportionable income of an excluded corporation and of
10 all other public utilities shall be apportioned by multiplying the income by the sales factor as
11 determined under subsection (l) of this section.

12 (s) Transportation Corporation. – All apportionable income of an air transportation
13 corporation or a water transportation corporation shall be apportioned by a fraction, the
14 numerator of which is the corporation's revenue ton miles in this State and the denominator of
15 which is the corporation's revenue ton miles everywhere. The term "revenue ton mile" means
16 one ton of passengers, freight, mail, or other cargo carried one mile. In making this
17 computation, a passenger is considered to weigh two hundred pounds.

18 ...

19 (s2) Broadcaster. – All apportionable income of a broadcaster shall be apportioned as
20 provided in this subsection. The apportionment factor is a fraction, the numerator of which is
21 the sum of the broadcaster's gross receipts from sources within the State and the denominator of
22 which is the sum of the broadcaster's gross receipts from transactions and activity in the regular
23 course of its trade or business everywhere. Advertising gross receipts and license fees for audio
24 or video programming in release shall be attributable to this State in accordance with the
25 audience factor in this State. Gross receipts from subscriber fees, rents, sales, or similar charges
26 from audio or video programming in release shall be attributable to this State based on the
27 amount of subscriber or other fees paid by customers in this State. A sale of audio or video
28 programming on tangible media is sourced to this State as sales of tangible personal property.

29 The following definitions apply in this subsection:

30 (1) Audience factor. – The factor determined by the ratio provided in this
31 subdivision. The factor shall be determined either by reference to the books
32 and records of the taxpayer or by reference to published rating statistics,
33 provided the method used by the taxpayer is consistently used from year to
34 year for this purpose and fairly represents the taxpayer's activity in this State.
35 The ratio is as follows:

36 a. Television station. – The ratio that the viewing audience located in
37 this State for a television station bears to the total viewing audience
38 for a television station.

39 b. Radio station. – The ratio that the listening audience in this State for
40 a radio station bears to the total listening audience for a radio station.

41 c. Cable or satellite program and channel broadcasts. – The ratio that
42 the subscribers for a cable or satellite system located in this State
43 bears to the total subscribers of a cable or satellite system. If the
44 number of subscribers cannot be accurately determined from the
45 books and records maintained by the taxpayer, the ratio shall be
46 determined on the basis of the applicable year's subscription statistics
47 located in published surveys, provided the source selected is
48 consistently used from year to year for this purpose.

49 (2) Broadcast. – The transmission of audio or video programming, directly or
50 indirectly, to viewers and listeners by any other method of communication or
51 combination of methods.

(3) Broadcaster. – A person that provides audio or video programming to customers in this State by digital or analog means in exchange for one or more of the following: advertising receipts, subscriber fees, license, rent, or similar fees. The term includes a television or radio station licensed by the Federal Communications Commission, including network-owned or affiliated stations, a television or radio broadcast network, a cable program network, a distributor of audio or video programming, a cable system operator, and satellite system operator.

(4) Release or in release. – The placing of film or radio programming into service. A film or radio program is placed into service when it is first broadcast to the primary audience for entertainment, educational, commercial, artistic, or other purpose. Each episode of a television or radio series is placed in service when it is first broadcast. A program is not placed in service merely because it is completed and therefore in a condition or state of readiness and availability for broadcast or merely because it is previewed to prospective sponsors or purchasers.

(5) Rent. – License fees or other payments or consideration provided in exchange for the broadcast or other use of television or radio programming.

(6) Subscriber. – The individual residence or other outlet that is the ultimate recipient of the transmission of the audio or video programming.

...."

SECTION 32.14.(f) Except as otherwise provided, this section is effective when it becomes law.

FRANCHISE TAX RATE REDUCTION AND TAX BASE SIMPLIFICATION

SECTION 32.15.(a) G.S. 105-114(b) reads as rewritten:

"(b) Definitions. – The following definitions apply in this Article:

...

(5) Total assets. – The sum of all cash, investments, furniture, fixtures, equipment, receivables, intangibles, and any other items of value owned by a person or a business entity."

SECTION 32.15.(b) G.S. 105-120.2 reads as rewritten:

"§ 105-120.2. Franchise or privilege tax on holding companies.

(a) Every corporation, domestic and foreign, incorporated or, by an act, domesticated under the laws of this State or doing business in this State that, at the close of its taxable year, is a holding company as defined in subsection (c) of this section, shall, pursuant to the provisions of G.S. 105-122, do all of the following:

(1) File a return.

(2) Determine the total amount of its ~~issued and outstanding capital stock, surplus and undivided profits,~~ net worth.

(3) Apportion ~~such outstanding capital stock, surplus and undivided profits~~ its net worth to this State.

(b) ~~(4)~~ Tax Rate. – Every corporation taxed under this section shall annually pay to the Secretary of Revenue, at the time the return is due, the greater of the following:

(1) ~~a~~ A franchise or privilege tax at the rate of one dollar and fifty cents (\$1.50) one dollar (\$1.00) per one thousand dollars (\$1,000) of the amount determined under subsection (a) of this section, but in no case shall the tax be more than ~~seventy five thousand dollars (\$75,000) nor less than thirty five dollars (\$35.00),~~ one hundred fifty thousand dollars (\$150,000) nor less than two hundred dollars (\$200.00).

- 1 (2) ~~Notwithstanding the provisions of subdivision (1) of this subsection, if~~ If the
 2 ~~tax produced pursuant to application of~~ calculated under this paragraph (2)
 3 ~~subdivision exceeds the tax produced pursuant to application of~~ calculated
 4 ~~under subdivision (1), (1) of this subsection, then the tax is levied at the rate~~
 5 ~~of one dollar and fifty cents (\$1.50) one dollar (\$1.00) per one thousand~~
 6 ~~dollars (\$1,000) on the greater of the following:~~
 7 a. ~~Fifty-five percent (55%) of the appraised value as determined for ad~~
 8 ~~valorem taxation of all the real and tangible personal property in this~~
 9 ~~State of each such corporation plus the total appraised value of~~
 10 ~~intangible property returned for taxation of intangible personal~~
 11 ~~property as computed under G.S. 105-122(d).~~
 12 b. ~~The total actual investment in tangible property in this State of such~~
 13 ~~corporation as computed under G.S. 105-122(d).~~

14 "

15 **SECTION 32.15.(c)** G.S. 105-122 reads as rewritten:

16 **"§ 105-122. Franchise or privilege tax on domestic and foreign corporations.**

17 (a) Tax Imposed. — An annual franchise or privilege tax is imposed on a corporation
 18 doing business in this State. The tax is determined on the basis of the books and records of the
 19 corporation as of the close of its income year. A corporation subject to the tax must file a return
 20 under affirmation with the Secretary at the place and in the manner prescribed by the Secretary.
 21 The return must be signed by the president, vice-president, treasurer, or chief financial officer
 22 of the corporation. The return is due on or before the fifteenth day of the fourth month
 23 following the end of the corporation's income year.

24 (b) Determination of Capital Base. — Net Worth. — A corporation taxed under this
 25 section shall determine the total amount of its ~~issued and outstanding capital stock, surplus, and~~
 26 ~~undivided profits. No reservation or allocation from surplus or undivided profits is allowed~~
 27 ~~except as provided below:~~ net worth. The net worth of a corporation is its total assets without
 28 regard to the deduction for accumulated depreciation, depletion, or amortization less its total
 29 liabilities, computed in accordance with generally accepted accounting principles as of the end
 30 of the corporation's taxable year. If the corporation does not maintain its books and records in
 31 accordance with generally accepted accounting principles, then its net worth is computed in
 32 accordance with the accounting method used by the entity for federal tax purposes so long as
 33 the method fairly reflects the corporation's net worth for purposes of the tax levied by this
 34 section. A corporation's net worth is subject to the following adjustments:

- 35 (1) ~~Definite and accrued legal liabilities.~~ A deduction for accumulated
 36 depreciation, depletion, and amortization is determined in accordance with
 37 the method used for federal tax purposes.
 38 (1a) ~~Billings in excess of costs that are considered a deferred liability under the~~
 39 ~~percentage of completion method of revenue recognition.~~
 40 (2) ~~Taxes accrued, dividends declared, and reserves for depreciation of tangible~~
 41 ~~assets and for amortization of intangible assets as permitted for income tax~~
 42 ~~purposes.~~ An addition for indebtedness the corporation owes to a parent, a
 43 subsidiary, an affiliate, or a noncorporate entity in which the corporation or
 44 an affiliated group of corporations owns directly or indirectly more than fifty
 45 percent (50%) of the capital interests of the noncorporate entity. The amount
 46 added back to the corporation's net worth may be further adjusted if part of
 47 the capital of the creditor is capital borrowed from a source other than a
 48 parent, a subsidiary, or an affiliate. The debtor corporation may deduct a
 49 proportionate part of the indebtedness based on the ratio of the borrowed
 50 capital of the creditor to the total assets of the creditor. For purposes of this
 51 subdivision, borrowed capital does not include indebtedness incurred by a

1 bank arising out of the receipt of a deposit and evidenced by a certificate of
2 deposit, a passbook, a cashier's check, a certified check, or other similar
3 document.

4 (2a) If the creditor corporation is taxable under this Article, the creditor
5 corporation may deduct the amount of indebtedness owed to it by a parent,
6 subsidiary, or affiliated corporation to the extent that such indebtedness has
7 been added by the debtor corporation.

8 (3) ~~When including deferred tax liabilities, a corporation may reduce the amount~~
9 ~~included in its base by netting against that amount deferred tax assets. The~~
10 ~~reduction may not decrease deferred tax liabilities below zero (0). A~~
11 ~~corporation may deduct the cost of treasury stock.~~

12 (4) ~~Reserves for the cost of any air cleaning device or sewage or waste~~
13 ~~treatment plant, including waste lagoons, and pollution abatement equipment~~
14 ~~purchased or constructed and installed which reduces the amount of air or~~
15 ~~water pollution resulting from the emission of air contaminants or the~~
16 ~~discharge of sewage and industrial wastes or other polluting materials or~~
17 ~~substances into the outdoor atmosphere or streams, lakes, or rivers, upon~~
18 ~~condition that the corporation claiming such deductible liability shall furnish~~
19 ~~to the Secretary a certificate from the Department of Environment and~~
20 ~~Natural Resources or from a local air pollution control program for~~
21 ~~air cleaning devices located in an area where the Environmental~~
22 ~~Management Commission has certified a local air pollution control program~~
23 ~~pursuant to G.S. 143-215.112 certifying that the Environmental Management~~
24 ~~Commission or local air pollution control program has found as a fact that~~
25 ~~the air cleaning device, waste treatment plant or pollution abatement~~
26 ~~equipment purchased or constructed and installed as above described has~~
27 ~~actually been constructed and installed and that such plant or equipment~~
28 ~~complies with the requirements of the Environmental Management~~
29 ~~Commission or local air pollution control program with respect to such~~
30 ~~devices, plants or equipment, that such device, plant or equipment is being~~
31 ~~effectively operated in accordance with the terms and conditions set forth in~~
32 ~~the permit, certificate of approval, or other document of approval issued by~~
33 ~~the Environmental Management Commission or local air pollution control~~
34 ~~program and that the primary purpose thereof is to reduce air or water~~
35 ~~pollution resulting from the emission of air contaminants or the discharge of~~
36 ~~sewage and waste and not merely incidental to other purposes and functions.~~

37 (5) ~~Reserves for the cost of purchasing and installing equipment or constructing~~
38 ~~facilities for the purpose of recycling or resource recovering of or from solid~~
39 ~~waste or for the purpose of reducing the volume of hazardous waste~~
40 ~~generated shall be treated as deductible for the purposes of this section upon~~
41 ~~condition that the corporation claiming such deductible liability shall furnish~~
42 ~~to the Secretary a certificate from the Department of Environment and~~
43 ~~Natural Resources certifying that the Department of Environment and~~
44 ~~Natural Resources has found as a fact that the equipment or facility has~~
45 ~~actually been purchased, installed or constructed, that it is in conformance~~
46 ~~with all rules and regulations of the Department of Environment and Natural~~
47 ~~Resources, and the recycling or resource recovering is the primary purpose~~
48 ~~of the facility or equipment.~~

49 (6) ~~Reserves for the cost of constructing facilities of any private or public utility~~
50 ~~built for the purpose of providing sewer service to residential and outlying~~
51 ~~areas shall be treated as deductible for the purposes of this section; the~~

deductible liability allowed by this section shall apply only with respect to such pollution abatement plants or equipment constructed or installed on or after January 1, 1955.

(7) The cost of treasury stock.

(8) In the case of an international banking facility, the capital base shall be reduced by the excess of the amount as of the end of the taxable year of all assets of an international banking facility which are employed outside the United States over liabilities of the international banking facility owed to foreign persons. For purposes of such reduction, foreign persons shall have the same meaning as defined in G.S. 105-130.5(b)(13)d.

Every corporation doing business in this State which is a parent, subsidiary, or affiliate of another corporation shall add to its capital stock, surplus, and undivided profits all indebtedness owed to a parent, subsidiary, or affiliated corporation as a part of its capital used in its business and as a part of the base for franchise tax under this section. If any part of the capital of the creditor corporation is capital borrowed from a source other than a parent, subsidiary, or affiliate, the debtor corporation, which is required under this subsection to include in its tax base the amount of debt by reason of being a parent, subsidiary, or affiliate of the creditor corporation, may deduct from the debt included a proportionate part determined on the basis of the ratio of the borrowed capital of the creditor corporation to the total assets of the creditor corporation. If the creditor corporation is also taxable under the provisions of this section, the creditor corporation is allowed to deduct from the total of its capital, surplus, and undivided profits the amount of any debt owed to it by a parent, subsidiary or affiliated corporation to the extent that the debt has been included in the tax base of the parent, subsidiary, or affiliated debtor corporation reporting for taxation under the provisions of this section.

(b1) Definitions. – The following definitions apply in subsection (b) of this section:

(1) Affiliate. – The same meaning as specified in G.S. 105-130.2. A corporation is an affiliate of another corporation when both are directly or indirectly controlled by the same parent corporation or by the same or associated financial interests by stock ownership, interlocking directors, or by any other means whatsoever, whether the control is direct or through one or more subsidiary, affiliated, or controlled corporations.

(2) Affiliated group. – The same meaning as defined in G.S. 105-114.1.

(3) Capital interest. – The right under an entity's governing law to receive a percentage of the entity's assets upon dissolution after payments to creditors.

(4) Governing law. – The law under which the noncorporate entity is organized.

(2)(5) Indebtedness. – All loans, credits, goods, supplies, or other capital of whatsoever nature furnished by a parent, a subsidiary, or affiliated corporation, an affiliate, or a noncorporate entity in which the corporation or an affiliated group of corporations owns directly or indirectly more than fifty percent (50%) of the capital interests of the noncorporate entity, other than indebtedness endorsed, guaranteed, or otherwise supported by one of these corporations.

(6) Noncorporate entity. – A person that is neither a human being nor a corporation.

(3)(7) Parent. – The same meaning as specified in G.S. 105-130.2. A corporation is a parent of another corporation when, directly or indirectly, it controls the other corporation by stock ownership, interlocking directors, or by any other means whatsoever exercised by the same or associated financial interests, whether the control is direct or through one or more subsidiary, affiliated, or controlled corporations.

1 (4)(8) ~~Subsidiary. – The same meaning as specified in G.S. 105-130.2. A~~
2 ~~corporation is a subsidiary of another corporation when, directly or~~
3 ~~indirectly, it is subject to control by the other corporation by stock~~
4 ~~ownership, interlocking directors, or by any other means whatsoever~~
5 ~~exercised by the same or associated financial interest, whether the control is~~
6 ~~direct or through one or more subsidiary, affiliated, or controlled~~
7 ~~corporations.~~

8 (c1) Apportionment. – A corporation that is doing business in this State and in one or
9 more other states must apportion its ~~capital stock, surplus, and undivided profits~~ net worth to
10 this State. A corporation must use the apportionment method set out in subdivision (1) of this
11 subsection unless the Department has authorized it to use a different method under subdivision
12 (2) of this subsection. The portion of a corporation's ~~capital stock, surplus, and undivided~~
13 ~~profits~~ net worth determined by applying the appropriate apportionment method is considered
14 the amount of ~~capital stock, surplus, and undivided profits~~ net worth the corporation uses in its
15 business in this State.

16 (1) Statutory. – A corporation that is subject to income tax under Article 4 of
17 this Chapter must apportion its ~~capital stock, surplus, and undivided profits~~
18 net worth by using the fraction it applies in apportioning its income under
19 that Article. A corporation that is not subject to income tax under Article 4
20 of this Chapter must apportion its ~~capital stock, surplus, and undivided~~
21 ~~profits~~ net worth by using the fraction it would be required to apply in
22 apportioning its income if it were subject to that Article. The apportionment
23 method set out in this subdivision is considered the statutory method of
24 apportionment and is presumed to be the best method of determining the
25 amount of a corporation's ~~capital stock, surplus, and undivided profits~~ net
26 worth attributable to the corporation's business in this State.

27 (2) Alternative. – A corporation that believes the statutory apportionment
28 method set out in subdivision (1) of this subsection subjects a greater portion
29 of its ~~capital stock, surplus, and undivided profits~~ net worth to tax under this
30 section than is attributable to its business in this State may make a written
31 request to the Secretary for permission to use an alternative method. The
32 request must set out the reasons for the corporation's belief and propose an
33 alternative method. The corporation has the burden of establishing by clear,
34 cogent, and convincing proof that the statutory apportionment method
35 subjects a greater portion of the corporation's ~~capital stock, surplus, and~~
36 ~~undivided profits~~ net worth to tax under this section than is attributable to its
37 business in this State and that the proposed alternative method is a better
38 method of determining the amount of the corporation's ~~capital stock, surplus,~~
39 ~~and undivided profits~~ net worth attributable to the corporation's business in
40 this State.

41 The Secretary must issue a written decision on a corporation's request for
42 an alternative apportionment method. If the decision grants the request, it
43 must describe the alternative method the corporation is authorized to use and
44 state the tax years to which the alternative method applies. A decision may
45 apply to no more than three tax years. A corporation may renew a request to
46 use an alternative apportionment method by following the procedure in this
47 subdivision. A decision of the Secretary on a request for an alternative
48 apportionment method is final and is not subject to administrative or judicial
49 review. A corporation authorized to use an alternative method may apportion
50 its ~~capital stock, surplus, and undivided profits~~ net worth in accordance with
51 the alternative method or the statutory method.

1 (3) Repealed by Session Laws 2011-330, s. 5, effective June 27, 2011.

2 (d) Tax Base and Tax Rate. — After determining the proportion of its ~~total capital stock,~~
3 ~~surplus and undivided profits net worth~~ as set out in subsection (c1) of this section, which
4 amount shall not be less than fifty-five percent (55%) of the appraised value as determined for
5 ad valorem taxation of all the real and tangible personal property in this State of each
6 corporation nor less than its total actual investment in tangible property in this State, every
7 corporation taxed under this section shall annually pay to the Secretary of Revenue, at the time
8 the return is due, a franchise or privilege tax at the rate of one dollar ~~and fifty cents (\$1.50)~~
9 (\$1.00) per one thousand dollars (\$1,000) of the total amount of ~~capital stock, surplus and~~
10 ~~undivided profits net worth~~ as provided in this section. The tax imposed in this section shall not
11 be less than ~~thirty five dollars (\$35.00)~~ two hundred dollars (\$200.00) and is for the privilege
12 of carrying on, doing business, and/or the continuance of articles of incorporation or
13 domestication of each corporation in this State. Appraised value of tangible property including
14 real estate is the ad valorem valuation for the calendar year next preceding the due date of the
15 franchise tax return. The term "total actual investment in tangible property" as used in this
16 section means the total original purchase price or consideration to the reporting taxpayer of its
17 tangible properties, including real estate, in this State plus additions and improvements thereto
18 less reserve for depreciation as permitted for income tax purposes, ~~and also less any~~
19 ~~indebtedness incurred and existing by virtue of the purchase of any real estate and any~~
20 ~~permanent improvements made thereon. In computing "total actual investment in tangible~~
21 ~~personal property" a corporation may deduct reserves for the entire cost of any air cleaning~~
22 ~~device or sewage or waste treatment plant, including waste lagoons, and pollution abatement~~
23 ~~equipment purchased or constructed and installed which reduces the amount of air or water~~
24 ~~pollution resulting from the emission of air contaminants or the discharge of sewage and~~
25 ~~industrial wastes or other polluting materials or substances into the outdoor atmosphere or into~~
26 ~~streams, lakes, or rivers, upon condition that the corporation claiming this deduction shall~~
27 ~~furnish to the Secretary a certificate from the Department of Environment and Natural~~
28 ~~Resources or from a local air pollution control program for air cleaning devices located in an~~
29 ~~area where the Environmental Management Commission has certified a local air pollution~~
30 ~~control program pursuant to G.S. 143-215.112 certifying that said Department or local air~~
31 ~~pollution control program has found as a fact that the air cleaning device, waste treatment plant~~
32 ~~or pollution abatement equipment purchased or constructed and installed as above described~~
33 ~~has actually been constructed and installed and that the device, plant or equipment complies~~
34 ~~with the requirements of the Environmental Management Commission or local air pollution~~
35 ~~control program with respect to the devices, plants or equipment, that the device, plant or~~
36 ~~equipment is being effectively operated in accordance with the terms and conditions set forth in~~
37 ~~the permit, certificate of approval, or other document of approval issued by the Environmental~~
38 ~~Management Commission or local air pollution control program and that the primary purpose is~~
39 ~~to reduce air or water pollution resulting from the emission of air contaminants or the discharge~~
40 ~~of sewage and waste and not merely incidental to other purposes and functions. The cost of~~
41 ~~constructing facilities of any private or public utility built for the purpose of providing sewer~~
42 ~~service to residential and outlying areas is treated as deductible for the purposes of this section;~~
43 ~~the deductible liability allowed by this section applies only with respect to pollution abatement~~
44 ~~plants or equipment constructed or installed on or after January 1, 1955.purposes.~~

45 (d1) Credits. — A corporation is allowed a credit against the tax imposed by this section
46 for a taxable year equal to one half of the amount of tax payable during the taxable year under
47 Article 5E of this Chapter. The credit allowed by this subsection may not exceed the amount of
48 tax imposed by this section for the taxable year, reduced by the sum of all other credits allowed
49 against that tax, except tax payments made by or on behalf of the taxpayer.

50 (e) Any corporation which changes its income year, and files a "short period" income
51 tax return pursuant to G.S. 105-130.15 shall file a franchise tax return in accordance with the

1 provisions of this section in the manner and as of the date specified in subsection (a) of this
2 section. Such corporation shall be entitled to deduct from the total franchise tax computed (on
3 an annual basis) on such return the amount of franchise tax previously paid which is applicable
4 to the period subsequent to the beginning of the new income year.

5 (f) The return and tax required by this section are in addition to all other reports
6 required or taxes levied and assessed in this State.

7 (g) Counties, cities and towns shall not levy a franchise tax on corporations taxed under
8 this section."

9 **SECTION 32.15.(d)** G.S. 105-114.1 reads as rewritten:

10 "**§ 105-114.1. Limited liability companies.**

11 ...

12 (b) **Controlled Companies.** – If a corporation or an affiliated group of corporations
13 owns more than fifty percent (50%) of the capital interests in a noncorporate limited liability
14 company, the corporation or group of corporations must include in its three tax bases pursuant
15 to G.S. 105-122 the same percentage of (i) the noncorporate limited liability company's ~~capital~~
16 ~~stock, surplus, and undivided profits; net worth;~~ (ii) fifty-five percent (55%) of the
17 noncorporate limited liability company's appraised ad valorem tax value of property; and (iii)
18 the noncorporate limited liability company's actual investment in tangible property in this State,
19 as appropriate.

20 ...

21 (d) **No Double Inclusion.** – If a corporation is required to include a percentage of a
22 noncorporate limited liability company's assets in its tax bases under this Article pursuant to
23 subsection (b) of this section, its investment in the noncorporate limited liability company is
24 not included in its computation of ~~capital stock-net worth~~ base under G.S. 105-122(b).

25"

26 **SECTION 32.15.(e)** G.S. 105-125(b) reads as rewritten:

27 "(b) **Certain Investment Companies.** – A corporation doing business in North Carolina
28 that meets one or more of the following conditions may, in determining its ~~capital stock,~~
29 ~~surplus, and undivided profits base-net worth base~~ for franchise tax, deduct the aggregate
30 market value of its investments in the stocks, bonds, debentures, or other securities or
31 evidences of debt of other corporations, partnerships, individuals, municipalities, governmental
32 agencies, or governments:

33 (1) A regulated investment company. – A regulated investment company is an
34 entity that qualifies as a regulated investment company under section 851 of
35 the Code.

36 (2) A REIT, unless the REIT is a captive REIT. – The terms "REIT" and
37 "captive REIT" have the same meanings as defined in G.S. 105-130.12."

38 **SECTION 32.15.(f)** This section is effective for taxable years beginning on or after
39 January 1, 2017.

41 **INDIVIDUAL INCOME TAX REDUCTIONS AND MODIFICATION OF THE** 42 **ITEMIZED DEDUCTION**

43 **SECTION 32.16.(a)** Effective for taxable years beginning on or after January 1,
44 2016, G.S. 105-153.5(a)(1) reads as rewritten:

45 "**§ 105-153.5. Modifications to adjusted gross income.**

46 (a) **Deduction Amount.** – In calculating North Carolina taxable income, a taxpayer may
47 deduct from adjusted gross income either the standard deduction amount provided in
48 subdivision (1) of this subsection or the itemized deduction amount provided in subdivision (2)
49 of this subsection that the taxpayer claimed under the Code. The deduction amounts are as
50 follows:

(1) Standard deduction amount. – The standard deduction amount is zero for a person who is not eligible for a standard deduction under section 63 of the Code. For all other taxpayers, the standard deduction amount is equal to the amount listed in the table below based on the taxpayer's filing status:

Filing Status	Standard Deduction
Married, filing jointly	\$15,000 <u>\$17,500</u>
Head of Household	12,000 <u>14,000</u>
Single	7,500 <u>8,750</u>
Married, filing separately	7,500 <u>8,750.</u> "

SECTION 32.16.(b) Effective for taxable years beginning on or after January 1, 2017, G.S. 105-153.5(a)(1), as amended by subsection (a) of this section, reads as rewritten:

"§ 105-153.5. Modifications to adjusted gross income.

(a) Deduction Amount. – In calculating North Carolina taxable income, a taxpayer may deduct from adjusted gross income either the standard deduction amount provided in subdivision (1) of this subsection or the itemized deduction amount provided in subdivision (2) of this subsection that the taxpayer claimed under the Code. The deduction amounts are as follows:

(1) Standard deduction amount. – The standard deduction amount is zero for a person who is not eligible for a standard deduction under section 63 of the Code. For all other taxpayers, the standard deduction amount is equal to the amount listed in the table below based on the taxpayer's filing status:

Filing Status	Standard Deduction
Married, filing jointly	\$17,500 <u>\$17,750</u>
Head of Household	14,000 <u>14,200</u>
Single	8,750 <u>8,875</u>
Married, filing separately	8,750 <u>8,875.</u> "

SECTION 32.16.(c) Effective for taxable years beginning on or after January 1, 2018, G.S. 105-153.5(a)(1), as amended by subsection (b) of this section, reads as rewritten:

"§ 105-153.5. Modifications to adjusted gross income.

(a) Deduction Amount. – In calculating North Carolina taxable income, a taxpayer may deduct from adjusted gross income either the standard deduction amount provided in subdivision (1) of this subsection or the itemized deduction amount provided in subdivision (2) of this subsection that the taxpayer claimed under the Code. The deduction amounts are as follows:

(1) Standard deduction amount. – The standard deduction amount is zero for a person who is not eligible for a standard deduction under section 63 of the Code. For all other taxpayers, the standard deduction amount is equal to the amount listed in the table below based on the taxpayer's filing status:

Filing Status	Standard Deduction
Married, filing jointly	\$17,750 <u>\$18,000</u>
Head of Household	14,200 <u>14,400</u>
Single	8,875 <u>9,000</u>
Married, filing separately	8,875 <u>9,000.</u> "

SECTION 32.16.(d) Effective for taxable years beginning on or after January 1, 2019, G.S. 105-153.5(a)(1), as amended by subsection (c) of this section, reads as rewritten:

"§ 105-153.5. Modifications to adjusted gross income.

(a) Deduction Amount. – In calculating North Carolina taxable income, a taxpayer may deduct from adjusted gross income either the standard deduction amount provided in subdivision (1) of this subsection or the itemized deduction amount provided in subdivision (2) of this subsection that the taxpayer claimed under the Code. The deduction amounts are as follows:

(1) Standard deduction amount. – The standard deduction amount is zero for a person who is not eligible for a standard deduction under section 63 of the Code. For all other taxpayers, the standard deduction amount is equal to the amount listed in the table below based on the taxpayer's filing status:

Filing Status	Standard Deduction
Married, filing jointly	\$18,000 \$18,250
Head of Household	14,400 14,600
Single	9,000 9,125
Married, filing separately	9,000 9,125."

SECTION 32.16.(e) Effective for taxable years beginning on or after January 1, 2020, G.S. 105-153.5(a)(1), as amended by subsection (d) of this section, reads as rewritten:

"§ 105-153.5. Modifications to adjusted gross income.

(a) Deduction Amount. – In calculating North Carolina taxable income, a taxpayer may deduct from adjusted gross income either the standard deduction amount provided in subdivision (1) of this subsection or the itemized deduction amount provided in subdivision (2) of this subsection that the taxpayer claimed under the Code. The deduction amounts are as follows:

(1) Standard deduction amount. – The standard deduction amount is zero for a person who is not eligible for a standard deduction under section 63 of the Code. For all other taxpayers, the standard deduction amount is equal to the amount listed in the table below based on the taxpayer's filing status:

Filing Status	Standard Deduction
Married, filing jointly	\$18,250 \$18,500
Head of Household	14,600 14,800
Single	9,125 9,250
Married, filing separately	9,125 9,250."

SECTION 32.16.(f) G.S. 105-153.7(a) reads as rewritten:

"§ 105-153.7. Individual income tax imposed.

(a) Tax. – A tax is imposed for each taxable year on the North Carolina taxable income of every individual. The tax shall be levied, collected, and paid annually. The tax is ~~five and seventy-five hundredths percent (5.75%)~~ five and five-tenths percent (5.5%) of the taxpayer's North Carolina taxable income."

SECTION 32.16.(g) G.S. 105-153.5(a)(2) reads as rewritten:

"§ 105-153.5. Modifications to adjusted gross income.

(a) Deduction Amount. – In calculating North Carolina taxable income, a taxpayer may deduct from adjusted gross income either the standard deduction amount provided in subdivision (1) of this subsection or the itemized deduction amount provided in subdivision (2) of this subsection that the taxpayer claimed under the Code. The deduction amounts are as follows:

- ...
- (2) Itemized deduction amount. – ~~An amount equal to the sum of the items listed in this subdivision. The amounts allowed under this subdivision are not subject to the overall limitation on itemized deductions under section 68 of the Code; itemized deduction amount claimed under the Code other than any amount deducted under section 164 of the Code as State, local, or foreign income tax or as State or local general sales tax. The~~
- a. ~~The amount allowed as a deduction for charitable contributions under section 170 of the Code for that taxable year.~~
 - b. ~~The amount allowed as a deduction for interest paid or accrued during the taxable year under section 163(h) of the Code with respect to any qualified residence plus the amount claimed by the taxpayer as~~

1 a deduction for property taxes paid or accrued on real estate under
 2 section 164 of the Code for that taxable year. The
 3 amount allowed under this ~~sub-subdivision~~ subdivision may not exceed
 4 twenty thousand dollars (\$20,000). For spouses filing as married filing
 5 separately or married filing jointly, the total ~~mortgage interest and real estate~~
 6 ~~taxes~~ itemized deductions claimed by both spouses combined may not exceed
 7 twenty thousand dollars (\$20,000). ~~For spouses filing as married filing~~
 8 ~~separately with a joint obligation for mortgage interest and real estate taxes,~~
 9 ~~the deduction for these items is allowable to the spouse who actually paid~~
 10 ~~them. If~~ For spouses filing as married filing separately, if the amount of the
 11 mortgage interest and real estate taxes paid ~~itemized deductions~~ claimed by
 12 both spouses exceeds twenty thousand dollars (\$20,000), these deductions
 13 must be prorated based on the percentage ~~paid~~ claimed by each spouse. For
 14 joint obligations paid from joint accounts, the proration is based on the
 15 income reported by each spouse for that taxable year spouse under the
 16 Code."

17 SECTION 32.16.(h) G.S. 105-163.2 reads as rewritten:

18 "**§ 105-163.2. Employers must withhold taxes.**

19 ...

20 (b) Withholding Tables. – The manner of withholding and the amount to be withheld
 21 shall be determined in accordance with tables and rules adopted by the Secretary. The
 22 withholding of wages pursuant to and in accordance with these tables shall be deemed as a
 23 matter of law to constitute compliance with the provisions of subsection (a) of this section,
 24 notwithstanding any other provisions of this Article. The Secretary shall promulgate tables for
 25 computing amounts to be withheld with respect to different rates of wages for different payroll
 26 periods applicable to the various combinations of allowances to which an employee may be
 27 entitled and taking into account the appropriate standard deduction. The tables may provide for
 28 the same amount to be withheld within reasonable salary brackets or ranges so designed as to
 29 result in the withholding during a year of approximately the amount of an employee's indicated
 30 income tax liability for that year.

31 The withholding allowances provided by these tables and rules shall, as nearly as possible,
 32 approximate the amount of the employee's indicated income tax liability for that year based
 33 upon all of the following factors:

- 34 (1) An income tax rate equal to the rate set in G.S. 105-153.7 plus one-tenth of
 35 one percent (0.1%).
 36 (2) ~~the~~ The additions the employee is required to make under Article 4 of this
 37 Chapter ~~and the deductions,~~ Chapter.
 38 (3) The deductions and credits to which an employee is entitled under Article 4
 39 of this Chapter. ~~The Secretary shall promulgate tables for computing~~
 40 ~~amounts to be withheld with respect to different rates of wages for different~~
 41 ~~payroll periods applicable to the various combinations of allowances to~~
 42 ~~which an employee may be entitled and taking into account the appropriate~~
 43 ~~standard deduction. The tables may provide for the same amount to be~~
 44 ~~withheld within reasonable salary brackets or ranges so designed as to result~~
 45 ~~in the withholding during a year of approximately the amount of an~~
 46 ~~employee's indicated income tax liability for that year. The withholding of~~
 47 ~~wages pursuant to and in accordance with these tables shall be deemed as a~~
 48 ~~matter of law to constitute compliance with the provisions of subsection (a)~~
 49 ~~of this section, notwithstanding any other provisions of this Article.~~

50 ...

1 (e) Alternatives to Tables. – If the Secretary determines that use of the withholding
2 tables would be impractical, would impose an unreasonable burden on an employer, or would
3 produce substantially incorrect results, the Secretary may authorize or require an employer to
4 use some other method of determining the amounts to be withheld under this Article. The
5 alternative method authorized by the Secretary must reasonably approximate the predicted
6 income tax liability of the affected ~~employees~~ employees based upon the factors provided in
7 subsection (b) of this section. In addition, with the agreement of the employer and employee,
8 the Secretary may authorize an employer to use an alternative method that results in
9 withholding of a greater amount than otherwise required under this section.

10 The Secretary's authorization of an alternative method is discretionary and may be
11 cancelled at any time without advance notice if the Secretary finds that the method is being
12 abused or is not resulting in the withholding of an amount reasonably approximating the
13 predicted income tax liability of the affected employees. The Secretary shall give an employer
14 written notice of any cancellation and the findings upon which the cancellation is based. The
15 cancellation becomes effective upon the employer's receipt of this notice or on the third day
16 after the notice was mailed to the employer, whichever occurs first. If the employer requests a
17 hearing on the cancellation within 30 days after the cancellation, the Secretary shall grant a
18 hearing. After a hearing, the Secretary's findings are conclusive."

19 **SECTION 32.16.(i)** Subsections (f) through (h) of this section are effective for
20 taxable years beginning on or after January 1, 2016. Except as otherwise provided, the
21 remainder of this section is effective when this act becomes law.

22 **ARTICLE 5F EXCISE TAX CHANGES**

23 **SECTION 32.17.(a)** G.S. 105-187.51(b) reads as rewritten:

24 **"§ 105-187.51. Tax imposed on mill machinery.**

25 ...
26 (b) Rate. – The tax is ~~one percent (1%) of imposed on the sales-purchase price~~ of the
27 machinery, part, or ~~accessory purchased~~ accessory. The tax rate is equal to the general rate of
28 tax under G.S. 105-164.4. The maximum tax is ~~eighty dollars (\$80.00)~~ five hundred dollars
29 ~~(\$500.00)~~ per article. As used in this section, the term "accessories" does not include
30 electricity."

31 **SECTION 32.17.(b)** G.S. 105-187.51B(b) reads as rewritten:

32 **"§ 105-187.51B. Tax imposed on certain recyclers, research and development companies,**
33 **industrial machinery refurbishing companies, and companies located at ports**
34 **facilities.**

35 ...
36 (b) Rate. – The tax is ~~one percent (1%) of imposed on the sales-purchase price~~ of the
37 equipment or other tangible personal property. The tax rate is equal to the general rate of tax
38 under G.S. 105-164.4. The maximum tax is ~~eighty dollars (\$80.00)~~ five hundred dollars
39 ~~(\$500.00)~~ per article."

40 **SECTION 32.17.(c)** G.S. 105-187.51D(b) reads as rewritten:

41 **"§ 105-187.51D. Tax imposed on machinery at large manufacturing and distribution**
42 **facility.**

43 ...
44 (b) Tax. – A privilege tax is imposed on a large manufacturing and distribution facility
45 that purchases mill machinery, distribution machinery, or parts or accessories for mill
46 machinery or distribution machinery for storage, use, or consumption in this State. The tax is
47 ~~one percent (1%) of imposed on the sales-purchase price~~ of the machinery, part, or ~~accessory~~
48 ~~purchased~~ accessory. The rate of tax is equal to the general rate of tax under G.S. 105-164.4.
49 The maximum tax is ~~eighty dollars (\$80.00)~~ five hundred dollars ~~(\$500.00)~~ per article. As used
50 in this section, the term "accessories" does not include electricity."
51

1 **SECTION 32.17.(d)** This section becomes effective October 1, 2015, and applies
2 to purchases made on or after that date or contracts entered into on or after that date.

3
4 **SALES TAX CHANGES**

5 **SECTION 32.18.(a)** G.S. 105-164.3 reads as rewritten:

6 **"§ 105-164.3. Definitions.**

7 The following definitions apply in this Article:

8 ...
9 (18a) Maintenance service. – To keep tangible personal property in working order,
10 to avoid breakdown, and to prevent unnecessary repairs.

11 ...
12 (33d) Repair service. – To restore or attempt to restore tangible personal property
13 to proper working order or good condition. The term includes replacing or
14 putting together what is torn or broken.

15 "

16 **SECTION 32.18.(b)** G.S. 105-164.4(a) reads as rewritten:

17 **"§ 105-164.4. Tax imposed on retailers.**

18 (a) A privilege tax is imposed on a retailer engaged in business in the State at the
19 percentage rates of the retailer's net taxable sales or gross receipts, listed in this subsection. The
20 general rate of tax is four and three-quarters percent (4.75%). The percentage rates are as
21 follows:

22 (1a) The general rate applies to the sales price of each ~~manufactured home of the~~
23 ~~following items sold at retail, including all accessories attached to the~~
24 ~~manufactured home the item~~ when it is delivered to the ~~purchaser.~~purchaser:

25 a. A manufactured home.

26 b. A modular home. The sale of a modular home to a modular
27 homebuilder is considered a retail sale. A person who sells a modular
28 home at retail is allowed a credit against the tax imposed by this
29 subdivision for sales or use tax paid to another state on tangible
30 personal property incorporated in the modular home. The retail sale
31 of a modular home occurs when a modular home manufacturer sells
32 a modular home to a modular homebuilder or directly to the end user
33 of the modular home.

34 c. An aircraft, except that the maximum tax on an aircraft is five
35 thousand dollars (\$5,000) per article.

36 d. A boat, except that the maximum tax on a boat is one thousand five
37 hundred dollars (\$1,500) per article.

38 ~~(1b) The rate of three percent (3%) applies to the sales price of each aircraft or~~
39 ~~boat sold at retail, including all accessories attached to the item when it is~~
40 ~~delivered to the purchaser. The maximum tax is one thousand five hundred~~
41 ~~dollars (\$1,500) per article.~~

42 ...

43 ~~(8) The general rate applies to the sales price of each modular home sold at~~
44 ~~retail, including all accessories attached to the modular home when it is~~
45 ~~delivered to the purchaser. The sale of a modular home to a modular~~
46 ~~homebuilder is considered a retail sale. A person who sells a modular home~~
47 ~~at retail is allowed a credit against the tax imposed by this subdivision for~~
48 ~~sales or use tax paid to another state on tangible personal property~~
49 ~~incorporated in the modular home. The retail sale of a modular home occurs~~
50 ~~when a modular home manufacturer sells a modular home to a modular~~
51 ~~homebuilder or directly to the end user of the modular home.~~

- 1 ...
 2 (15) The general rate applies to the sales price of or the gross receipts derived
 3 from repair service and maintenance service.
 4 (16) The general rate applies to the sales price of or the gross receipts derived
 5 from grooming, training, boarding, or providing other care for an animal.
 6 (17) The general rate applies to the sales price of or the gross receipts derived
 7 from veterinary services.
 8 (18) The general rate applies to the sales price of or the gross receipts derived
 9 from advertising services."

10 **SECTION 32.18.(c)** G.S. 105-164.13(49) is repealed.

11 **SECTION 32.18.(d)** G.S. 105-467(a) reads as rewritten:

12 **"§ 105-467. Scope of sales tax.**

13 (a) Sales Tax. – The sales tax that may be imposed under this Article is limited to a tax
 14 at the rate of one percent (1%) of the following:

- 15 (1) A retailer's net taxable sales and gross receipts that are subject to the general
 16 rate of sales tax imposed by the State under G.S. 105-164.4 except the tax
 17 does not apply to the sales price of a ~~manufactured home or a modular~~
 18 ~~home~~ an item taxed under G.S. 105-164.4(a)(1a).

19"

20 **SECTION 32.18.(e)** G.S. 105-237.1(a)(6) reads as rewritten:

21 **"§ 105-237.1. Compromise of liability.**

22 (a) Authority. – The Secretary may compromise a taxpayer's liability for a tax that is
 23 collectible under G.S. 105-241.22 when the Secretary determines that the compromise is in the
 24 best interest of the State and makes one or more of the following findings:

25 ...

- 26 (6) The taxpayer is a retailer or a person under Article 5 of this Chapter; the
 27 assessment is for sales or use tax the retailer failed to collect or the person
 28 failed to pay on an item taxable under G.S. 105-164.4(a)(10) ~~and (a)(11),~~
 29 through (a)(18), and the retailer or person made a good-faith effort to
 30 comply with the sales and use tax laws. This subdivision expires for
 31 assessments issued after July 1, 2020."

32 **SECTION 32.18.(f)** The Secretary of Revenue is directed to repeal the following
 33 administrative rules: 17 NCAC 07B .1002, 17 NCAC 07B .1003, and 17 NCAC 07B .1901. A
 34 repair part historically purchased and taxed in accordance with these administrative rules
 35 should be purchased for the purpose of resale.

36 **SECTION 32.18.(g)** G.S. 105-164.4I(b) is amended by adding a new subdivision
 37 to read:

38 "(b) Exemptions. – The tax imposed by this section does not apply to the sales price of
 39 or the gross receipts derived from a service contract applicable to any of the following items:

- 40 (1) An item exempt from tax under this Article, other than a motor vehicle
 41 exempt from tax under G.S. 105-164.13(32).
 42 (2) A transmission, distribution, or other network asset contained on
 43 utility-owned land, right-of-way, or easement.
 44 (3) An item purchased by a professional motorsports racing team for which the
 45 team may receive a sales tax refund under G.S. 105-164.14A(5).
 46 (4) An item subject to tax under Article 5F of Chapter 105 of the General
 47 Statutes.
 48 (5) A qualifying aircraft or qualifying jet engine if the service contract is sold by
 49 the manufacturer of the aircraft or jet engine or a related member of the
 50 manufacturer within 90 days of the date the aircraft or engine is purchased.
 51 A qualifying aircraft is an aircraft with a maximum take-off weight of more

1 than 9,000 pounds but not in excess of 15,000 pounds. A qualifying jet
2 engine is an engine certified pursuant to Part 33 of Title 14 of the Code of
3 Federal Regulations."

4 **SECTION 32.18.(h)** Effective July 1, 2015, and applicable to refund applications
5 submitted for purchases made on or after that date, G.S. 105-164.14(b) reads as rewritten:

6 "(b) Nonprofit Entities and Hospital Drugs. – A nonprofit entity is allowed ~~a semiannual~~
7 an annual refund of sales and use taxes paid by it under this Article on direct purchases of
8 tangible personal property and services for use in carrying on the work of the nonprofit entity.
9 The aggregate amount of purchases for which an entity may receive a refund under this
10 subsection for a 12-month period beginning July 1 and ending June 30 may not exceed six
11 hundred sixty-six million six hundred sixty-six thousand six hundred sixty-seven dollars
12 (\$666,666,667). Sales and use tax liability indirectly incurred by a nonprofit entity through
13 reimbursement to an authorized person of the entity for the purchase of tangible personal
14 property and services for use in carrying on the work of the nonprofit entity is considered a
15 direct purchase by the entity. Sales and use tax liability indirectly incurred by a nonprofit entity
16 on building materials, supplies, fixtures, and equipment that become a part of or annexed to any
17 building or structure that is owned or leased by the nonprofit entity and is being erected,
18 altered, or repaired for use by the nonprofit entity for carrying on its nonprofit activities is
19 considered a sales or use tax liability incurred on direct purchases by the nonprofit entity. The
20 refund allowed under this subsection does not apply to purchases of electricity,
21 telecommunications service, ancillary service, piped natural gas, video programming, or a
22 prepaid meal plan. A request for a refund must be in writing and must include any information
23 and documentation required by the Secretary. A request for a refund for the first six months of
24 a calendar year is due the following October 15; a request for a refund for the second six
25 months of a calendar year is due the following April 15. The aggregate annual refund amount
26 allowed an entity under this subsection for a fiscal year may not exceed thirty one million
27 seven hundred thousand dollars (\$31,700,000). for a 12-month period ending June 30 is due the
28 following October 15.

29 The refunds allowed under this subsection do not apply to an entity that is owned and
30 controlled by the United States or to an entity that is owned or controlled by the State and is not
31 listed in this subsection. A hospital that is not listed in this subsection is allowed ~~a semiannual~~
32 an annual refund of sales and use taxes paid by it on over-the-counter drugs purchased for use
33 in carrying out its work. The following nonprofit entities are allowed a refund under this
34 subsection:

35"

36 **SECTION 32.18.(i)** Effective July 1, 2015, and applicable to refund applications
37 submitted for purchases made on or after that date, G.S. 105-467(b) reads as rewritten:

38 "(b) Exemptions and Refunds. – The State exemptions and exclusions contained in
39 G.S. 105-164.13 apply to the local sales and use tax authorized to be levied and imposed under
40 this Article. The State refund provisions contained in G.S. 105-164.14 through
41 G.S. 105-164.14B apply to the local sales and use tax authorized to be levied and imposed
42 under this Article. A refund of an excessive or erroneous State sales tax collection allowed
43 under G.S. 105-164.11 and a refund of State sales tax paid on a rescinded sale or cancelled
44 service contract under G.S. 105-164.11A apply to the local sales and use tax authorized to be
45 levied and imposed under this Article. The aggregate annual local amount of purchases for
46 which an entity may receive a refund amount of local sales and use tax may not exceed the
47 amount allowed an entity under G.S. 105-164.14(b) for a fiscal year may not exceed thirteen
48 million three hundred thousand dollars (\$13,300,000). G.S. 105-164.14(b). If the purchases for
49 which a refund application is made exceed the amount of purchases for which an entity may
50 receive a refund, and those purchases are made in more than one county, the purchases eligible

1 Local sales and use tax at the rate of one-quarter percent (0.25%) in addition to all other
2 State and local sales and use taxes."

3 ...
4 (e) One-Half Percent (1/2%) Transit-Authorized Counties. – As of April 1, 2013,
5 Durham County and Orange County have levied a local sales and use tax at the rate of two and
6 three-quarters percent (2 3/4%). Notwithstanding subsection (a) of this section, the local sales
7 and use tax rate in these counties may exceed two and one-half percent (2 1/2%) if all of the
8 conditions listed in this subsection are met. In no event may the local sales and use tax rate in
9 these counties exceed two and three-quarters percent (2 3/4%). The conditions are:

- 10 (1) The county levies a tax authorized under Part 4 of Article 43 of this Chapter.
11 (2) The county conducted one or more advisory referendums on or before
12 January 1, 2014, in which a majority of the voters approved the levy of a
13 local sales and use tax at the rate of one-quarter percent (1/4%) under this
14 Article.

15 (f) Reinstatement of Cap. – If the levy of a tax under this Article or Article 43 of this
16 Chapter is repealed and the repeal results in the local sales and use tax rate falling below two
17 and three-quarters percent (2 3/4%) in a county named in subsection (e) of this section, the
18 county may not enact a local sales and use tax under this Subchapter that results in a county
19 local sales and use tax rate that exceeds two and one-half percent (2 1/2%).

20 **"§ 105-538. Administration of taxes.**

21 Except as provided in this Article, the adoption, levy, collection, administration, and repeal
22 of these additional taxes must be in accordance with Article 39 of this Chapter. G.S. 105-468.1
23 is an administrative provision that applies to this Article. A tax levied under this Article does
24 not apply to the sales price of food that is exempt from tax pursuant to G.S. 105-164.13B or to
25 the sales price of a bundled transaction taxable pursuant to G.S. 105-467(a)(5a). The Secretary
26 shall not divide the amount allocated to a county between the county and the municipalities
27 within the county."

28 **SECTION 32.20.(k)** G.S. 105-164.3(4a) reads as rewritten:

29 "(4a) Combined general rate. – The sum of all of the following:

- 30 a. The State's general rate of tax set in G.S. 105-164.4(a) plus the
31 G.S. 105-164.4(a).
32 b. The sum of the rates of the local sales and use taxes authorized for
33 every county in this State by Subchapter VIII Article 39 of this
34 Chapter or Chapter 1096 of the 1967 Session Laws, Article 40 of this
35 Chapter, and Article 42 of this Chapter for every county in this
36 State Chapter.
37 c. One-half of the maximum rate of tax authorized by Article 46 of this
38 Chapter."

39 **SECTION 32.20.(l)** Subsection (g) of this section is effective when it becomes law
40 and applies to the expansion of a special district created under Part 4 of Article 43 of Chapter
41 105 of the General Statutes on or after that date. Except as otherwise provided, this section is
42 effective when this act becomes law.

43
44 **MISCELLANEOUS PROVISIONS AND EFFECTIVE DATE**

45 **SECTION 32.21.(a)** This Part does not affect the rights or liabilities of a taxing
46 county, a taxpayer, or another person arising under a statute repealed by this Part before the
47 effective date of its repeal, nor does it affect the right to any refund or credit of a tax that
48 accrued under the repealed statute before the effective date of its repeal.

49 **SECTION 32.21.(b)** The Secretary of Revenue may adopt rules needed to
50 administer G.S. 105-130.4(s), as enacted by this Part, in accordance with the expedited
51 procedure for the adoption of rules in G.S. 105-262.1.

1 **SECTION 32.21.(c)** The Utilities Commission shall adjust the rates for public
2 utilities, excluding water public utilities with less than two hundred thousand dollars
3 (\$200,000) in annual operating revenues, for the tax changes listed in this section. Each utility
4 shall calculate the cumulative net effect of the tax changes and file the calculations with
5 proposed rate changes to reflect the net prospective tax changes in utility customer rates within
6 60 days of the enactment of this act. Any adjustments required to existing tax assets or
7 liabilities reflected in the utility's books and records required by the tax changes listed in this
8 section shall be deferred and reflected in customer rates in either the utility's next rate case or
9 earlier if deemed appropriate by the Commission. The Commission shall adjust rates for the
10 following changes:

- 11 (1) The corporate income tax rate reduction and tax base expansion in Section
12 32.13 of this act.
- 13 (2) The phase-in of single sales factor and the adoption of market-base sourcing
14 in Section 32.14 of this act.
- 15 (3) The franchise tax rate reduction and tax base simplification in Section 32.15
16 of this act.

17 **SECTION 32.21.(d)** Except as otherwise provided, this Part is effective when it
18 becomes law.

19 20 **PART XXXIII. MISCELLANEOUS PROVISIONS**

21 22 **STATE BUDGET ACT APPLIES**

23 **SECTION 33.1.** The provisions of the State Budget Act, Chapter 143C of the
24 General Statutes, are reenacted and shall remain in full force and effect and are incorporated in
25 this act by reference.

26 27 **COMMITTEE REPORT**

28 **SECTION 33.2.(a)** The Senate Committee on Appropriations/Base Budget Report
29 on the Base, Expansion and Capital Budgets for House Bill 97, dated June 16, 2015, which was
30 distributed in the Senate and used to explain this act, shall indicate action by the General
31 Assembly on this act and shall, therefore, be used to construe this act, as provided in the State
32 Budget Act, Chapter 143C of the General Statutes, as appropriate, and for these purposes shall
33 be considered a part of this act and, as such, shall be printed as a part of the Session Laws.

34 **SECTION 33.2.(b)** The budget enacted by the General Assembly is for the
35 maintenance of the various departments, institutions, and other spending agencies of the State
36 for the 2015-2017 biennial budget as provided in G.S. 143C-3-5. This budget includes the
37 appropriations of State funds as defined in G.S. 143C-1-1(d)(25).

38 The Director of the Budget submitted a recommended base budget to the General
39 Assembly on March 5, 2015, in the document "The Governor's Recommended Budget, the
40 State of North Carolina 2015-2017" and in the Budget Support Document for the various
41 departments, institutions, and other spending agencies of the State. The adjustments to these
42 documents made by the General Assembly are set out in the Committee Report.

43 **SECTION 33.2.(c)** The budget enacted by the General Assembly shall also be
44 interpreted in accordance with G.S. 143C-5-5, the special provisions in this act, and other
45 appropriate legislation. In the event that there is a conflict between the line-item budget
46 certified by the Director of the Budget and the budget enacted by the General Assembly, the
47 budget enacted by the General Assembly shall prevail.

48 49 **REPORT BY FISCAL RESEARCH DIVISION**

50 **SECTION 33.3.** The Fiscal Research Division shall issue a report on budget
51 actions taken by the 2015 Regular Session of the General Assembly. The report shall be in the

1 form of a revision of the Committee Report adopted for House Bill 97 pursuant to
2 G.S. 143C-5-5. The Director of the Fiscal Research Division shall send a copy of the report
3 issued pursuant to this section to the Director of the Budget. The report shall be published on
4 the General Assembly's Internet Web site for public access.
5

6 **MOST TEXT APPLIES TO THE 2015-2017 FISCAL BIENNIUM**

7 **SECTION 33.4.** Except for statutory changes or other provisions that clearly
8 indicate an intention to have effects beyond the 2015-2017 fiscal biennium, the textual
9 provisions of this act apply only to funds appropriated for, and activities occurring during, the
10 2015-2017 fiscal biennium.
11

12 **EFFECT OF HEADINGS**

13 **SECTION 33.5.** The headings to the Parts, subparts, and sections of this act are a
14 convenience to the reader and are for reference only. The headings do not expand, limit, or
15 define the text of this act, except for effective dates referring to a Part or subpart.
16

17 **SEVERABILITY**

18 **SECTION 33.6.** If any section or provision of this act is declared unconstitutional
19 or invalid by the courts, it does not affect the validity of this act as a whole or any part other
20 than the part so declared to be unconstitutional or invalid.
21

22 **EFFECTIVE DATE**

23 **SECTION 33.7.** Except as otherwise provided, this act becomes effective July 1,
24 2015.

**SENATE COMMITTEE ON
APPROPRIATIONS/BASE BUDGET**

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

**House Bill 97
North Carolina General Assembly**

June 16, 2015

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Table of Contents

General Fund Availability Statement	1
Summary: General Fund Appropriations	2
Education	
Public Education	F-1
Community Colleges	F-5
UNC System	F-10
Health and Human Services	G-1
Natural and Economic Resources	
Agriculture and Consumer Services	H-1
Labor	H-6
Environment and Natural Resources	H-7
Wildlife Resources Commission	H-25
Commerce	H-28
Commerce – State Aid	H-38
Cultural Resources	H-39
Cultural Resources – Roanoke Island Commission	H-41
Justice and Public Safety	
Public Safety	I-1
Justice	I-6
Judicial – Indigent Defense	I-8
Judicial	I-10
JPS Special Funds	I-12
General Government	
Military and Veterans Affairs	J-1
Office of Administrative Hearings	J-3
Treasurer	J-4
Fire Rescue National Guard Pensions and LDD Benefits	J-8
Insurance	J-9
State Board of Elections	J-14
General Assembly	J-15
Governor	J-16
Governor – Special Projects	J-19
State Budget and Management	J-20
State Budget and Management – Special Appropriations	J-21
Auditor	J-22
Housing Finance Agency	J-23
Administration	J-26
Revenue	J-35
Secretary of State	J-41
Lieutenant Governor	J-42
State Controller	J-43
Transportation	K-1
Reserves, Debt Service, and Adjustments	L-1
Capital	M-1
Information Technology	N-1

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General Fund Availability Statement

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General Fund Availability Statement

	FY 2015-16	FY 2016-17
1 Unappropriated Balance Remaining from Previous Year	2,033,330	43,297,632
2 Anticipated Over Collections FY 2014-15	400,000,000	0
3 Anticipated Reversions from FY 2014-15 (OSBM Estimate, May 12, 2015)	226,734,550	0
4 Other Reversions	27,343,020	0
5 Revenue Adjustment as per S.L. 2015-2	(1,000,000)	0
6 Less Earmarkings of Year End Fund Balance		
7 Savings Reserve	(500,000,000)	0
8 Repairs and Renovations	(155,110,900)	0
9 Beginning Unreserved Fund Balance	0	43,297,632
9 Revenues Based on Existing Tax Structure	20,981,400,000	21,592,400,000
10 Non-tax Revenues		
11 Investment Income	17,100,000	17,400,000
12 Judicial Fees	227,800,000	225,500,000
13 Disproportionate Share	139,000,000	139,000,000
14 Insurance	78,400,000	79,600,000
15 Master Settlement Agreement (MSA)	137,500,000	137,500,000
16 Other Non-Tax Revenues	168,000,000	168,800,000
17 Highway Fund Transfer	215,900,000	215,900,000
18 Subtotal Non-tax Revenues	983,700,000	983,700,000
19 Total General Fund Availability	21,965,100,000	22,619,397,632
20 Adjustments to Availability: 2015 Session		
21 Tax Reductions	(72,700,000)	(421,100,000)
22 Renewable Energy Safe Harbor (S.L. 2015-11)	0	(36,700,000)
23 Realign Judicial Fees	25,000,000	25,000,000
24 MSA Funds to Golden L.E.A.F.	(20,075,000)	(20,075,000)
25 End Highway Fund Transfer to General Fund	(215,900,000)	(215,900,000)
26 Department of Justice Tobacco Settlement	2,194,000	0
27 Transfer to Medicaid Transformation Reserve	(185,604,653)	(185,604,653)
28 Transfer from DPS Enterprise Resource Planning System IT Fund	9,000,000	0
29 Transfer from Federal Insurance Contributions Act (FICA) Fund	4,296,802	641,628
30 Transfer from Statewide Automated Fingerprint Identification System Fund	333,557	0
31 Transfer from E-Commerce Fund	1,257,140	0
32 Adjustment of Transfer from Department of State Treasurer	375,262	369,262
33 Adjustment of Transfer from Insurance Regulatory Fund	85,217	85,217
34 Subtotal Adjustments to Availability: 2015 Session	(451,737,675)	(853,283,546)
35 Revised General Fund Availability	21,513,362,325	21,766,114,086
36 Less General Fund Appropriations	(21,470,064,693)	(21,520,170,080)
37 Unappropriated Balance Remaining	43,297,632	245,944,006

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Summary: General Fund Appropriations

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**Summary of General Fund Appropriations
Fiscal Year 2015-16
2015 Legislative Session**

	Base Budget 2015-16	Legislative Adjustments			FTE Changes	Revised Appropriation 2015-16
		Recurring Adjustments	Nonrecurring Adjustments	Net Changes		
Education						
Community Colleges	1,048,495,115	(1,510,739)	4,544,296	3,033,557	7.00	1,051,528,672
Public Education	8,106,033,100	176,385,460	0	176,385,460	0.00	8,282,418,560
University System	2,647,296,221	52,574,423	15,170,282	67,744,705	0.00	2,715,040,926
Total Education	11,801,824,436	227,449,144	19,714,578	247,163,722	7.00	12,048,988,158
Health and Human Services						
Central Management and Support	89,605,783	10,019,786	16,875,212	26,894,998	0.00	116,500,781
Aging and Adult Services	42,845,788	0	0	0	0.00	42,845,788
Blind and Deaf / Hard of Hearing Services	8,107,457	(9,250)	0	(9,250)	0.00	8,098,207
Child Development and Early Education	249,687,727	6,016,022	(21,803,056)	(15,787,034)	0.00	233,900,693
Health Service Regulation	16,022,641	(560,506)	0	(560,506)	0.00	15,462,135
Medical Assistance	3,532,548,786	287,781,067	(58,731,522)	229,049,545	0.00	3,761,598,331
Mental Health, Devel. Disabilities, & Substance Abuse Services	680,179,847	4,964,106	(166,047,244)	(161,083,138)	(36.66)	519,096,709
NC Health Choice	41,874,629	6,339,827	(34,841,237)	(28,501,410)	0.00	13,373,219
Public Health	141,283,615	(5,252,006)	1,306,368	(3,945,638)	(5.68)	137,337,977
Social Services	180,017,803	1,465,460	300,000	1,765,460	1.00	181,783,263
Vocational Rehabilitation	37,752,132	0	0	0	0.00	37,752,132
Total Health and Human Services	5,019,926,208	310,764,506	(262,941,479)	47,823,027	(41.34)	5,067,749,235
Natural and Economic Resources						
Agriculture and Consumer Services	113,940,604	824,657	(2,425,399)	(1,600,742)	6.00	112,339,862
Commerce	47,261,954	1,358,937	9,410,000	10,768,937	(2.60)	58,030,891
Commerce - State Aid	11,704,240	(8,298,768)	0	(8,298,768)	0.00	3,405,472
Cultural Resources	64,231,047	69,798,437	100,000	69,898,437	974.62	134,129,484
Cultural Resources - Roanoke Island	508,384	9,000	0	9,000	0.00	517,384
Environment and Natural Resources	162,279,549	(78,108,589)	27,206,815	(50,901,774)	(987.95)	111,377,775
Labor	15,945,674	(472,757)	0	(472,757)	(6.60)	15,472,917
Wildlife Resources Commission	13,317,641	(2,816,148)	0	(2,816,148)	(3.75)	10,501,493
Total Natural and Economic Resources	429,189,093	(17,705,231)	34,291,416	16,586,185	(20.28)	445,775,278

**Summary of General Fund Appropriations
Fiscal Year 2015-16
2015 Legislative Session**

	Base Budget 2015-16	Legislative Adjustments			FTE Changes	Revised Appropriation 2015-16
		Recurring Adjustments	Nonrecurring Adjustments	Net Changes		
Justice and Public Safety						
Public Safety	1,758,733,006	65,188,405	4,275,109	69,463,514	66.83	1,828,196,520
Judicial	467,897,397	11,026,125	1,105,760	12,131,885	3.00	480,029,282
Judicial - Indigent Defense	112,087,174	3,650,895	0	3,650,895	(7.00)	115,738,069
Justice	50,584,602	741,770	969,312	1,711,082	9.00	52,295,684
Total Justice and Public Safety	2,389,302,179	80,607,195	6,350,181	86,957,376	71.83	2,476,259,555
General Government						
Administration	67,409,693	(7,105,951)	50,000	(7,055,951)	(73.40)	60,353,742
Auditor	11,733,689	5,685	0	5,685	0.00	11,739,374
General Assembly	52,865,521	154,149	0	154,149	0.00	53,019,670
Governor	5,859,246	(279,017)	0	(279,017)	(2.00)	5,580,229
Governor - Special Projects	2,000,000	0	0	0	0.00	2,000,000
Housing Finance Agency	9,118,739	0	0	0	0.00	9,118,739
Insurance	38,296,364	85,217	0	85,217	1.00	38,381,581
Lieutenant Governor	676,874	0	0	0	0.00	676,874
Military and Veterans Affairs	0	7,565,123	1,960,009	9,525,132	77.90	9,525,132
Office of Administrative Hearings	4,992,437	124,777	0	124,777	1.00	5,117,214
Revenue	80,521,722	(711,651)	0	(711,651)	0.00	79,810,071
Secretary of State	11,676,506	36,964	0	36,964	0.00	11,713,470
State Board of Elections	6,620,578	(117,335)	100,000	(17,335)	0.00	6,603,243
State Budget and Management	7,586,922	(344,818)	0	(344,818)	(1.00)	7,242,104
State Budget and Management - Special	0	1,500,000	50,000	1,550,000	0.00	1,550,000
State Controller	22,205,229	495,391	0	495,391	0.00	22,700,620
Treasurer - Operations	9,734,913	799,262	511,000	1,310,262	9.00	11,045,175
Fire Rescue National Guard Pensions & LDD Benefits	20,664,274	0	0	0	0.00	20,664,274
Total General Government	351,962,707	2,207,796	2,671,009	4,878,805	12.50	356,841,512
Statewide Reserves and Debt Service						
Debt Service						
Interest / Redemption	719,974,837	(6,815,194)	0	(6,815,194)		713,159,643
Federal Reimbursement	1,616,380	0	0	0		1,616,380
Subtotal Debt Service	721,591,217	(6,815,194)	0	(6,815,194)		714,776,023

**Summary of General Fund Appropriations
Fiscal Year 2015-16
2015 Legislative Session**

	Base Budget 2015-16	Legislative Adjustments			FTE Changes	Revised Appropriation 2015-16
		Recurring Adjustments	Nonrecurring Adjustments	Net Changes		
Statewide Reserves						
Contingency and Emergency	5,000,000	0	0	0	0.00	5,000,000
Salary Adjustment Fund	7,500,000	26,500,000	0	26,500,000	0.00	34,000,000
Pending Legislation	4,500,000	(4,500,000)	0	(4,500,000)	0.00	0
Voter Information Verification Act	1,000,000	(1,000,000)	0	(1,000,000)	0.00	0
Job Development Investment Grants (JDIG)	63,045,357	0	(5,229,142)	(5,229,142)	0.00	57,816,215
One North Carolina Fund	9,000,000	0	(2,004,024)	(2,004,024)	0.00	6,995,976
Information Technology Reserve	18,803,648	1,070,685	711,454	1,782,139	0.00	20,585,787
Information Technology Fund	24,199,049	(1,817,195)	0	(1,817,195)	0.00	22,381,854
Film and Entertainment Grant Fund	0	0	10,000,000	10,000,000	0.00	10,000,000
Workers' Compensation Reserve	0	0	5,000,000	5,000,000	0.00	5,000,000
Site Infrastructure Development Fund	0	0	13,000,000	13,000,000	0.00	13,000,000
State Emergency Response and Disaster Relief Fund	0	0	10,000,000	10,000,000	0.00	10,000,000
Subtotal Statewide Reserves	133,048,054	20,253,490	3,478,288	23,731,778	0.00	184,779,832
Total Reserves and Debt Service	854,639,271	13,438,296	3,478,288	16,916,584	0.00	899,555,855
Total General Fund for Operations	20,846,843,894	616,761,706	(196,436,007)	420,325,699	29.71	21,295,169,593
Capital Improvements						
Dorton Arena Roof Replacement	0	0	2,305,000	2,305,000	0.00	2,305,000
USS North Carolina Hull Repair and Cofferdam	0	0	3,500,000	3,500,000	0.00	3,500,000
Water Resources Development	0	0	5,083,000	5,083,000	0.00	5,083,000
Armory and Facility Development Projects	0	0	618,000	618,000	0.00	618,000
Legislative Building Roof Replacement	0	0	9,500,000	9,500,000	0.00	9,500,000
School of Science and Math - Technology Upgrades and Building Repairs	0	0	4,000,000	4,000,000	0.00	4,000,000
Repairs and Renovations	0	0	144,889,100	144,889,100	0.00	144,889,100
Responsible Capital Planning Commission	0	0	5,000,000	5,000,000	0.00	5,000,000
Total Capital Improvements	0	0	174,895,100	174,895,100	0.00	174,895,100
Total General Fund Budget	20,846,843,894	616,761,706	(21,540,907)	595,220,799	29.71	21,470,064,693

**Summary of General Fund Appropriations
Fiscal Year 2016-17
2015 Legislative Session**

	Base Budget 2016-17	Legislative Adjustments			FTE Changes	Revised Appropriation 2016-17
		Recurring Adjustments	Nonrecurring Adjustments	Net Changes		
Education						
Community Colleges	1,048,495,115	1,933,557	100,000	2,033,557	7.00	1,050,528,672
Public Education	8,106,033,100	276,499,257	0	276,499,257	0.00	8,382,532,357
University System	2,647,304,656	83,754,727	8,091,170	91,845,897	0.00	2,739,150,553
Total Education	11,801,832,871	362,187,541	8,191,170	370,378,711	7.00	12,172,211,582
Health and Human Services						
Central Management and Support	89,605,783	25,516,403	15,017,000	40,533,403	2.00	130,139,186
Aging and Adult Services	42,845,788	0	0	0	0.00	42,845,788
Blind and Deaf / Hard of Hearing Services	8,107,457	(9,250)	0	(9,250)	0.00	8,098,207
Child Development and Early Education	249,687,727	7,515,712	(19,726,924)	(12,211,212)	0.00	237,476,515
Health Service Regulation	16,022,641	(1,120,013)	0	(1,120,013)	0.00	14,902,628
Medical Assistance	3,532,548,784	433,606,859	(55,533,825)	378,073,034	0.00	3,910,621,818
Mental Health, Devel. Disabilities, & Substance Abuse Services	680,179,847	5,400,946	(183,140,903)	(177,739,957)	(36.66)	502,439,890
NC Health Choice	41,874,629	7,074,247	(47,358,284)	(40,284,037)	0.00	1,590,592
Public Health	141,283,615	(5,252,006)	3,230,000	(2,022,006)	(5.68)	139,261,609
Social Services	180,017,803	4,865,460	0	4,865,460	1.00	184,883,263
Vocational Rehabilitation	37,752,132	0	0	0	0.00	37,752,132
Total Health and Human Services	5,019,926,206	477,598,358	(287,512,936)	190,085,422	(39.34)	5,210,011,628
Natural and Economic Resources						
Agriculture and Consumer Services	113,940,604	824,657	(140,000)	684,657	6.00	114,625,261
Commerce	47,261,954	2,840,888	7,410,000	10,250,888	(2.60)	57,512,842
Commerce - State Aid	11,704,240	(10,548,768)	0	(10,548,768)	0.00	1,155,472
Cultural Resources	64,231,047	75,887,982	50,000	75,937,982	974.62	140,169,029
Cultural Resources - Roanoke Island	508,384	9,000	0	9,000	0.00	517,384
Environment and Natural Resources	162,279,549	(62,982,923)	950,000	(62,032,923)	(987.95)	100,246,626
Labor	15,945,674	(472,757)	0	(472,757)	(6.60)	15,472,917
Wildlife Resources Commission	13,317,641	(2,891,148)	0	(2,891,148)	(3.75)	10,426,493
Total Natural and Economic Resources	429,189,093	2,666,931	8,270,000	10,936,931	(20.28)	440,126,024

**Summary of General Fund Appropriations
Fiscal Year 2016-17
2015 Legislative Session**

	Base Budget 2016-17	Legislative Adjustments			FTE Changes	Revised Appropriation 2016-17
		Recurring Adjustments	Nonrecurring Adjustments	Net Changes		
Justice and Public Safety						
Public Safety	1,758,773,164	81,867,380	0	81,867,380	100.83	1,840,640,544
Judicial	467,898,110	11,575,940	0	11,575,940	9.00	479,474,050
Judicial - Indigent Defense	112,097,118	3,650,895	0	3,650,895	(7.00)	115,748,013
Justice	50,584,602	821,157	0	821,157	9.00	51,405,759
Total Justice and Public Safety	2,389,352,994	97,915,372	0	97,915,372	111.83	2,487,268,366
General Government						
Administration	65,932,950	(7,551,358)	0	(7,551,358)	(79.60)	58,381,592
Auditor	11,733,689	158,205	0	158,205	0.00	11,891,894
General Assembly	52,865,521	154,149	0	154,149	0.00	53,019,670
Governor	5,859,246	(279,017)	0	(279,017)	(2.00)	5,580,229
Governor - Special Projects	2,000,000	0	0	0	0.00	2,000,000
Housing Finance Agency	9,118,739	0	700,000	700,000	0.00	9,818,739
Insurance	38,296,364	85,217	0	85,217	1.00	38,381,581
Lieutenant Governor	676,874	0	0	0	0.00	676,874
Military and Veterans Affairs	0	7,565,123	250,000	7,815,123	77.90	7,815,123
Office of Administrative Hearings	4,992,437	124,777	0	124,777	1.00	5,117,214
Revenue	80,539,222	(586,302)	0	(586,302)	1.00	79,952,920
Secretary of State	11,676,506	36,964	0	36,964	0.00	11,713,470
State Board of Elections	6,620,578	(117,335)	0	(117,335)	0.00	6,503,243
State Budget and Management	7,586,922	(344,818)	0	(344,818)	(1.00)	7,242,104
State Budget and Management - Special	0	1,500,000	0	1,500,000	0.00	1,500,000
State Controller	22,205,229	495,391	0	495,391	0.00	22,700,620
Treasurer - Operations	9,734,913	909,262	55,000	964,262	9.00	10,699,175
Fire Rescue National Guard Pensions & LDD Benefits	20,664,274	0	0	0	0.00	20,664,274
Total General Government	350,503,464	2,150,258	1,005,000	3,155,258	7.30	353,658,722

**Summary of General Fund Appropriations
Fiscal Year 2016-17
2015 Legislative Session**

	Base Budget 2016-17	Legislative Adjustments			FTE Changes	Revised Appropriation 2016-17
		Recurring Adjustments	Nonrecurring Adjustments	Net Changes		
Statewide Reserves and Debt Service						
Debt Service:						
Interest / Redemption	719,974,837	(43,125,622)	0	(43,125,622)	0.00	676,849,215
Federal Reimbursement	1,616,380	0	0	0	0.00	1,616,380
Subtotal Debt Service	721,591,217	(43,125,622)	0	(43,125,622)		678,465,595
Statewide Reserves						
Contingency and Emergency Fund	5,000,000	0	0	0	0.00	5,000,000
OSHR Minimum of Market Adjustment	0	12,000,000	0	12,000,000	0.00	12,000,000
Salary Adjustment Fund	7,500,000	26,500,000	0	26,500,000	0.00	34,000,000
Pending Legislation	4,500,000	(4,500,000)	0	(4,500,000)	0.00	0
Voter Information Verification Act	1,000,000	(1,000,000)	0	(1,000,000)	0.00	0
Job Development Investment Grants (JDIG)	63,045,357	8,682,769	0	8,682,769	0.00	71,728,126
One North Carolina Fund	9,000,000	0	0	0	0.00	9,000,000
Information Technology Reserve	20,353,377	(1,122,694)	0	(1,122,694)	0.00	19,230,683
Information Technology Fund	22,649,320	(267,466)	0	(267,466)	0.00	22,381,854
Film and Entertainment Grant Fund	0	0	10,000,000	10,000,000	0.00	10,000,000
Workers' Compensation Reserve	0	(10,000,000)	0	(10,000,000)	0.00	(10,000,000)
Subtotal Statewide Reserves	133,048,054	30,292,609	10,000,000	40,292,609	0.00	173,340,663
Total Reserves and Debt Service	854,639,271	(12,833,013)	10,000,000	(2,833,013)	0.00	851,806,258
Total General Fund for Operations	20,845,443,899	929,685,447	(260,046,766)	669,638,681	66.51	21,515,082,580
Capital Improvements						
Armory and Facility Development Projects	0	0	5,087,500	5,087,500	0.00	5,087,500
Total Capital Improvements	0	0	5,087,500	5,087,500	0.00	5,087,500
Total General Fund Budget	20,845,443,899	929,685,447	(254,959,266)	674,726,181	66.51	21,520,170,080



Education Section F

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Public Education

GENERAL FUND

	FY 15-16		FY 16-17
Recommended Base Budget	\$8,106,033,100		\$8,106,033,100

Legislative Changes

A. Reserve for Salaries and Benefits

1 Compensation Increase Reserve - Educators	\$152,270,984	R	\$152,270,984	R
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Provides funds to adjust the tiers of the salary schedule, to increase starting teacher pay from \$33,000 to \$35,000 per year, to grant an experience-based step increase for eligible educators earning a year of creditable experience, and to ensure that all educators, assuming no change in credentials, are paid at least their FY 2014-15 compensation.

2 Compensation Increase Reserve - DPI State Agency Teachers	\$271,634	R	\$271,634	R
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Provides funds to adjust the tiers of the salary schedule, to increase starting teacher pay from \$33,000 to \$35,000 per year, to grant an experience-based step increase for eligible educators earning a year of creditable experience, and to ensure that all educators, assuming no change in credentials, are paid at least their FY 2014-15 compensation.

3 Compensation Increase Reserve - School-based Administrators (SBAs)	\$4,550,919	R	\$4,550,919	R
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Provides funds for an experience-based step increase for SBAs earning a year of creditable experience and funds an \$809 top of the salary schedule bonus. Any funds remaining may be used to implement Section 9.5.

4 Compensation Increase Reserve - DPI School-based Administrators (SBAs)	\$2,900	R	\$2,900	R
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Provides funds for an experience-based step increase for SBAs earning a year of creditable experience and funds an \$809 top of the salary schedule bonus. Any funds remaining may be used to implement Section 9.5.

B. Technical Adjustments

5 Average Daily Membership (ADM) (Multiple)	\$100,236,542	R	\$207,195,864	R
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Revises allotted FY 2015-16 ADM to reflect 17,338 more students than are included in FY 2014-15 allotted ADM and an additional 17,701 students in FY 2016-17 as compared to FY 2015-16. This adjustment includes revisions to multiple position, dollar, and categorical allotments.

Total allotted ADM for FY 2015-16 is 1,537,643 and total allotted ADM for FY 2016-17 is 1,555,344.

	FY 15-16		FY 16-17	
6 Exceptional Children Headcount (1860)	\$404,103	R	\$404,103	R
Adjusts funding budgeted for the Children with Disabilities preschool and school age allotments to reflect actual student headcount. This adjustment revises budgeted funding for both preschool and school-age children with special needs to reflect the April 1, 2015 headcount and does not modify per-student funding.				
7 Average Certified Personnel Salaries (Multiple)	(\$14,839,270)	R	(\$14,977,035)	R
Revises budgeted funding for certified personnel salaries based on actual salary data from December 2014. The adjustment does not reduce any salary paid to certified personnel, nor does it reduce the number of guaranteed State-funded teachers, administrators, or instructional support personnel.				
8 Classroom Teachers (1800)	\$254,586,185	R	\$254,586,185	R
Adjusts the receipts budgeted for the Classroom Teachers allotment to reflect a new distribution of Lottery receipts. This adjustment, while eliminating Lottery support for this allotment, does not impact the combined total funding from Lottery and other General Fund sources available to it.				
9 Noninstructional Support Personnel (1800)	(\$345,571,558)	R	(\$361,666,883)	R
Adjusts the receipts budgeted for the Noninstructional Support Personnel allotment to reflect a new distribution of Lottery receipts. This adjustment, while nearly eliminating General Fund support for this allotment, does not impact the combined total funding from Lottery and other General Fund sources available to it.				
C. Public School Funding Adjustments				
10 Low Wealth Supplemental Funding (1800)	(\$10,091,091)	R	(\$10,091,091)	R
Adjusts the supplemental allotment for school districts in low wealth communities to align funding availability with actual school district eligibility. This adjustment will not reduce funding to eligible districts. A related provision in this act adjusts the Low Wealth formula to provide the same amount of supplemental funding to school districts in certain low wealth counties as received in the 2012-2013 fiscal year. These local school administrative units have an average daily membership of more than 23,000 students and are in counties that also contain a base of the Armed Forces of the United States. \$205.5 million will be available in this allotment.				
11 Teacher Assistants (1800)	(\$57,516,650)	R	(\$166,146,805)	R
Reduces funding for this allotment. \$181.5 million will be available in this allotment in FY 2015-16 and \$75.4 million will be available in FY 2016-17.				

FY 15-16

FY 16-17

12 Class Size Reduction (1800)

\$79,932,891 R \$192,931,335 R

Increases funding to school districts for guaranteed Classroom Teacher positions in grades K-3. In FY 2015-16, ratios will be decreased by 1 student per teacher in grades 1-3. In FY 2016-17, ratios will be decreased by 2 students per teacher in grades 1-3 and by 1 student per teacher in kindergarten. The new allotment ratios to provide guaranteed positions from this allotment are as follows:

2015-16

1-3: 1 teacher per 16 students

2016-17

K: 1 teacher per 17 students

1-3: 1 teacher per 15 students

Total funding for guaranteed classroom teacher positions, inclusive of salary and benefits costs, will be \$4.17 billion in FY 2015-16 and \$4.34 billion in FY 2016-17.

13 Textbooks and Digital Resources (1800)

\$29,000,000 R \$29,000,000 R

Increases General Fund support for textbooks and digital resources, bringing total funding for this allotment, inclusive of State receipts, to \$59.6 million in FY 2015-16 and \$59.9 million in FY 2016-17.

14 Cooperative and Innovative High Schools (1821)

\$621,338 R \$932,007 R

Provides Cooperative and Innovative High Schools (CIHS) allotment support to fulfill the funding requests for new CIHSs. Funding will support schools in Pitt, Watauga, and Wilson Counties. These schools will receive the \$310,669 allotment provided to other CIHS programs. Wilson Academy of Applied Technology will begin to receive funds in FY 2016-17, as it is anticipated to open a year later than the other CIHSs listed above. Total support in the Public Schools budget for CIHS programs will be \$24.2 million in FY 2015-16 and \$24.5 million in FY 2016-17.

15 Cooperative and Innovative High School Tuition (1821)

\$800,000 R \$800,000 R

Provides additional support to the Department of Public Instruction (DPI) for the payment of tuition at four-year colleges and universities on behalf of students taking college-level classwork through CIHS programs. Total support for tuition will be \$2.5 million.

16 Transportation (1830)

(\$20,079,807) R (\$20,079,807) R

Reduces by approximately 4% the total budget for the allotment, which supports the salaries of transportation personnel, diesel fuel, replacement parts, and the maintenance of yellow school buses. This reduction reflects a lower projected cost for diesel fuel (\$2.35/gallon) than is included in the base budget (\$3.15/gallon). Total funding for this allotment will be \$449.4 million in FY 2015-16 and \$454.7 million in FY 2016-17.

Senate Appropriations Committee on Education/Higher Education

	FY 15-16		FY 16-17	
17 ADM Contingency Reserve (1800)	\$2,500,000	R	\$2,500,000	R
Provides funding for the ADM Contingency Reserve to offset the potential costs associated with two virtual charter schools beginning operations in the 2015-16 school year. Total support for the reserve will be \$8.8 million.				
18 Excellent Public Schools Act (Multiple)	\$3,812,141	R	\$8,520,748	R
Provides additional funds to the Department of Public Instruction to carry out elements of the Excellent Public Schools Act contained in Section 7A.1 and Section 7A.7 of S.L. 2012-142. DPI will have \$41.8 million available to implement these requirements in FY 2015-16 and \$46.5 million in FY 2016-17.				
19 Education Value Added Assessment System (EVAAS) (1800)	\$871,474	R	\$871,474	R
Provides additional support to expand EVAAS capacities in support of the Read to Achieve program as well as student and teacher performance measurement. Total State support for EVAAS will be \$3.7 million.				
20 Workers' Compensation Adjustment Reserve (1901)	(\$596,080)	R	(\$596,080)	R
Decreases funding to adjust workers' compensation line items to the average FY 2012-13 and FY 2013-14 actual expenditures estimated to be from net General Fund appropriations. Agencies are directed to further adjust these line items using receipts to reflect the average FY 2012-13 and FY 2013-14 actual expenditures from all fund sources.				
E. Department of Public Instruction				
21 DPI Flexible Reduction (Multiple)	(\$4,781,195)	R	(\$4,781,195)	R
Reduces State General Fund support for DPI by 10%. The State Board of Education may allocate this reduction at its discretion. \$43.0 million will remain available to support DPI operations.				
22 Office of Educator Licensure (Multiple)				
Reflects the elimination of the Licensure Section of the Department of Public Instruction, whose duties and responsibilities will be administered by a new entity, the Office of Educator Licensure, with a direct reporting relationship to the North Carolina State Board of Education. The receipt-supported positions associated with the Licensure Section are eliminated by January 1, 2016. Receipt-supported positions may be established within the Office of Educator Licensure, from the proceeds of the fees previously established in G.S. 115C-296(a2).				
Total Legislative Changes	\$176,385,460	R	\$276,499,257	R
Total Position Changes				
Revised Budget	\$8,282,418,560		\$8,382,532,357	

Community Colleges

	GENERAL FUND	
	FY 15-16	FY 16-17
Recommended Base Budget	\$1,048,495,115	\$1,048,495,115
Legislative Changes		
A. Reserve for Salaries and Benefits		
23 Compensation Increase Reserve - NCCCS Instructional Personnel	\$21,374,722	R \$21,374,722 R
Provides funds for salary increases for North Carolina Community College System (NCCCS) instructional personnel. Local community college boards are provided flexibility in allocating these funds.		
B. Technical and Formula Adjustments		
24 Enrollment Growth Adjustment (Multiple)	(\$6,466,443)	R (\$6,466,443) R
Adjusts funds for the biennium based on the decline in community college enrollment.		
The Community College System total enrollment declined by 4,864 Full Time Equivalent (FTE) students (2.1%) from the budgeted amount in the FY 2014-15 certified budget for a savings of \$6.5 million.		
25 Summer Enrollment Funding (Multiple)		\$2,944,296 R
Allows the Community College System to include curriculum courses contained within the Universal General Education Articulation Agreement between the University of North Carolina and the North Carolina Community College System for enrollment funding calculation needs. These courses are funded at the Tier 2 rate of \$4,907 per FTE. There are currently 600 FTE enrolled in these courses.		
26 Curriculum Tuition (1620)	(\$16,138,793)	R (\$16,138,793) R
Increases curriculum tuition by \$4.00 per credit hour and budgets the expected increase in receipts.		
Tuition will increase from \$72 to \$76 per credit hour for residents and from \$264 to \$268 for non-residents. Tuition for resident students will increase by a maximum of \$128 per year, from \$2,304 to \$2,432.		
27 Workers' Compensation Adjustment Reserve (1625)	\$37,366	R \$37,366 R
Provides funding to adjust workers' compensation line items to the average FY 2012-13 and FY 2013-14 actual expenditures estimated to be from net General Fund appropriations. Agencies are directed to further adjust these line items using receipts to reflect the average FY 2012-13 and FY 2013-14 actual expenditures from all fund sources.		

C. Other Adjustments**28 Procurement Efficiencies (Multiple)**

	(\$2,519,343)	R		(\$2,519,343)	R
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Reduces funds related to purchase and contract to reflect efficiencies created by participation in the State's Procurement Transformation Program administered by the Department of Administration.

29 Audit Services (1300)

	\$551,752	R		\$551,752	R
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Restores funding for the System Office's Audit Services division.

7.00

7.00

30 Equipment (1623)

	\$4,444,296	NR			
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Provides funds for the purchase of instructional equipment and technology at all 58 colleges. These funds are in addition to the \$49.0 million included in the base budget for this purpose. Funds shall be distributed in accordance with the existing equipment allocation formula.

31 Caldwell Community College Truck Driver Training Program (1624)

	\$150,000	R		\$150,000	R
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Provides funds for the Caldwell Community College Truck Driver Training program.

32 NC Works Career Coaches

	\$500,000	R		\$1,000,000	R
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Establishes a program to place local community college-employed career coaches in high schools.

33 Fayetteville Technical Community College Botanical Lab (1624)

	\$100,000	NR		\$100,000	NR
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Increases support for the Botanical Lab at Fayetteville Technical Community College by \$100,000 nonrecurring in each year of the biennium. The total program funding for both FY 2015-16 and FY 2016-17 will be \$200,000.

D. Financial Aid Adjustments**34 Yellow Ribbon G.I. Education Enhancement Program (1900)**

	(\$1,000,000)	R		(\$1,000,000)	R
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Eliminates funding for the Yellow Ribbon Program which leveraged federal matching funds to reduce tuition costs for certain non-resident veterans.

35 Resident Tuition for Certain Non-Resident Veterans (1620)

	\$2,000,000	R		\$2,000,000	R
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Provides funds to offset a reduction in tuition receipts as a result of granting certain non-resident veterans resident status for tuition purposes. The federal Veterans Access, Choice, and Accountability Act of 2014 requires public institutions of higher education to charge certain non-resident veterans no more than the resident tuition and fee rates or risk losing approval to receive federal educational benefits. This item funds the expected costs of compliance with that Act for the Community College System.

Senate Appropriations Committee on Education/Higher Education

FY 15-16

FY 16-17

Total Legislative Changes	(\$1,510,739)	R	\$1,933,557	R
	\$4,544,296	NR	\$100,000	NR
Total Position Changes	7.00		7.00	
Revised Budget	\$1,051,528,672		\$1,050,528,672	

Motorcycle Safety Program

Budget Code: 26800

	FY 2015-16	FY 2016-17
Beginning Unreserved Fund Balance	\$1,696,937	\$1,496,937
Recommended Budget		
Requirements	\$542,742	\$542,742
Receipts	\$542,742	\$542,742
Positions	0.00	0.00

Legislative Changes

Requirements:

Study for Driver Training	\$0 R	\$0 R
Directs the Community College System Office to study the implementation of statewide Driver Training for FY 2016-17.	\$200,000 NR 0.00	\$0 NR 0.00
Subtotal Legislative Changes	\$0 R \$200,000 NR 0.00	\$0 R \$0 NR 0.00

Receipts:

Study for Driver Training	\$0 R	\$0 R
	\$0 NR	\$0 NR
Subtotal Legislative Changes	\$0 R \$0 NR	\$0 R \$0 NR

Senate Appropriations Committee on Education

	FY 2015-16	FY 2016-17
Revised Total Requirements	\$742,742	\$542,742
Revised Total Receipts	\$542,742	\$542,742
Change in Fund Balance	(\$200,000)	\$0
Total Positions	0.00	0.00
Unappropriated Balance Remaining	\$1,496,937	\$1,496,937

UNC System

	GENERAL FUND	
	FY 15-16	FY 16-17
Recommended Base Budget	\$2,647,296,221	\$2,647,304,656

Legislative Changes

A. Reserve for Salaries and Benefits

36 Compensation Increase Reserve - NCSSM Teachers	\$100,365	R	\$100,365	R
Provides funds to increase starting teacher pay from \$33,000 to \$35,000 per year, to grant an experience-based step increase for educators earning a year of creditable experience, and to ensure that all educators, assuming no change in credentials, are paid at least their FY 2014-15 compensation.				
37 Compensation Increase Reserve - NCSSM School-based Administrators (SBAs)	\$5,624	R	\$5,624	R
Provides funds for an experience-based step increase for SBAs earning a year of creditable experience and funds an \$809 top of the salary schedule bonus. Any funds remaining may be used to implement Section 9.5.				

B. Technical and Formula Adjustments

38 Enrollment Growth Adjustment (16011)	\$49,324,741	R	\$80,261,279	R
Fully funds projected enrollment growth at the University of North Carolina (UNC) System. Enrollment is expected to increase by 3,345 Full Time Equivalent (FTE) students (1.7%) in FY 2015-16 and 3,017 FTE students (1.5%) in FY 2016-17.				
39 Building Reserves (Multiple)	\$470,912	R	\$714,678	R
	\$170,282	NR	\$91,170	NR
Provides funding for new and renovated buildings coming online during the FY 2015-17 biennium at Appalachian State University, East Carolina University, North Carolina State University, and UNC-Wilmington.				
40 Workers' Compensation Adjustment Reserve (16011)	\$4,929,337	R	\$4,929,337	R
Provides funding to adjust workers' compensation line items to the average FY 2012-13 and FY 2013-14 actual expenditures estimated to be from net General Fund appropriations. Agencies are directed to further adjust these line items using receipts to reflect the average FY 2012-13 and FY 2013-14 actual expenditures from all fund sources.				

C. Other Adjustments

41 Management Flexibility Reduction (16011)	(\$17,913,812)	R	(\$17,913,812)	R
Mandates a management flexibility reduction for the UNC operating budget. The UNC Board of Governors shall not allocate this reduction on an across-the-board basis to constituent institutions.				

42 East Carolina University: Medical School Sustainability Funds (16011)

Provides funds to stabilize the Brody School of Medicine due to lower revenues.

\$8,000,000 NR \$8,000,000 NR

43 Elizabeth City State University: Budget Stabilization Funds (16086)

Provides funds to Elizabeth City State University to stabilize enrollment. The funds will be used to enhance technology related to enrollment and recruitment of students, campus access and safety, and human resource management.

\$3,000,000 NR

44 Mountain Area Health Education Center (16022)

Provides funds to the Mountain Area Health Education Center for surgery and family medicine residencies in the MAHEC service area.

\$5,900,000 R \$5,900,000 R

45 Western Governors University Challenge Grant (16015)

Provides a challenge grant to Western Governors University for development of a North Carolina campus contingent on the University raising \$5 million in private funds.

\$2,000,000 NR

46 Academic Summer Bridge Program (16011)

Eliminates funding for the Academic Summer Bridge Program.

(\$1,193,000) R (\$1,193,000) R

47 Hunt Institute (16020)

Eliminates General Fund support for The Hunt Institute.

(\$737,230) R (\$737,230) R

48 Bowles Center for Alcohol Studies (16021)

Eliminates the diversion of revenue from the Highway Fund to the Bowles Center for Alcohol Studies.

49 Union Square Campus, Inc. (16011)

Provides additional funds to the Union Square Campus, Inc., a non-profit entity providing nursing education and training facilities with North Carolina A&T, UNC Greensboro, Guilford Technical Community College, and Cone Health. This project received \$2 million in nonrecurring funds in FY 2014-15.

\$2,000,000 NR

D. Financial Aid Adjustments**50 Yellow Ribbon G.I. Education Enhancement Program (16011)**

Eliminates funding for the Yellow Ribbon Program which leveraged federal matching funds to reduce tuition costs for certain non-resident veterans.

(\$4,863,276) R (\$4,863,276) R

FY 15-16

FY 16-17

51 Resident Tuition for Certain Non-Resident Veterans (16011)	\$9,300,762	R	\$9,300,762	R
Provides funds to offset a reduction in tuition receipts as a result of granting certain non-resident veterans resident status for tuition purposes. The federal Veterans Access, Choice, and Accountability Act of 2014 requires public institutions of higher education to charge certain non-resident veterans no more than the resident tuition and fee rates or risk losing approval to receive federal educational benefits. This item funds the expected costs of compliance with that Act for the UNC System.				
52 Opportunity Scholarships (16015)	\$6,800,000	R	\$6,800,000	R
Increases funds for the Opportunity Scholarships program. The program provides scholarship grants of up to \$2,100 per semester for eligible students to attend nonpublic schools. The total program funding will be \$17.6 million.				
53 National Guard Tuition Assistance Program (16012)	\$200,000	R	\$200,000	R
Increases funding for the National Guard Tuition Assistance Program by 10%, which provides financial aid to active members of the North Carolina Army or Air National Guard. The total program funding after the adjustment will be \$2.1 million.				
54 Special Education Scholarships (16015)	\$250,000	R	\$250,000	R
Increases funds for the Special Education Scholarships program by 6%. The program provides scholarship grants of up to \$4,000 per semester for eligible students. The total funding after this adjustment will be \$4.2 million.				
Total Legislative Changes	\$52,574,423	R	\$83,754,727	R
	\$15,170,282	NR	\$8,091,170	NR
Total Position Changes				
Revised Budget	\$2,715,040,926		\$2,739,150,553	

**Health
and
Human Services
Section G**

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Health and Human Services

GENERAL FUND

	FY 15-16		FY 16-17	
Recommended Base Budget	\$89,605,783		\$89,605,783	

Legislative Changes

(1.0) Division of Central Management and Support

<p>1 Health Information Exchange (1910) Eliminates recurring funding for the exchange in accordance with S.L. 2015-7.</p>	<p>(\$2,000,000) R</p>	<p>(\$2,000,000) R</p>
<p>2 Health Net Grants (1372) Eliminates the NC Health Net program and allocates half of the remaining funding to the Community Health Grants program. The Community Health Grant program is increased by 42% to \$7.5 million.</p>	<p>(\$2,250,000) R</p>	<p>(\$2,250,000) R</p>
<p>3 NCTRACKS- System Savings (2413,1122) Decreases funding based on anticipated savings associated with the replacement of Medicaid's claims processing system. Over \$60 million remains in the DHHS budget for this purpose.</p>	<p>(\$4,775,749) R</p>	<p>(\$4,775,749) R</p>
<p>4 Miscellaneous Contractual Services (1120) Reduces funding for contracts in central management. Over \$3.1 million remains in the budget for this purpose in central management.</p>	<p>(\$3,200,000) NR</p>	
<p>5 NC FAST Required Changes (2411,1122) Provides funds to make the required changes to NC FAST associated with allowing the Eastern Band of the Cherokee to administer their Medicaid and Food and Nutrition Services Programs in accordance with State law.</p>	<p>\$360,000 R \$3,200,000 NR</p>	<p>\$360,000 R</p>
<p>6 NC FAST- Operations and Maintenance (2411, 1122) Provides \$9,871,059 in FY 2015-16 and \$13,220,665 in FY 2016-17 in additional receipts for ongoing maintenance and operations for the NC FAST system. Three technology support analyst positions will be created and funded with the additional receipts. Total funding for this purpose is \$60 million for FY 2015-16 and \$47.5 million for FY 2016-17</p>		
<p>7 NC FAST System Development (2411,1122) Provides funding for continued system development including using prior-year earned revenue in the nonrecurring amount of \$6,647,849 million in FY 2015-16 and \$5,298,178 in FY 2016-17. The total funding for NC FAST is \$60 million for FY 2015-16 and \$47.5 million for FY 2016-17. Creates 18 positions in FY 2015-16 and 20 positions in FY 2016-17 with the additional receipts.</p>		

<p>8 Child Welfare Case Management System (1910) Provides nonrecurring funds to purchase a child welfare case management system. The NC FAST system will not be used for child welfare case management. Funding includes prior year earned revenue in the amount of \$2,752,151 in FY 2015-16 and \$4,101,824 in FY 2016-17. Total funding, including federal funding for the system is \$8.5 million in FY 2015-16 and \$17.2 million in FY 2016-17.</p>	<p>\$5,803,000 NR</p>	<p>\$13,052,000 NR</p>
<p>9 NTRACKS (2413, 1122) Provides recurring funding for the operation and maintenance of NC TRACKS. Additional nonrecurring funding is provided for the development and implementation of 2 projects; ICD-10 which is used to code medical procedures and the Business Process Automated System for the Division of Health Service Regulation. Total funding for this purpose is over \$60 million for FY 2015-16 and FY 2016-17.</p>	<p>\$400,000 R \$2,300,000 NR</p>	<p>\$400,000 R \$940,000 NR</p>
<p>10 Health Information Exchange (HIE) (1910) Funding is provided to continue efforts towards the implementation of a statewide HIE.</p>	<p>\$8,000,000 R</p>	<p>\$8,000,000 R</p>
<p>11 Government Data Analytics Center (1910) Funds a contract for the development for new and enhanced health data analytics capability and functionality for the Department.</p>	<p>\$300,000 R \$700,000 NR</p>	<p>\$300,000 R \$1,000,000 NR</p>
<p>12 Community Paramedicine Pilot Project Provides funds to implement 3 pilot projects focused on expanding the role of paramedics to allow for community-based initiatives designed to avoid nonemergency use of hospital emergency rooms.</p>	<p>\$350,000 NR</p>	
<p>13 Competitive Block Grant- Additional Funds (1910) Provides \$350,000 in recurring funds for long-term residential substance abuse services. Designates \$350,000 for Big Brothers Big Sisters North Carolina Collaborative in FY 2015-16 and allows non-profits providing mentoring services to compete for the additional funds beginning in FY 2016-17. Total availability for this purpose is increased to \$14.2 million for each year of the biennium.</p>	<p>\$700,000 R</p>	<p>\$700,000 R</p>
<p>14 Competitive Block Grant-Transfer from Division of Public Health (1910) Transfers funds resulting from the elimination of the Office of Minority Health and the Physical Activity and Nutrition Branch in the Division of Public Health. The scope of the block grant is increased to allow non-profits to compete to receive funding for programs proven to reduce health disparities and improve physical health and nutrition across the state. Preventative Health Services block grant funds in the amount of \$4,000,754 are also transferred to this competitive block grant. This action provides \$7.7 million for health disparities, physical activity, and nutrition grants.</p>	<p>\$3,410,420 R</p>	<p>\$3,410,420 R</p>
<p>15 Office of the State Auditor - Financial Audit Provides funds for a comprehensive financial audit of DHHS for FY 2014-15 and FY 2015-16. These funds shall be transferred to the Office of the State Auditor to perform the financial audit.</p>	<p>\$450,000 R</p>	<p>\$450,000 R</p>

FY 15-16**FY 16-17****16 Worker's Compensation Adjustment Reserve**

\$5,148,986

R

\$5,148,986

R

Provides funding to adjust workers' compensation line items to the average FY 2012-13 and FY 2013-14 actual expenditures estimated to be from net General Fund appropriations. Agencies are directed to further adjust these line items using receipts to reflect the average FY 2012-13 and FY 2013-14 actual expenditures from all fund sources.

17 Contracting Specialist and Certification Program

\$150,000

NR

\$175,000

R

\$25,000

NR

2.00

Provides nonrecurring funds to contract with the UNC School of Government to design a program for DHHS managers similar to the School's Certified Local Government Purchasing Officer and local purchasing and contracts programs. Recurring funds in FY 2016-17 will fund positions for the Office of State Human Resources (OSHR) dedicated to the oversight and training of the new program at DHHS.

18 Community Mental Health Initiatives (1910)

\$7,848,341

R

\$15,597,746

R

Provides funds pursuant to the U.S. Department of Justice settlement agreement to continue to develop and implement housing, support, and other services for people with mental illness. This action increases the settlement budget to \$27.5 million in FY 2015-16 and to \$35.3 million in FY 2016-17.

19 Justification Review (1910)

(\$7,572,212)

R

(\$7,572,212)

R

\$7,572,212

NR

Requires a justification review as part of a statewide plan to invest in evidence-based programs focused on reducing infant mortality and improving birth outcomes and the health status of children birth to age 5. The following programs will have funds converted to nonrecurring for FY 2015-16 and funds for FY 2016-17 will be contingent upon a statewide plan and report submitted to the Legislative Oversight Committee on Health and Human Services:

Programs Subject to Justification Review:

Maternal and Child Health Contracts - \$2,472,094

High Risk Maternity Clinic - \$375,000

Healthy Beginnings (2 contracts) - \$396,025

Pregnancy Care Case Management - \$300,901

Maternal, Infant and Early Childhood Home Visiting - \$425,643

Triple P- Positive Parenting Program - \$828,233

NC Perinatal and Maternal Substance Abuse Initiative - \$2,729,316

Perinatal Substance Abuse Specialist - \$45,000

Programs Receiving Receipts Only

(subject to a review and inclusion in the statewide plan):

Baby Love Plus - \$1,156,915 (Federal Funds)

Young Families Connect - \$1,027,528 (Federal Funds)

20 Justification Review Reserve (1910)

\$7,572,212

R

Establishes a recurring reserve for programs subject to a justification review in FY 2015-16. Ongoing funding will be contingent upon a statewide plan submitted to the Legislative Oversight Committee on Health and Human Services.

Total Legislative Changes	\$10,019,786	R	\$25,516,403	R
	\$16,875,212	NR	\$15,017,000	NR
Total Position Changes			2.00	
Revised Budget	\$116,500,781		\$130,139,186	

Health and Human Services

GENERAL FUND

	FY 15-16	FY 16-17
Recommended Base Budget	\$42,845,788	\$42,845,788

Legislative Changes

(2.0) Division of Aging and Adult Services

21 No Action Taken

Takes no action on the Division's FY 2015-17 recommended base budget.

Total Legislative Changes

Total Position Changes

Revised Budget	\$42,845,788	\$42,845,788
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Health and Human Services

GENERAL FUND

	FY 15-16	FY 16-17
Recommended Base Budget	\$249,687,727	\$249,687,727

Legislative Changes

(3.0) Division of Child Development and Early Education

22 Federal Funding for NC Pre-K (1330)

Budgets Temporary Assistance for Needy Families block grant funding on a nonrecurring basis for NC Pre-K. (\$16,891,442) NR (\$16,891,442) NR

23 Cost-Allocate Staff (1110)

Budgets federal block grant funds for positions within the Division of Child Development and Early Education. Total availability for this program is not changed. (\$507,577) R (\$507,577) R

24 Child Care Subsidy (1380)

Budgets Temporary Assistance for Needy Families (TANF) and TANF Contingency Block grant funds on a nonrecurring basis for child care subsidy. Total availability for this program is not changed. (\$5,211,614) NR (\$2,835,482) NR

25 NC Pre-K (1330)

Provides recurring funding for NC Pre-K. Total availability is \$141.5 million. \$2,323,599 R \$2,323,599 R

26 Child Care Subsidy Market Rate Increase (1380)

Provides funding to increase the Child Care Subsidy market rate, effective September 1, 2015, to the recommended rates based on the 2013 Market Rate study for ages 0,1 and 2 in 3-, 4-, and 5-star centers and homes in Tier 1 and 2 counties. Total availability for FY 2015-16 is increased by 1.3% to \$331.6 million and for FY 2016-17 is increased by 1.5% to \$332.4 million. \$4,200,000 R \$5,000,000 R

27 North Carolina Early Childhood Integrated Data System (ECIDS) (1163)

Provides funding for ECIDS, an integrated system of early childhood education, health, and social service information focused on children ages 0-5 receiving State and federal services. The system is designed to provide information about when and how children are being served and the program services they receive. ECIDS will connect with the Department of Public Instruction's data system to allow analysis of the effects of early childhood programs and services over time. \$699,690 R

28 Early Childhood Education and Development Plan

Provides funding for a plan by the Program Evaluation Division to consolidate the NC Pre-K, Smart Start, and Child Care Subsidy programs. \$300,000 NR

Senate Appropriations Committee on Health and Human Services

FY 15-16

FY 16-17

Total Legislative Changes

\$6,016,022 R
(\$21,803,056) NR

\$7,515,712 R
(\$19,726,924) NR

Total Position Changes

Revised Budget

\$233,900,693

\$237,476,515

Health and Human Services

GENERAL FUND

	FY 15-16		FY 16-17
Recommended Base Budget	\$180,017,803		\$180,017,803

Legislative Changes

(4.0) Division of Social Services

<p>29 State-County Special Assistance (1570) Reduces funding for State-County Special Assistance due to a decline in the number of individuals participating in the program. The FY 2015-16 total availability is decreased by 6% leaving \$125.8 million. The FY 2016-17 total availability is decreased by 8.6% leaving \$122.3 million.</p>	<p>(\$4,000,000)</p>	<p>R</p>	<p>(\$5,750,000)</p>	<p>R</p>
<p>30 Personal Services Contracts (1110) Eliminates funding for personal services contracts in the Services Support fund. There is \$2.5 million remaining for this purpose across all funds in the division.</p>	<p>(\$9,540)</p>	<p>R</p>	<p>(\$9,540)</p>	<p>R</p>
<p>31 Foster Care Caseload Increase (1532) Increases funding for foster care to support the growth in the foster care caseload. Paid placements are expected to increase by 6% in FY 2015-16 and 3% in FY 2016-17. Increases total availability by 6.9% to \$192.7 million in FY 2015-16. Increases total availability by 11.7% to \$201.2 million in FY 2016-17.</p>	<p>\$4,500,000</p>	<p>R</p>	<p>\$7,500,000</p>	<p>R</p>
<p>32 Foster Care Expansion to Age 21 (1532) Provides funding to increase the age to 21 for youth in foster care. This item along with the Foster Care Caseload item increases the total availability for FY 2016-17 by 13.8% to \$205 million.</p> <p>Social Services Program Coordinator - \$58,951</p>	<p>\$50,000</p>	<p>R</p>	<p>\$2,000,000</p>	<p>R</p>
<p>33 Adoption Assistance for Youth Adopted after Age 16 (1531) Provides funds for Adoption Assistance to age 21 for youth adopted after age 16. Federal rules require that if states extend foster care past age 18, they must extend adoption assistance for youth adopted after age 16 to the same age as foster care. This increases the total availability for Adoption Assistance to \$105.7 million.</p>			<p>\$200,000</p>	<p>R</p>
<p>34 Maternity Homes (1110) Provides recurring funding for maternity homes. Funding remains the same as the FY 2014-15 level of \$1.2 million.</p>	<p>\$925,000</p>	<p>R</p>	<p>\$925,000</p>	<p>R</p>
<p>35 Child Protective Services Pilot- GDAC (1430) Provides funding for a contract with the Government Data Analytics Center to enhance and improve the coordination of services and information among agencies to improve the protection and outcomes for vulnerable children served through Child Welfare Services.</p>	<p>\$300,000</p>	<p>NR</p>		

36 Child Support Enforcement Incentive Payments(1371)

Budgets federal Child Support Enforcement incentive payments. The Division shall retain up to 15% of annual federal incentive payments it receives to enhance centralized child support services. No less than 85% of the federal incentive payments must be allocated to county child support services programs to improve effectiveness and efficiency.

Total Legislative Changes	\$1,465,460	R	\$4,865,460	R
	\$300,000	NR		
Total Position Changes	1.00		1.00	
Revised Budget	\$181,783,263		\$184,883,263	

Health and Human Services

	GENERAL FUND	
	FY 15-16	FY 16-17
Recommended Base Budget	\$141,283,615	\$141,283,615

Legislative Changes

(5.0) Division of Public Health

37 Office of Minority Health (1262)	(\$3,144,108)	R	(\$3,144,108)	R
Eliminates the Office of Minority Health and transfers the General Fund appropriation and receipts to the competitive block grant administered by the Division of Central Management and Support. Six positions, 3.38 FTE supported by the General Fund, are eliminated:				
	-3.38		-3.38	
60039724 - Public Hlth Prog Consult I, \$59,769				
60041601 - Public Hlth Prog Consul II, \$53,248				
60041613 - Public Health Prog Mgr II, \$76,031				
60041619 - Program Assistant IV, \$33,060				
60041620 - Public Hlth Pgm Consult II, \$66,780				
60041600 - PH Program Supervisor II, \$26,230				
38 AIDS Drug Assistance Program Receipts (1460)	(\$6,268,646)	R	(\$6,268,646)	R
Budgets additional drug rebate receipts and maintains funds available for AIDS pharmaceuticals at \$47,844,707.				
39 Personal Services and University Contracts (1110)	(\$70,072)	R	(\$70,072)	R
Reduces funding for university and personal services contracts. \$3,551,989 remains available for this purpose.				
40 QUITLINE Receipts (1271)	(\$100,000)	R	(\$100,000)	R
Budgets additional Medicaid receipts and maintains the Quitline's budget at \$1,200,000.				

41 Physical Activity and Nutrition Branch (1261)

(\$266,312) R

(\$266,312) R

Eliminates the Physical Activity and Nutrition Branch, and transfers the General Fund appropriation and receipts to the competitive block grant administered by the Division of Central Management and Support. Six positions, 2.30 FTE supported by the General Fund, are eliminated:

-2.30

-2.30

65021006 - Information and Communications Spec II, \$55,000

60041098 - Nutrition Prog Consultant, \$57,360

60041186 - Public Hlth Prog Supv II, \$56,898

60041112 - Public Health Prog Mgr I, \$74,931

60041107 - Office Assistant IV, \$33,587

60041125 - Office Assistant IV, \$36,224

42 Office of Chief Medical Examiner (OCME) - Autopsy Costs (1172)

(\$661,500) R

(\$661,500) R

Budgets revenue generated from autopsy fee increase and eliminates the \$400 supplement paid for autopsies performed by contractors, a savings of \$1,080,000. This is offset by the increased contract rate that OCME will pay for contracted autopsies that are not billed to counties, a cost of \$418,500. Total funding after all actions in this report will be \$8.6 million in FY 2015-16 and \$10.4 million in FY 2016-17.

43 Office of Chief Medical Examiner - Training (1172)

\$100,000 R

\$100,000 R

Provides funds to implement mandatory annual training for county medical examiners. Total funding after all actions in this report will be \$8.6 million in FY 2015-16 and \$10.4 million in FY 2016-17.

44 Office of Chief Medical Examiner - Equipment (1172)

\$400,000 NR

\$400,000 NR

Provides funds to replace outdated and obsolete equipment. Total funding after all actions in this report will be \$8.6 million in FY 2015-16 and \$10.4 million in FY 2016-17.

45 ECU and Wake Forest University Forensic Pathologist Fellowships (1172)

\$250,000 R

\$250,000 R

Provides funds to support 1 Forensic Pathologist Fellowship each at East Carolina and Wake Forest Universities. The fellows will perform autopsies at the State's regional autopsy centers. Total funding after all actions in this report will be \$8.6 million in FY 2015-16 and \$10.4 million in FY 2016-17.

46 Office of Chief Medical Examiner - Automation (1172)

\$2,195,000 NR

Provides funds to replace and upgrade the Medical Examiner Information System. Total funding after all actions in this report will be \$8.6 million in FY 2015-16 and \$10.4 million in FY 2016-17.

47 Office of Chief Medical Examiner - Transportation (1172)

\$400,000 R

\$400,000 R

Provides funds to increase the rate paid for transporting bodies for death investigations or to the OCME autopsy centers. Total funding after all actions in this report will be \$8.6 million in FY 2015-16 and \$10.4 million in FY 2016-17.

48 Office of Chief Medical Examiner - Autopsy Fee Receipts (1172)

Budgets increased autopsy fee receipts of \$1,813,500 annually. Effective July 1, 2015, the autopsy fee will increase from \$1,250 to \$2,800. The new fee approximates the actual cost to perform an autopsy. Total funding after all actions in this report will be \$8.6 million in FY 2015-16 and \$10.4 million in FY 2016-17.

49 State Public Health Laboratory (1174)

\$110,000 R

\$110,000 R

Budgets funds to provide rabies drugs to indigent persons who have been exposed to rabid animals. This action increases funds available for drug supplies to \$280,466.

50 Local Health Departments - Improve Birth Outcomes (13A1)

\$2,500,000 R

\$2,500,000 R

Provides funds for a competitive block grant process for county health departments to increase access to prenatal care and improve birth outcomes. This action increases funding for Maternal and Infant Health to \$52.8 million.

51 Nurse Family Partnership Program (13A1)

\$900,000 R

\$900,000 R

Provides funds for home visiting services provided by the Nurse Family Partnership Program. Of the amount provided, \$225,000 shall be used to expand existing programs serving rural areas in the western and eastern portions of the State. Total funds available for the program is \$1.4 million.

52 Perinatal Quality Collaborative of North Carolina (PQCNC) (13A1)

\$465,000 NR

\$635,000 NR

Provides funds to sustain PQCNC while it transitions during the FY 2015-17 biennium to become fully receipt-supported effective July 1, 2017. This action maintains funding at \$808,172 in FY 2015-16 and \$835,000 in FY 2016-17.

53 Forensic Tests for Alcohol (1151)

(\$1,368) R

(\$1,368) R

Eliminates the base budget for the Forensic Tests for Alcohol Branch pending the findings of a continuation review to be completed during FY 2015-16. All programs supported with Highway Fund receipts are subject to a continuation review during FY 2015-16. About 37% of the Branch's budget are Highway Fund receipts. FY 2016-17 funds for this purpose are budgeted in a separate reserve account to be restored if recommended during the 2016 Short Session.

\$1,368 NR

54 Newborn Screening (1174)

\$440,000 NR

Provides funding for equipment and supply purchases needed to expand newborn screening to include severe combined immunodeficiency (SCID) as required by H.B. 698. This action increases funding for newborn screening to \$24.4 million in FY 2015-16.

Senate Appropriations Committee on Health and Human Services

FY 15-16

FY 16-17

55 Poison Control Center Funds (1332)

\$1,000,000 R

\$1,000,000 R

Provides funding for the Carolinas Poison Center 24-hour telephone hotline. This action increases the Children's Health Services budget to \$268 million.

Total Legislative Changes

(\$5,252,006) R

(\$5,252,006) R

\$1,306,368 NR

\$3,230,000 NR

Total Position Changes

-5.68

-5.68

Revised Budget

\$137,337,977

\$139,261,609

Health and Human Services

GENERAL FUND

	FY 15-16		FY 16-17
Recommended Base Budget	\$680,179,847		\$680,179,847

Legislative Changes

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

56 Personal Services Contracts (1110)	(\$243,886)	R	(\$243,886)	R
Reduces funding for personal services contracts. \$535,015 remains available for personal and miscellaneous contractual services in each year of the biennium.				
57 Single Stream Funding (1422)	(\$185,604,653)	NR	(\$185,604,653)	NR
Reduces single-stream funding and replaces it with LME/MCO cash balance for both years of the biennium.				
58 Wright School (1546)	(\$2,106,265)	R	(\$2,808,353)	R
Eliminates funding and closes the Wright School, effective October 1, 2015.				
	-38.66		-38.66	
59 New Broughton Hospital (1541, 1561)	\$16,598,589	NR		
Provides funds for technology infrastructure, furniture, and equipment for the Broughton Hospital replacement facility scheduled to open in December 2016.				
60 Inflationary Increases for State Facilities (14460)	\$2,819,802	R	\$3,158,730	R
Provides funds to offset inflationary increases in utilities, food, and other costs at the State-operated healthcare facilities. This action increases the total funds available for the facilities to \$897,841,574 in FY 2015-16 and \$898,180,502 in FY 2016-17.				
61 Three-way Psychiatric Beds (1464)	\$2,463,750	NR	\$2,463,750	NR
Provides funds to increase the number of community hospital beds that may be purchased to provide psychiatric inpatient treatment services. This action increases funding 7% to \$40,583,394 and will increase the three-way contract capacity from 165 to 172 beds.				
62 START Teams (1445,1462)	\$1,544,000	R	\$1,544,000	R
Provides funds to expand START (Systematic, Therapeutic, Assessment, Resources and Treatment) Team services to children and adolescents with intellectual or developmental disabilities and to add respite services for both children and adults. This action increases the total funds available for child and adult NC START services from \$2,437,207 to \$3,981,207.				

Senate Appropriations Committee on Health and Human Services

	FY 15-16		FY 16-17	
63 Substance Abuse Services Criminal Offenders - TASC (1463) Provides funds to increase the number of TASC (Treatment Alternatives for Safer Communities) case managers who provide substance abuse assessment and referral services to criminal offenders who are maintained in the community instead of sentenced to prison or those who have been released from prison and are under supervision of a probation officer. This action will increase the TASC budget by 35% from \$5,362,122 to \$7,222,122.	\$1,860,000	R	\$1,860,000	R
64 Crisis Bed Registry (1110) Provides funds to develop and operate a psychiatric bed registry to provide real-time information on the number of child, adolescent, and adult beds available at each licensed inpatient facility in the State.	\$134,000 \$350,000 2.00	R NR	\$134,000 2.00	R
65 Alcohol and Drug Abuse Treatment Centers (ADATC) (156D, 156E, 156F) Eliminates the General Fund appropriations and converts the State-operated ADATCs to 100% receipt-supported.	(\$37,381,817)	R	(\$37,381,817)	R
66 Substance & Alcohol Abuse Treatment Services (1442, 1463) Provides funding to LME/MCOs to purchase inpatient alcohol and substance abuse treatment services from the State-operated ADATCs. This action increases the budget for LME/MCO alcohol and substance abuse treatment to \$77,692,211.	\$37,381,817	R	\$37,381,817	R
67 Cross-Area Service Programs (1422) Provides funding to support individuals with intellectual/developmental disabilities including residential living, day services, supported employment opportunities, and family support services. This action increases the single stream funding budget to \$330,828,240 in FY 2015-16 and to \$331,628,240 in FY 2016-17.	\$800,000	R	\$1,600,000	R
68 Drug Overdose Medications (1463) Provides funds to purchase opioid antagonists as defined in G.S. 90-106.2. This action increases funding for adult community substance abuse services to \$34,618,966.	\$50,000	NR		
69 Compensation Increase Reserve - HHS State Agency Teachers Provides funds to change the tiers of the salary schedule, to increase starting teacher pay from \$33,000 to \$35,000 per year, to grant an experience-based step increase for eligible educators earning a year of creditable experience, and to ensure that all educators, assuming no change in credentials, are paid at least their FY 2014-15 compensation.	\$141,455	R	\$141,455	R
70 NC Controlled Substance Reporting System (1110) Provides funding to strengthen controlled substance monitoring. This action increases the Services Support budget to \$14,116,956.	\$15,000 \$95,070	R NR	\$15,000	R

Total Legislative Changes	\$4,964,106	R	\$5,400,946	R
	(\$166,047,244)	NR	(\$183,140,903)	NR
Total Position Changes	-36.66		-36.66	
Revised Budget	\$519,096,709		\$502,439,890	

Health and Human Services

GENERAL FUND

	FY 15-16	FY 16-17
Recommended Base Budget	\$37,752,132	\$37,752,132
Legislative Changes		
(7.0) Division of Vocational Rehabilitation		
71 Access North Carolina Travel Program	\$0 R	\$0 R
Eliminates the Access NC Travel Guide due to the loss of Highway Fund receipts earmarked for this purpose. One position is eliminated: 60054404, Communications Project Manager, \$41,729		
Total Legislative Changes	\$0 R	\$0 R
Total Position Changes		
Revised Budget	\$37,752,132	\$37,752,132

Health and Human Services

GENERAL FUND

	FY 15-16		FY 16-17
Recommended Base Budget	\$16,022,641		\$16,022,641
Legislative Changes			
(8.0) Division of Health Service Regulation			
72 Certificate Of Need (1102, 1101)	(\$560,506)	R	(\$1,120,013) R
Eliminates funding for the cost of Certificate of Need (CON) activities beginning in FY 2015-16 and phases out all CON by 2019. This reduction will leave over \$1.6 million in the portion of the Health Service Regulation for CON and Health Planning and over \$16 million in the Division budget for all functions.			
Total Legislative Changes	(\$560,506)	R	(\$1,120,013) R
Total Position Changes			
Revised Budget	\$15,462,135		\$14,902,628

Health and Human Services

	GENERAL FUND	
	FY 15-16	FY 16-17
Recommended Base Budget	\$3,532,548,786	\$3,532,548,784
Legislative Changes		
(9.0) Division of Medical Assistance		
73 Personal Service Contracts (1101)	(\$850,895) R	(\$850,895) R
Reduces funding for personal service contracts. This leaves over \$3 million dollars in the Medicaid budget for this and similar spending.		
74 NCTRACKS Certification	(\$8,940,545) R (\$19,600,000) NR	(\$8,566,737) R
Increases federal receipts for the Medicaid program for claims adjudication and other functions contracted through Computer Sciences Corporation (CSC) effective 7/1/15 due to federal certification of the system. The NCTRACKS system was certified in April 2015, allowing the Federal Medical Assistance Percentage to increase from 50% to 75% on a recurring basis. This item represents the impact of recovering the difference in Federal Medical Assistance Percentage (FMAP) paid from 7/1/13 for NCTRACKS prior to system certification by Centers for Medicare and Medicaid Services (CMS).		
75 Mobile Dental Screenings and Assessments (1310)	(\$511,800) R	(\$511,800) R
Eliminates gaps in services created by mobile dental screenings and assessments in both public schools and long term care settings where no referral for subsequent treatment by a qualified Medicaid provider follows service. This represents a .4% reduction in provider payments and will leave over \$350 million in budgeted payments for dental providers.		
76 Pharmacy Dispensing Fees (1310)	(\$4,052,375) R	(\$9,005,279) R
Implements average acquisition cost as a basis for Medicaid payment that will result in lower product cost for drugs for the Medicaid program. The Department will use a survey of pharmacies to determine the average cost of dispensing Medicaid prescriptions and increase the weighted average dispensing fee to no more than \$12.00 effective 1/1/16 to ensure pharmacies cover the cost of filling Medicaid prescriptions based on the survey. The Department will maintain a higher dispensing fee for generic and preferred drugs and for brand and non-preferred drugs. This represents a 1.4% reduction in provider payments and leaves over \$1.5 billion for payment of prescription drugs.		

	FY 15-16		FY 16-17	
77 340B Pricing for Specialty Prescription Drugs (1102, 1310)	(\$67,413)	R	(\$483,139)	R
Implements enhanced Medicaid payments to 340B specialty pharmacies to incentivize them to fill prescriptions using their lower cost 340B inventory. The lower cost for the product/drug will be passed on to Medicaid through the claims payment. This is a 0.09% reduction in provider payments and leaves over \$1.5 billion for payment of prescription drugs. The first year savings are reduced by the programming cost in NCTRACKS to implement this change.				
78 340B Pharmacy Network Creation (1310)	(\$255,900)	R	(\$341,200)	R
Creates a network of 340B specialty pharmacies and requires those pharmacies to invoice product cost (any medication with a cost of \$1,500 per month) at 340B pricing rather than the retail pharmacy rate. This represents a 0.06% reduction in payments to providers and leaves over \$1.5 billion for payment of prescription drugs.				
79 Local Management Entity/Managed Care Organization 2% Risk Reserve (1310)	(\$8,444,580)	R	(\$17,236,985)	R
Requires the LME/MCO's to transfer operating cash to the risk reserve to meet the 15% risk reserve requirement. This item discontinues funding for the 2% add on to Local Management Entity/Managed Care Organization (LME/MCO) capitation payments for all LME/MCO's meeting reserve requirement after the transfer. The change will be effective 1/1/16. This will leave over \$2.5 billion for payments to the LME/MCO's for behavioral health services and administration.				
80 Hospital Inpatient Base Rates - GME (1310, 1320, 1337)	(\$12,748,795)	R	(\$31,127,204)	
Discontinues the Graduate Medical Education (GME) add-on to inpatient hospital base rates effective 10/15/15. The GME cost will continue to be included in all calculations under the Medicaid Reimbursement Initiative (MRI) and Hospital GAP equity and upper payment limit (UPL) supplemental plans for determining payments and related intergovernmental transfers and provider assessments. This will leave over \$850 million in Medicaid claims for inpatient hospital services and increases the budget for supplemental payment to over \$900 million for inpatient hospitals.				
81 Community Care of North Carolina (CCNC) Contract (1311)	(\$32,475,000)	R	(\$64,950,000)	R
Discontinues contracts and payments to North Carolina Community Care Networks (NCCCN) effective 1/1/16. Contract payments for care management and pregnancy home will be discontinued, along with pass-through payments to NCCCN for the Health Departments. Health Department pass through payments to NCCCN will be changed to direct payment to Health Departments for services. Per Member Per Month (PMPM) payments that will be discontinued include the Carolina Access payments to physician providers.				
82 Health Department Care Coordination for Children Payments (1310)	\$6,475,000	R	\$12,950,000	R
Reinstates the Health Department pass through payments included in the NCCCN contract care coordination for children services to a direct payment to Health Departments for services.				

Senate Appropriations Committee on Health and Human Services

	FY 15-16		FY 16-17	
83 Primary Care and Obstetrician Rates (1310)	\$25,302,940	R	\$50,605,880	R
Increases rates for primary care physicians and obstetricians to be equal to Medicare rates effective 1/1/16.				
84 Traumatic Brain Injury Waiver (1101, 1102, 1310)	\$2,000,000	R	\$2,000,000	R
Increases funding for a new service package for Traumatic Brain Injury under a waiver in North Carolina. Costs include both service expenditures and administrative costs.				
85 Immunizing Pharmacists (1102)	\$500,000	NR		
Provides funding for programming NTRACKS to allow pharmacists to be added as an individual provider for reimbursement for vaccinations.				
86 Hospital Outpatient Cost Increase (1310, 1320)	\$1,061,096	R	\$1,105,662	R
Increases funding for the loss of the sales tax exemptions for not for profit hospitals effective 7/1/15. The sales tax paid will become an allowable cost for these hospitals and will increase the settlement for outpatient services. This will increase the total requirements for outpatient services claims/settlement and supplemental equity payments by \$4,331,000.				
87 Medicaid Reform (1101, 1102)	\$5,000,000	R	\$5,000,000	R
Provides funds for planning and reform of the Medicaid program to shift utilization risk from the State under a capitated model.				
88 Reinstated Cost Settlement Per 1993 Agreement (1310, 1320)	\$3,400,000	R	\$3,400,000	R
Increases outpatient cost settlement for Vidant Medical Center to 100% of allowable costs.				
89 Private Duty Nursing Rates (1310)	\$1,182,615	R	\$2,564,747	R
Increases rates for private duty nursing services (PDN) by 10% effective 1/1/16.				
90 Medicaid Rebase (1310, 1311, 1320, 1331)	\$311,706,719	R	\$489,053,809	R
Provides funds for enrollment and utilization growth for the Medicaid program.				
91 State Children's Health Insurance Program Federal Rate (1101, 1102, 1310)	(\$39,631,522)	NR	(\$55,533,825)	NR
Reduces funding on a nonrecurring basis for SCHIP/Health Choice due to a nonrecurring increase in FMAP for 2 years.				
Total Legislative Changes	\$287,781,067	R	\$433,606,859	R
	(\$58,731,522)	NR	(\$55,533,825)	NR
Total Position Changes				
Revised Budget	\$3,761,598,331		\$3,910,621,818	

Health and Human Services

	GENERAL FUND	
	FY 15-16	FY 16-17
Recommended Base Budget	\$41,874,629	\$41,874,629
Legislative Changes		
(10.0) NC Health Choice		
92 SCHIP FMAP Rate		
Budgets an increase in the Federal Medical Assistance Percentage (FMAP). North Carolina's FMAP is increasing by 23 percentage points effective October 1, 2015. Overall spending is not impacted by the budgeting of these increased receipts.	(\$34,841,237) NR	(\$47,358,284) NR
93 Cost Settlement of Hospital Outpatient Services (1310, 1320)	\$816,877 R	\$843,834 R
Increases funding to allow the settlement of hospital outpatient services on the same methodology as Medicaid at 70% of allowable costs effective 7/1/15. This will increase total requirements for outpatient services for the new settlement methodology by \$3,100,000.		
94 Health Choice Rebase	\$5,522,950 R	\$6,230,413 R
Funds the anticipated growth in the Health Choice program. Projects enrollment growth at 2.3% for FY 2015-16 and 1.1% for FY 2016-17. Funds are also provided for increased utilization and claims. Increases total availability in FY 2015-16 by 14.2% to \$199.2 million. Increases total availability in FY 2016-17 by 16.2% to \$202.8 million.		
Total Legislative Changes	\$6,339,827 R	\$7,074,247 R
	(\$34,841,237) NR	(\$47,358,284) NR
Total Position Changes		
Revised Budget	\$13,373,219	\$1,590,592

Health and Human Services

GENERAL FUND

	FY 15-16		FY 16-17
Recommended Base Budget	\$8,107,457		\$8,107,457
Legislative Changes			
(11.0) Division of Services for the Blind and Services for the Deaf and Hard of Hearing			
95 Personal Services Contract (1110)	(\$9,250)	R	(\$9,250) R
Reduces funding for personal services contracts. \$65,750 remains available to fund contractual services.			
Total Legislative Changes	(\$9,250)	R	(\$9,250) R
Total Position Changes			
Revised Budget	\$8,098,207		\$8,098,207

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**Natural and Economic
Resources
Section H**

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Agriculture and Consumer Services

	GENERAL FUND			
	FY 15-16		FY 16-17	
Recommended Base Budget	\$113,940,604		\$113,940,604	
Legislative Changes				
Department-wide				
1 Workers' Compensation Adjustment Reserve Provides funding to adjust workers' compensation line items to the average FY 2012-13 and FY 2013-14 actual expenditures estimated to be from net General Fund appropriations. Agencies are directed to further adjust these line items using receipts to reflect the average FY 2012-13 and FY 2013-14 actual expenditures from all fund sources.	\$143,429	R	\$143,429	R
Administration				
2 Indirect Cost Receipts (1991) Reduces requirements from fund code 1991 to match budgeted indirect cost receipts.	(\$2,772)	R	(\$2,772)	R
Food & Drug				
3 Registration Fee Receipts (1100) Budgets additional receipts generated by increasing annual registration fees for drug manufacturers, repackagers, and distributors. Annual registration fees for drug manufacturers or repackagers are increased from \$500 to \$1,000. Annual registration fees for drug wholesalers are increased from \$350 to \$700. Fees were last increased in 1988.	(\$450,000)	R	(\$450,000)	R
4 License Fee Receipts (1100) Budgets additional receipts generated by increasing annual licensing fees for wholesale drug distributors. Annual licensing fees for drug manufacturers are increased from \$500 to \$1,000. Annual licensing fees for non-manufacturers are increased from \$350 to \$700. Fees were last increased in 1988.	(\$100,000)	R	(\$100,000)	R
5 Dairy Inspection Fee Receipts (1100) Budgets additional receipts generated by increasing annual inspection fees for dairy retailers and wholesalers. Annual inspection fees for dairy retailers are increased from \$10 to \$50. Annual inspection fees for dairy wholesalers are increased from \$40 to \$100. Fees were last increased in 1989.	(\$35,000)	R	(\$35,000)	R
6 Food & Drug Receipts (1070) Budgets \$250,000 in receipts previously transferred to support the Spay and Neuter program.	(\$250,000)	R	(\$250,000)	R

Senate Appropriations Committee on Natural and Economic Resources

	FY 15-16		FY 16-17	
7 Food Safety Modernization Act Education (FSMA) (1100)	\$280,000	R	\$280,000	R
Provides funding to the Food & Drug Division on a recurring basis to increase awareness of federal FSMA food safety regulations.	4.00		4.00	
Marketing				
8 Agricultural Marketing (1020)	\$100,000	R	\$100,000	R
Provides \$100,000 in recurring funds to support the marketing of NC-based agricultural products. Total annual General Fund support of the Division is \$8.3 million.				
Plant Industry				
9 Plant Industry Fee Receipts (1180)	(\$125,000)	R	(\$125,000)	R
Budgets \$125,000 in fee receipts to more closely align to actual collections.				
Research Stations				
10 Research Station Receipts (1190)	(\$45,000)	R	(\$45,000)	R
Budgets an additional \$55,000 in anticipated receipts in FY 2015-16 and \$45,000 in anticipated receipts in FY 2016-17 to more closely align to actual collections.	(\$10,000)	NR		
11 Bioenergy Development (1190)	(\$500,000)	NR		
Budgets \$500,000 in TVA Settlement receipts to replace existing funding to the Bioenergy Development program in FY 2015-16. Total funds available for the grant program remain at \$1,278,652.				
Reserves & Transfers				
12 Agricultural Development & Farmland Preservation Trust Fund (ADFPTF) (1990)	(\$500,000)	NR		
Budgets \$500,000 in TVA Settlement receipts to replace existing funding to the ADFPTF in FY 2015-16. Total annual funding provided to the ADFPTF is \$2,608,376.				
13 Military Buffers (1990)	\$1,000,000	R	\$1,000,000	R
Provides additional recurring funds to the ADFPTF specifically for the purpose of acquiring buffers around military bases. Total annual funding provided to the ADFPTF is \$2,608,376.				
14 FFA Foundation (1990)	\$60,000	R	\$60,000	R
Provides an additional \$60,000 in recurring funding to support the FFA program. Total annual funds supporting the program is \$100,000.				
Soil & Water Conservation				
15 Conservation Reserve Enhancement Program (CREP) (1611)	(\$140,000)	NR	(\$140,000)	NR
Reduces funding for the CREP program on a nonrecurring basis for both years of the biennium. The Department may use existing cash balance available in the CREP special fund (27304-2711) to fund program requirements.				

16 Operating Funds (1611)

Budgets receipts transferred from the Swine Waste special fund (23704-2730).

(\$275,399) NR

17 Agriculture Cost Share (ACS) Program (1611)

Budgets \$1 million in TVA Settlement receipts to replace existing funding to the ACS program in FY 2015-16. Total funding provided to the program in FY 2015-16 is approximately \$6.6 million.

(\$1,000,000) NR

Standards**18 Gasoline and Oil Inspections (1160)**

Eliminates the recurring inspection tax transfer of \$5,223,690 and budgets a nonrecurring transfer of \$5,223,690 of motor fuel tax proceeds in FY 2015-16. The program is also subject to a Continuation Review.

Structural Pest Control & Pesticides**19 Pesticide Fee Receipts (1090)**

Budgets an additional \$150,000 in receipts from pesticide registration and licensing fees to more closely align to actual collections.

(\$150,000) R (\$150,000) R

Veterinary Services**20 Spay and Neuter Account (1130)**

Replaces the \$250,000 transfer from the Food & Drug Division with a direct \$250,000 in recurring funding to support the Spay and Neuter program. Total annual program funding is approximately \$460,000.

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

21 Cervid Farming (1130)

Provides funding to support 2.0 additional positions for the Captive Cervid program transferred to the Department in S513.

\$149,000 R \$149,000 R
2.00 2.00**Total Legislative Changes**

\$824,657	R	\$824,657	R
(\$2,425,399)	NR	(\$140,000)	NR

Total Position Changes

6.00 6.00

Revised Budget

\$112,339,862		\$114,625,261	
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DACS - Soil & Water Conservation

Budget Code: 23704

	FY 2015-16	FY 2016-17
Beginning Unreserved Fund Balance	\$15,073,553	\$14,369,777
Recommended Budget		
Requirements	\$9,605,835	\$9,605,835
Receipts	\$9,177,458	\$9,177,458
Positions	1.00	1.00

Legislative Changes

Requirements:

Swine Waste (2730)	\$0 R	\$0 R
Transfers \$275,399 from the Swine Waste special fund cash balance to support the operating budget for the Soil & Water Conservation Division in FY 2015-16.	\$275,399 NR	\$0 NR
	0.00	0.00
Subtotal Legislative Changes	\$0 R	\$0 R
	\$275,399 NR	\$0 NR
	0.00	0.00

Receipts:

Swine Waste (2730)	\$0 R	\$0 R
No budget action necessary.	\$0 NR	\$0 NR
Subtotal Legislative Changes	\$0 R	\$0 R
	\$0 NR	\$0 NR

Senate Appropriations Committee on Natural and Economic Resources

FY 2015-16

FY 2016-17

Revised Total Requirements	\$9,881,234	\$9,605,835
Revised Total Receipts	\$9,177,458	\$9,177,458
Change in Fund Balance	(\$703,776)	(\$428,377)
Total Positions	1.00	1.00

Unappropriated Balance Remaining	\$14,369,777	\$13,941,400
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Labor

GENERAL FUND

	FY 15-16		FY 16-17	
Recommended Base Budget	\$15,945,674		\$15,945,674	
Legislative Changes				
Department-wide				
22 Workers' Compensation Adjustment Reserve	\$29,114	R	\$29,114	R
Provides funding to adjust workers' compensation line items to the average FY 2012-13 and FY 2013-14 actual expenditures estimated to be from net General Fund appropriations. Agencies are directed to further adjust these line items using receipts to reflect the average FY 2012-13 and FY 2013-14 actual expenditures from all fund sources.				
Administration				
23 Fund Shift Positions (1120)	(\$130,150)	R	(\$130,150)	R
Fund shifts 2.0 positions to receipt-support from boiler inspection fees.				
	-2.00		-2.00	
60012882 - Admin Officer (1.0) 60013046 - Health Benefits Officer (1.0)				
Occupational Safety & Health				
24 Operating Reduction (1352)	(\$25,229)	R	(\$25,229)	R
Reduces the operating budget for the OSH program by 4.6%, leaving \$527,065 in General fund support available for operating expenses.				
Standards & Inspections				
25 Mine & Quarry Inspections (1330)	(\$346,492)	R	(\$346,492)	R
Eliminates funding for the Mine & Quarry Inspection Division.				
	-4.60		-4.60	
60012971 - Mine Safety & Health Consultant (1.0) 60012969 - Mine Safety & Health Consultant (1.0) 60012968 - Mine Safety & Health Consultant (1.0) 60012966 - Mine Safety & Health Consultant (1.0) 60012964 - Mine Safety & Health Consultant (0.6)				
Total Legislative Changes	(\$472,757)	R	(\$472,757)	R
Total Position Changes	-6.60		-6.60	
Revised Budget	\$15,472,917		\$15,472,917	

Environment & Natural Resources

	GENERAL FUND	
	FY 15-16	FY 16-17
Recommended Base Budget	\$162,279,549	\$162,279,549

Legislative Changes

Department-wide

26 Workers' Compensation Adjustment Reserve \$173,960 R \$173,960 R

Provides funding to adjust workers' compensation line items to the average FY 2012-13 and FY 2013-14 actual expenditures estimated to be from net General Fund appropriations. Agencies are directed to further adjust these line items using receipts to reflect the average FY 2012-13 and FY 2013-14 actual expenditures from all fund sources.

27 Operating Reduction (\$1,000,000) R (\$1,000,000) R

Reduces the following line items throughout the Department:

Other Information Tech Svcs	\$400,000
Engineering Services	\$60,000
Misc Contractual Services	\$150,000
Rent/Lease - Buildings/Office	\$55,000
Rent/Lease - Motor Vehicles	\$100,000
Transportation-Ground In-State	\$50,000
Lodging - In State	\$25,000
Meals - In State	\$25,000
Postage, Freight & Delivery	\$35,000
General Office Supplies	\$100,000

Administrative Services

28 Administrative Operating Reduction (1140) (\$159,025) R (\$159,025) R

Reduces the Department's administrative services operating budget by 7.4%, leaving approximately \$2 million in receipts to support the administrative operating budget in each year of the biennium.

29 Administrative Positions (1140)

(\$2,528,742) R

(\$2,528,742) R

Eliminates 24.39 vacant administrative positions and 6 filled administrative positions due to the transfer of the Zoo, Aquariums, Museum of Natural Sciences, and the Parks System. These positions will be reestablished in the newly renamed Department of Natural and Cultural Resources.

-30.39

-30.39

Filled Positions:

- 60036186 - Chief Deputy II (1.0)
- 60035027 - Attorney II (1.0)
- 60036019 - Accounting Technician (1.0)
- 65010186 - Engineer (1.0)
- 60036012 - Accountant (1.0)
- 60035979 - Artist Illustrator (1.0)

Vacant Positions:

- 60032766 - Accountant (1.0)
- 60034828 - Agency Legal Specialist II (1.0)
- 60035991 - EEO Administrator (1.0)
- 60036006 - Accounting Technician (1.0)
- 60036029 - Budget Manager (1.0)
- 60036031 - Budget Analyst (1.0)
- 60036034 - Budget Analyst (1.0)
- 60036039 - Purchaser (1.0)
- 60035958 - Environmental Program Supervisor II (1.0)
- 60035952 - Policy Development Analyst (1.0)
- 60035829 - Staff Development Coordinator (1.0)
- 60035950 - GS 5th Floor Receptionist (1.0)
- 60035984 - Personnel Analyst (1.0)
- 60036041 - Purchaser (1.0)
- 60036023 - Auditor (1.0)
- 60034575 - Technology Support Analyst(1.0)
- 60035501 - Technology Support Analyst(1.0)
- 60035318 - IT Security Specialist (1.0)
- 60036060 - Business and Technology Applic Specl (1.0)
- 60036063 - Business and Technology Applic Specl (1.0)
- 60035986 - W/A Recruitment Analyst(1.0)
- 60035955 - DENR Administrative Operations Director (1.0)
- 60035996 - Personnel Assistant IV (1.0)
- 60035953 - Ombudsman (0.54)
- 60032527 - Info Communication Specialist (0.45)
- 60035496 - Office Assistant (0.40)

Senate Appropriations Committee on Natural and Economic Resources

	FY 15-16		FY 16-17	
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30 Administrative Efficiencies (1140)

Eliminates 8 positions due to administrative efficiencies resulting from the transfer of the Zoo, Aquariums, Museum of Natural Sciences and the Parks System.

(\$506,509)	R	(\$506,509)	R
-8.00		-8.00	

- 60036004 - Accounting Tech
- 60036014 - Accounting Tech
- 60036017 - Accounting Tech
- 60035942 - Special Asst to the Director
- 60035949 - HR Representative
- 60035998 - Deputy HR Director
- 60036013 - Accounting Tech
- 60036042 - Purchaser

Aquariums

31 Aquariums Admission Receipts (1355)

Budgets additional admission receipts transferred from the North Carolina Aquariums Fund (24300-2865) to support the operations of the State's 3 aquariums. After this change, the aquariums' total budget of \$9.65 million will be supported by \$2.97 million in admission fee receipts and \$6.68 in net General Fund appropriations.

(\$356,224)	R	(\$356,224)	R
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32 Aquariums Base Budget (1355)

Eliminates the base budget for the aquariums from the Department of Environment and Natural Resources (DENR) due to the transfer of this function to the newly renamed Department of Natural and Cultural Resources (DNCR), effective August 1, 2015. A nonrecurring appropriation is provided to DENR, which is the equivalent of 1 month operating support for the aquariums. Any funds remaining in DENR after all outstanding liabilities for the aquariums have been fulfilled will be transferred to DNCR.

(\$7,390,067)	R	(\$7,390,067)	R
\$615,839	NR		
-118.50		-118.50	

Coastal Management

33 Lease Support (1625)

Replaces State funds for lease expenses with federal funds available within the Division due to a reduction in force in FY 2013-14.

(\$30,523)	R	(\$30,523)	R
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Energy, Mineral and Land Resources

34 Federal Grant Receipts (1749)

Budgets additional federal grant funds to support one-third of the Energy Section Chief's salary and benefits (65020508).

(\$37,483)	R	(\$37,483)	R
-0.33		-0.33	

35 University Energy Centers (1749)

Increases funding for the State Energy Office grants to university energy centers by 5%, bringing total annual grant funding to \$1,111,242. Funding is allocated to support the energy center at North Carolina Agricultural and Technical State University (NC A&T, \$794,148) and a new center at the University of North Carolina at Charlotte (UNC-C, \$317,094). Funding for North Carolina State University and Appalachian State University is eliminated.

\$54,309	R	\$54,309	R
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36 University Energy Centers (1749)

Budgets remaining Petroleum Violation Escrow (PVE) settlement funds transferred from budget code 64327 to partially offset support of the university energy centers at NC A&T and UNC-C on a nonrecurring basis.

(\$654,038) NR

37 Position Reduction (1730)

Eliminates a filled Rules Review Coordinator position (65019618), which was created to coordinate the development of shale gas rules that went into effect March 16, 2015.

(\$68,036) R

(\$68,036) R

-1.00

-1.00

38 Cash Balances (1740 & 1735)

Budgets the following special fund cash balances transferred to the Division's General Fund budget on a one-time basis. A related provision in the Appropriations Act also closes these special funds and directs the Division to budget fee receipts in the General Fund.

(\$345,000) NR

Mining Fees \$165,000

Mining Interest \$85,000

Storm Water Permits \$95,000

39 Dam Safety Program (1740)

Provides funds to hire contract or temporary positions to manage and conduct the initial review and subsequent annual reviews of Emergency Action Plans (EAP) and associated dam safety inspections and technical assistance for the 1,559 intermediate and high hazard dams as required by Part 5 of S.L. 2014-122.

\$250,000 NR

\$250,000 NR

40 Shale Gas (1749)

Provides nonrecurring funding to contract for a comprehensive analysis of onshore natural gas resources. Contract may include the digitization, analysis, or reanalysis of geological data related to natural gas exploration including utilization of existing seismic reflection data.

\$500,000 NR

Environmental Assistance and Customer Service**41 Operating Reduction (1130 & 1615)**

Reduces the rent line item in the Department's regional offices, leaving over \$2.4 million for this expense. Also reduces various line items in the Office of Environmental Assistance and Customer Service by 4%, leaving \$446,505 in operating support.

(\$35,077) R

(\$35,077) R

Land and Water Stewardship**42 Salary Reserve (1115)**

Reduces salary reserve in the Office of Land and Water Stewardship, leaving approximately \$1.76 million in the personnel line items.

(\$99,821) R

(\$99,821) R

43 Clean Water Management Trust Fund (1115)

Separates funding for the Natural Heritage Program from the Clean Water Management Trust Fund budget.

(\$764,726) R

(\$764,726) R

-9.10

-9.10

44 Natural Heritage Program (1115)

Provides funding for the Natural Heritage Program. Total funding for the program is reduced by 9.8%

\$689,726 R

\$689,726 R

9.10

9.10

Senate Appropriations Committee on Natural and Economic Resources

	FY 15-16		FY 16-17	
45 Operating Funds (1115)	(\$1,127,452)	R	(\$1,127,452)	R
Separates funding for administrative expenses from Clean Water Management Trust Fund's annual appropriation.	-9.60		-9.60	
46 Clean Water Management Trust Fund Operating (1115)	\$1,127,452	R	\$1,127,452	R
Provides recurring funds to support the Clean Water Management Trust Fund's administrative expenses rather than funding administration from grant funds.	9.60		9.60	
47 Grant Program Expansion (1115)	\$2,023,210	R	\$10,362,793	R
Provides additional grant funds for the Clean Water Management Trust Fund bringing total General Fund support for grants to approximately \$36.3 million over the biennium. Total funding from all sources, including special license plate revenue, is \$44.7 million over the biennium.			\$500,000	NR
48 Military Buffers (1115)	\$1,000,000	R	\$1,000,000	R
Provides additional funding to the Clean Water Management Trust Fund (CWMTF) to be allocated specifically for the purpose of acquiring buffers around military bases. This action brings total General Fund support for all CWMTF grants to \$38.3 million and funding from all sources to \$46.7 million over the biennium.				
Marine Fisheries				
49 Shellfish Rehabilitation (1320)	\$50,000	R	\$600,000	R
Provides additional funds for cultch planting due to an increase in the price of oyster shells. Total General Fund support doubles in FY 2015-16 from \$300,000 to \$600,000 and increases again in FY 2016-17 to \$900,000.	\$250,000	NR		
50 Oyster Sanctuaries (1320)			\$200,000	R
Provides funding to support a network of oyster sanctuaries in FY 2016-17. Total General Fund support for this purpose is \$483,969.				
51 Oyster Research and Development (1320)	\$450,000	R	\$500,000	R
Provides funds to contract with UNC-W to develop oyster brood stock to provide seed for aquaculture.				
Museum of Natural Sciences				
52 Museum of Natural Sciences at Whiteville (1360)	(\$300,232)	R	(\$300,232)	R
Eliminates funding for the Museum of Natural Sciences at Whiteville.	-3.00		-3.00	
53 Grassroots Science Museums (1360)			\$2,000,000	R
Establishes a competitive grant program for North Carolina science centers/museums and children's museums with science and STEM (science, technology, engineering and mathematics) exhibits and programming.				

54 Museum Base Budget (1360)

Eliminates the base budget for the Museum from the Department of Environment and Natural Resources (DENR) due to the transfer of this function to the newly renamed Department of Natural and Cultural Resources (DNCR), effective August 1, 2015. The transfer includes 3.12 receipt-supported positions. A nonrecurring appropriation is provided to DENR, which is the equivalent of 1 month operating support for the Museum. Any funds remaining in DENR after all outstanding liabilities for the Museum have been fulfilled will be transferred to DNCR.

(\$12,143,205)	R	(\$12,143,205)	R
\$1,011,934	NR		
-148.88		-148.88	

Parks and Recreation**55 Centennial Funding (1280)**

Provides nonrecurring funds for the promotion of the 100th Anniversary of the North Carolina State Park System, including marketing funds, special exhibits and improved signage.

\$300,000	NR	\$200,000	NR
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56 Parks and Recreation Trust Fund (PARTF) (1280)

Provides additional funding for PARTF bringing total grant funding from all sources to approximately \$31.9 million over the biennium.

\$590,924	R	\$4,577,007	R
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57 Park Restoration (1280)

Provides nonrecurring funds to restore Brock's Mill House and Pond.

\$50,000	NR		
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58 Parks Base Budget (1280)

Eliminates the base budget for the Parks System from the Department of Environment and Natural Resources (DENR) due to the transfer of this function to the newly renamed Department Natural and Cultural Resources (DNCR), effective August 1, 2015. The transfer includes 17 receipt-supported positions. A nonrecurring appropriation is provided to DENR, which is the equivalent of 1 month operating support for the Park System. Any funds remaining in DENR after all outstanding liabilities for the Parks System have been fulfilled will be transferred to DNCR.

(\$42,807,443)	R	(\$42,807,443)	
\$3,567,287	NR		
-463.50		-463.50	

Waste Management**59 Position Reduction (1760)**

Eliminates a filled Environmental Specialist position (60034599) in the Solid Waste Section. Also reduces the legal services line item by \$144,042 leaving \$458,612 for these services and the communications and data processing line item by \$70,385 leaving \$292,613 for this purpose.

(\$282,259)	R	(\$282,259)	R
-1.00		-1.00	

60 Cash Balance (1671)

Budgets the cash balance in the UST Soil Permitting special fund (24300-2391) in the Division's General Fund on a one-time basis. A provision in the Appropriations Act directs the Division to budget fee receipts directly in the General Fund.

(\$42,155)	NR		
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61 Noncommercial Leaking Underground Storage Tank Fund (1990)

Provides nonrecurring funds to eliminate the backlog of claims against the Noncommercial Leaking Petroleum Underground Storage Tank Fund and for releases reported prior to August 1, 2015.

\$2,275,040 NR

62 Noncommercial Leaking Underground Storage Tank Fund (1990)

Eliminates funding for the Noncommercial Leaking Petroleum Underground Storage Tank Fund for releases reported after August 1, 2015.

(\$3,417,105) R (\$3,417,105) R

63 Noncommercial Leaking Underground Storage Tank Program (1671)

Eliminates the transfer of \$1,641,785 from the Noncommercial Leaking Underground Storage Tank Cleanup Fund to the Division's General Fund to support the underground storage tank program starting in FY 2016-17.

Water Infrastructure**64 Operating Reduction (1460)**

Reduces funds for cellular phone service by 29%, leaving \$3,908 in the Division for this service.

(\$1,592) R (\$1,592) R

65 Drinking Water State Revolving Funds (DWSRF) (1460)

Reduces funding for the State match for the DWSRF to more closely align with actual requirements; \$4.5 million in State funds remain to fully match the federal capitalization grant.

(\$478,825) R (\$478,825) R

66 State Match for CWSRF (1460)

Provides additional funds for the State match for the CWSRF to more closely align with actual needs of the program. Total State funding is \$5.1 million.

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

67 Clean Water State Revolving Fund (CWSRF) (1460)

Provides nonrecurring funds to enable the division to draw down federal capitalization funds available in FFY 2014-15. Also puts the CWSRF on schedule to draw down federal funds in FFY 2015-16 when they become available at the beginning of the year rather than at the end of the fiscal year.

\$5,100,000 NR

Water Resources**68 Dredging Funds (1990)**

Provides additional funds for the Shallow Draft Navigation Channel Dredging and Lake Maintenance Fund. Total funding available in FY 2015-16 is estimated to be \$20 million.

\$12,183,423 NR

69 Deep Draft Dredging (1990)

Provides \$1 million in nonrecurring funds for deep draft dredging needs. Funds will be transferred for this purpose to a newly established special fund, Deep Draft Dredging Fund.

\$1,000,000 NR

70 404 Permitting Program (1990)

Provides funds to contract for a consultant to complete and submit an application to the federal government for the State to assume responsibility of the 404 permitting process.

\$250,000 NR

Zoo**71 Zoo Receipts (1305)**

Budgets additional receipts to support the operations of the NC Zoo.

(\$100,000) R (\$100,000) R

72 Zoo Base Budget (1305)

Eliminates the base budget for the Zoo from the Department of Environment and Natural Resources (DENR) due to the transfer of this function to the newly renamed Department of Natural and Cultural Resources (DNCR), effective August 1, 2015. The transfer includes 49.9 receipt-supported positions. A nonrecurring appropriation is provided to DENR, which is the equivalent of 1 month operating support for the Zoo. Any funds remaining in DENR after all outstanding liabilities for the Zoo have been fulfilled will be transferred to DNCR.

(\$10,733,824) R (\$10,733,824) R
 \$894,485 NR
 -213.35 -213.35

Total Legislative Changes

(\$78,108,589) R (\$62,982,923) R
 \$27,206,815 NR \$950,000 NR

Total Position Changes

-987.95 -987.95

Revised Budget

\$111,377,775 \$100,246,626

DENR - Special

Budget Code: 24300

	FY 2015-16	FY 2016-17
Beginning Unreserved Fund Balance	\$22,269,945	\$12,214,257
Recommended Budget		
Requirements	\$91,999,421	\$91,999,421
Receipts	\$82,443,138	\$82,443,138
Positions	273.12	273.12

Legislative Changes**Requirements:**

Shallow Draft Dredging Fund (2182)	\$0	R	\$0	R
Reduces the motor fuel tax transfer by \$157,517 in FY 2015-16 and \$152,333 in FY 2016-17 based on distributional changes between the Highway Fund and Highway Trust Fund. Program is also subject to a Continuation Review so the recurring motor fuels tax transfer is eliminated and replaced with a nonrecurring transfer of motor fuel tax proceeds in FY 2015-16. Base budget contains no transfer. No budget action necessary.	\$0	NR	\$0	NR
	0.00		0.00	
Coastal Waterways User Fee (2182)	\$1,700,000	R	\$1,700,000	R
Budgets additional fees generated from the Coastal Waterways User Fee for shallow draft dredging needs.	\$0	NR	\$0	NR
	0.00		0.00	
Soil Remediation Fees (2391)	\$0	R	\$0	R
Transfers the cash balance in the Soil Remediation Fees special fund to the Division of Waste Management's General Fund budget. A provision in the Appropriations Act eliminates the special fund and directs the Department to budget the requirements and receipts in the General Fund.	\$42,155	NR	\$0	NR
	0.00		0.00	
Mining Interest Cash Balance (2610)	\$0	R	\$0	R
Transfers the cash balance in the Mining Interest special fund to the Division of Energy, Mineral and Land Resource's General Fund budget.	\$85,000	NR	\$0	NR
	0.00		0.00	

Senate Appropriations Committee on Natural and Economic Resources

	FY 2015-16		FY 2016-17	
Mining Interest (2610)	(\$38,431)	R	(\$38,431)	R
Eliminates the budget for the Mining Interest special fund. A provision in the Appropriations Act eliminates this special fund and directs the Department to budget the requirements and receipts in the General Fund.	\$0	NR	\$0	NR
	-0.53		-0.53	
Mining Fees Cash Balance (2745)	\$0	R	\$0	R
Transfers the cash balance in the Mining Fees special fund to the Division of Energy, Mineral and Land Resource's General Fund.	\$165,000	NR	\$0	NR
	0.00		0.00	
Mining Fees (2745)	(\$188,480)	R	(\$188,480)	R
Eliminates the budget for the Mining Fees special fund. A provision in the Appropriations Act eliminates this special fund and directs the Department to budget the requirements and receipts in the General Fund.	\$0	NR	\$0	NR
	0.00		0.00	
Stormwater Cash Balance (2750)	\$0	R	\$0	R
Transfers the cash balance in the Stormwater special fund to the Division of Energy, Mineral and Land Resource's General Fund.	\$95,000	NR	\$0	NR
	0.00		0.00	
Stormwater (2750)	(\$822,113)	R	(\$822,113)	R
Eliminates the budget for the Stormwater special fund. A provision in the Appropriations Act eliminates this special fund and directs the Department to budget the requirements and receipts in the General Fund.	\$0	NR	\$0	NR
	0.00		0.00	
Inspection and Maintenance (I&M) Fees (2338)	(\$3,588,862)	R	(\$3,588,862)	R
Eliminates the recurring I&M fee transfer and budgets a nonrecurring transfer of I&M fee proceeds in FY 2015-16. Program is also subject to a Continuation Review.	\$3,588,862	NR	\$0	NR
	0.00		0.00	
Mercury Pollution Prevention Account (2119)	(\$681,887)	R	(\$681,887)	R
Eliminates the recurring title fee transfer and budgets a nonrecurring transfer of title fee proceeds in FY 2015-16. Program is also subject to a Continuation Review.	\$681,887	NR	\$0	NR
	0.00		0.00	
Subtotal Legislative Changes	(\$3,619,773)	R	(\$3,619,773)	R
	\$4,657,904	NR	\$0	NR
	-0.53		-0.53	

Receipts:

Senate Appropriations Committee on Natural and Economic Resources

	FY 2015-16		FY 2016-17	
Shallow Draft Dredging Fund (2182)	\$0	R	\$0	R
Reduces the motor fuel tax transfer by \$157,517 in FY 2015-16 and \$152,333 in FY 2016-17 based on distributional changes between the Highway Fund and Highway Trust Fund. Program is also subject to a Continuation Review so the recurring motor fuels tax transfer is eliminated and replaced with a nonrecurring transfer of motor fuel tax proceeds in FY 2015-16. Base budget contains no transfer. No budget action necessary.	\$0	NR	\$0	NR
Coastal Waterways User Fee (2182)	\$1,700,000	R	\$1,700,000	R
Budgets additional fees generated from the Coastal Waterways User Fee transferred from the Wildlife Resources Commission.	\$0	NR	\$0	NR
Soil Remediation Fees (2391)	\$0	R	\$0	R
Base budget contains no receipts. No budget action necessary.	\$0	NR	\$0	NR
Mining Interest Cash Balance (2610)	\$0	R	\$0	R
No budget action necessary.	\$0	NR	\$0	NR
Mining Interest (2610)	(\$38,431)	R	(\$38,431)	R
Removes the budget for mining interest receipts in the special fund. Receipts will be budgeted in the General Fund.	\$0	NR	\$0	NR
Mining Fees Cash Balance (2745)	\$0	R	\$0	R
No budget action necessary.	\$0	NR	\$0	NR
Mining Fees (2745)	(\$300,730)	R	(\$300,730)	R
Removes the budget for mining fees receipts in the special fund. Receipts will be budgeted in the General Fund.	\$0	NR	\$0	NR
Stormwater (2750)	(\$822,113)	R	(\$822,113)	R
Removes the budget for stormwater fee receipts in the special fund. Receipts will be budgeted in the General Fund.	\$0	NR	\$0	NR
Inspection and Maintenance (I&M) Fees (2338)	(\$3,082,888)	R	(\$3,082,888)	R
Eliminates the recurring motor fuels tax transfer and budgets a nonrecurring transfer of motor fuel tax proceeds in FY 2015-16. Program is also subject to a Continuation Review.	\$3,082,888	NR	\$0	NR

Senate Appropriations Committee on Natural and Economic Resources

	FY 2015-16		FY 2016-17	
Mercury Pollution Prevention Account (2119)	(\$681,887)	R	(\$681,887)	R
Eliminates the recurring title fee transfer and budgets a nonrecurring transfer of title fee proceeds in FY 2015-16. Program is also subject to a Continuation Review.	\$681,887	NR	\$0	NR
Subtotal Legislative Changes	(\$3,226,049)	R	(\$3,226,049)	R
	\$3,764,775	NR	\$0	NR
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Revised Total Requirements	\$93,037,552		\$88,379,648	
Revised Total Receipts	\$82,981,864		\$79,217,089	
Change in Fund Balance	(\$10,055,688)		(\$9,162,559)	
Total Positions	272.59		272.59	
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Unappropriated Balance Remaining	\$12,214,257		\$3,051,698	

Reserve for Air Quality - Fuel Tax

Budget Code: 24301

	FY 2015-16	FY 2016-17
Beginning Unreserved Fund Balance	\$0	\$0
Recommended Budget		
Requirements	\$0	\$0
Receipts	\$0	\$0
Positions	0.00	0.00
Legislative Changes		
Requirements:		
Water and Air Quality Account (Fuel Tax) (2334)	(\$7,299,805) R	(\$7,299,805) R
Eliminates the recurring motor fuels tax transfer and budgets a nonrecurring transfer of motor fuel tax proceeds in FY 2015-16. Program is also subject to a Continuation Review.	\$7,299,805 NR	\$0 NR
	0.00	0.00
Subtotal Legislative Changes	(\$7,299,805) R	(\$7,299,805) R
	\$7,299,805 NR	\$0 NR
	0.00	0.00
Receipts:		
Water and Air Quality Account (Fuel Tax) (2334)	(\$7,299,805) R	(\$7,299,805) R
Eliminates the recurring motor fuels tax transfer and budgets a nonrecurring transfer of motor fuel tax proceeds in FY 2015-16. Program is also subject to a Continuation Review.	\$7,299,805 NR	\$0 NR
Subtotal Legislative Changes	(\$7,299,805) R	(\$7,299,805) R
	\$7,299,805 NR	\$0 NR

Senate Appropriations Committee on Natural and Economic Resources

FY 2015-16

FY 2016-17

	FY 2015-16	FY 2016-17
Revised Total Requirements	\$0	(\$7,299,805)
Revised Total Receipts	\$0	(\$7,299,805)
Change in Fund Balance	\$0	\$0
Total Positions	0.00	0.00
Unappropriated Balance Remaining	\$0	\$0

DENR - Commercial LUST Cleanup

Budget Code: 64305

	FY 2015-16	FY 2016-17
Beginning Unreserved Fund Balance	\$83,787,906	\$52,984,756
Recommended Budget		
Requirements	\$63,762,710	\$63,762,710
Receipts	\$32,959,560	\$32,959,560
Positions	11.20	11.20

Legislative Changes**Requirements:**

Noncommercial Fund (6371)	(\$5,608,732) R	(\$5,608,732) R
Budgets a nonrecurring transfer of \$2,275,040 from the General Fund to eliminate the claims backlog.	\$4,466,667 NR	\$0 NR
Eliminates the recurring motor fuels tax transfer of \$2,191,627 and budgets a nonrecurring transfer of motor fuel tax proceeds in a like amount in FY 2015-16. Also, eliminates the recurring \$3,417,105 transfer from the General Fund on a permanent basis. Lastly, eliminates the transfer of \$1,641,785 from the Noncommercial Fund to the General Fund to support the underground storage tank program starting in FY 2016-17.	0.00	0.00
Commercial Fund Tax Transfer (6370)	(\$12,722,432) R	(\$12,722,432) R
Eliminates the recurring motor fuels tax transfer and budgets a nonrecurring transfer of motor fuel tax proceeds in FY 2015-16. Program is also subject to a Continuation Review.	\$12,722,432 NR	\$0 NR
	0.00	0.00
Subtotal Legislative Changes	(\$18,331,164) R	(\$18,331,164) R
	\$17,189,099 NR	\$0 NR
	0.00	0.00

Receipts:

Senate Appropriations Committee on Natural and Economic Resources

	FY 2015-16		FY 2016-17	
Noncommercial Fund (6371)	(\$5,608,732)	R	(\$5,608,732)	R
Budgets a nonrecurring transfer of \$2,275,040 from the General Fund to eliminate the claims backlog. Eliminates the recurring motor fuels tax transfer of \$2,191,627 and budgets a nonrecurring transfer of motor fuel tax proceeds in a like amount in FY 2015-16. Also, eliminates the recurring \$3,417,105 transfer from the General Fund on a permanent basis. Lastly, eliminates the transfer of \$1,641,785 from the Noncommercial Fund to the General Fund to support the underground storage tank program starting in FY 2016-17.	\$4,466,667	NR	\$0	NR
Commercial Fund (6370)	(\$12,722,432)	R	(\$12,722,432)	R
Eliminates the recurring motor fuels tax transfer and budgets a nonrecurring transfer of motor fuel tax proceeds in FY 2015-16. Program is also subject to a Continuation Review.	\$12,722,432	NR	\$0	NR
Subtotal Legislative Changes	(\$18,331,164)	R	(\$18,331,164)	R
	\$17,189,099	NR	\$0	NR
<hr/>				
Revised Total Requirements	\$62,620,645		\$45,431,546	
Revised Total Receipts	\$31,817,495		\$14,628,396	
Change in Fund Balance	(\$30,803,150)		(\$30,803,150)	
Total Positions	11.20		11.20	
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Unappropriated Balance Remaining	\$52,984,756		\$22,181,606	

DENR - Energy Stripper Well

Budget Code: 64327

	FY 2015-16	FY 2016-17
Beginning Unreserved Fund Balance	\$882,675	\$228,637
Recommended Budget		
Requirements	\$0	\$0
Receipts	\$0	\$0
Positions	0.00	0.00

Legislative Changes

Requirements:

Petroleum Violation Escrow Cash Balance (64347)	\$0	\$0
Transfers the cash balance in the Petroleum Violation Escrow trust fund to the Division of Energy, Mineral and Land Resources to offset the General Fund support of the university energy centers.	NR	NR
	0.00	0.00
Subtotal Legislative Changes	\$0	\$0
	NR	NR
	0.00	0.00

Receipts:

Petroleum Violation Escrow Cash Balance (64347)	\$0	\$0
Base budget contains no receipts. No budget action necessary.	NR	NR
	\$0	\$0
Subtotal Legislative Changes	\$0	\$0
	NR	NR
	\$0	\$0

Senate Appropriations Committee on Natural and Economic Resources

FY 2015-16

FY 2016-17

	FY 2015-16	FY 2016-17
Revised Total Requirements	\$654,038	\$0
Revised Total Receipts	\$0	\$0
Change in Fund Balance	(\$654,038)	\$0
Total Positions	0.00	0.00
Unappropriated Balance Remaining	\$228,637	\$228,637

Wildlife Resources Commission

GENERAL FUND

	FY 15-16		FY 16-17	
Recommended Base Budget	\$13,317,641		\$13,317,641	
Legislative Changes				
Department-wide				
73 Workers' Compensation Adjustment Reserve	\$111,493	R	\$111,493	R
Provides funding to adjust workers' compensation line items to the average FY 2012-13 and FY 2013-14 actual expenditures estimated to be from net General Fund appropriations. Agencies are directed to further adjust these line items using receipts to reflect the average FY 2012-13 and FY 2013-14 actual expenditures from all fund sources.				
74 Agency Reduction	(\$2,700,990)	R	(\$2,775,990)	R
Reduces funding to the Wildlife Resources Commission by approximately 21% due to an increase in budgeted receipts, leaving approximately \$70 million in the budget from all sources.				
Wildlife Resources Commission				
75 Operating Reduction (1135 & 1166)	(\$226,651)	R	(\$226,651)	R
Reduces printing and postage line items related to the production of the Wildlife magazine and budgets timber receipts to support a portion of the following Forester positions:				
60034105 - Forester (0.50)				
60034121 - Forester (0.50)				
60034156 - Forester (0.25)				
60033832 - Forester (0.25)				
60033837 - Forester (0.25)				
60033851 - Forester (0.25)				
60033867 - Forester (0.25)				
60033876 - Forester (0.25)				
60089496 - Forester (0.25)				
60033847 - Forester (0.25)				
60033848 - Forester (0.25)				
60033849 - Forester (0.25)				
60033574 - Forester (0.25)				
Total Legislative Changes	(\$2,816,148)	R	(\$2,891,148)	R
Total Position Changes	-3.75		-3.75	
Revised Budget	\$10,501,493		\$10,426,493	

Motor Boat Interest Bearing

Budget Code: 24352

	FY 2015-16	FY 2016-17
Beginning Unreserved Fund Balance	\$1,349,466	(\$3,287,903)
Recommended Budget		
Requirements	\$16,916,753	\$16,916,753
Receipts	\$16,916,753	\$16,916,753
Positions	0.00	0.00

Legislative Changes

Requirements:

Boating Safety Account (2371)	\$2,318,667	R	(\$2,166,334)	R
Reduces the motor fuel tax transfer by \$157,517 in FY 2015-16 and \$152,333 in FY 2016-17 based on distributional changes between the Highway Fund and Highway Trust Fund. Program is also subject to a Continuation Review so the recurring motor fuels tax transfer is eliminated and replaced with a nonrecurring transfer of motor fuel tax proceeds in FY 2015-16.	\$2,161,150	NR	\$0	NR
	0.00		0.00	
Coastal Waterways User Fee and Vessel Agent Surcharge (2371)	\$1,750,000	R	\$1,750,000	R
Budgets a recurring transfer of the fees generated from the Coastal Waterways User Fee to the Shallow Draft Navigation Channel Dredging and Lake Maintenance Fund after nonrecurring costs of implementation have been deducted. Ongoing administrative costs are budgeted from the vessel agent surcharge, which is estimated to generate \$50,000 annually.	\$250,000	NR	\$250,000	NR
	0.00		0.00	
Subtotal Legislative Changes	\$4,068,667	R	(\$416,334)	R
	\$2,411,150	NR	\$250,000	NR
	0.00		0.00	

Receipts:

Senate Appropriations Committee on Natural and Economic Resources

	FY 2015-16		FY 2016-17	
Boating Safety Account (2371)	(\$2,318,667)	R	(\$2,318,667)	R
Reduces the motor fuel tax transfer by \$157,517 in FY 2015-16 and \$152,333 in FY 2016-17 based on distributional changes between the Highway Fund and Highway Trust Fund. Program is also subject to a Continuation Review so the recurring motor fuels tax transfer is eliminated and replaced with a nonrecurring transfer of motor fuel tax proceeds in FY 2015-16.	\$2,161,115	NR	\$0	NR
Coastal Waterways User Fee and Vessel Agent Surcharge (2371)	\$2,000,000	R	\$2,000,000	R
Budgets a new receipt from the fees generated from the Coastal Waterways User Fee. A receipt from a new vessel agent surcharge is also budgeted.	\$0	NR	\$0	NR
Subtotal Legislative Changes	(\$318,667)	R	(\$318,667)	R
	\$2,161,115	NR	\$0	NR
<hr/>				
Revised Total Requirements	\$23,396,570		\$16,750,419	
Revised Total Receipts	\$18,759,201		\$16,598,086	
Change in Fund Balance	(\$4,637,369)		(\$152,333)	
Total Positions	0.00		0.00	
<hr/>				
Unappropriated Balance Remaining	(\$3,287,903)		(\$3,440,236)	

Commerce

GENERAL FUND

	FY 15-16		FY 16-17	
Recommended Base Budget	\$47,261,954		\$47,261,954	

Legislative Changes

Department-wide

76 Workers' Compensation Adjustment Reserve	\$37,965	R	\$37,965	R
Provides funding to adjust workers' compensation line items to the average FY 2012-13 and FY 2013-14 actual expenditures estimated to be from net General Fund appropriations. Agencies are directed to further adjust these line items using receipts to reflect the average FY 2012-13 and FY 2013-14 actual expenditures from all fund sources.				
77 Legal Services	(\$93,626)	R	(\$93,626)	R
Reduces legal services funding in the Department. Remaining funds available for this purpose total approximately \$450,000.				

Administration

78 Indirect Cost Receipts (1111)	(\$147,519)	R	(\$147,519)	
Budgets federal indirect cost receipts for portions of 8 positions, including:				
	-1.10		-1.10	
60077151 - Secretary of Commerce (0.15)				
60080847 - Chief of Staff (0.15)				
60077152 - General Counsel (0.15)				
60077155 - Director of Strategic & Economic Communications (0.15)				
60077189 - Director of Legislative Affairs (0.15)				
60077163 - Chief Financial Officer (0.15)				
60077164 - Budget Officer (0.10)				
60081258 - Deputy Communications Director (0.10)				
79 Communications Director (1111)	(\$92,609)	R	(\$92,609)	R
Eliminates a filled position (60077185); 2 General Funded supported communications position remain, including Director of Strategic & Economic Communications and Deputy Communications Director.	-1.00		-1.00	
80 Executive Assistant to the Secretary (1111)	(\$63,558)	R	(\$63,558)	R
Eliminates a filled position (60077177); 1 receipt-supported Executive Assistant to the Secretary position remains.	-1.00		-1.00	
81 Human Resources Operating Budget Reduction	(\$61,070)	R	(\$61,070)	R
Reduces the operating budget for Human Resources.				
82 Deputy General Counsel (1111)	(\$32,211)	R	(\$32,211)	R
Reduces funding for Deputy General Counsel (60080998) by 50%; receipts will support one-half of the position.	-0.50		-0.50	

Senate Appropriations Committee on Natural and Economic Resources

FY 15-16

FY 16-17

83 Business Recruitment/Expansion (1111)

\$25,000

R

\$25,000

R

Funds Secretary's business recruitment/expansion activities, accomplished in partnership with the Economic Development Partnership of North Carolina (EDPNC).

Commerce Finance Center**84 Job Maintenance and Capital Development Fund (JMAC) (1581)**

\$6,869,254

R

\$8,500,000

R

Provides funds for JMAC payments to Bridgestone, Domtar, Evergreen, and Goodyear.

85 Operating Costs (1581)

\$200,000

R

\$200,000

R

Provides funds for administration of the One North Carolina Fund and other economic development incentive programs. Commerce Finance Center operating budget totals approximately \$865,000, of which approximately \$221,000 is provided by receipts.

Economic Dev Partnership of NC (EDPNC)**86 EDPNC Contract (1114)**

Eliminates \$982,379 in special registration plate fee receipts that have historically been transferred from the Department of Transportation for use in out-of-state print and other media advertising for promotion of travel and industrial development per G.S. 20-79.7(c)(3)a.

87 EDPNC Contract (1114)

(\$525,060)

R

(\$525,060)

R

Reduces budget for EDPNC contract by 3%; remaining funds total \$16 million.

Graphics**88 Comprehensive Branding (1520)**

(\$1,500,000)

R

(\$1,500,000)

R

Eliminates recurring funding provided to the Department of Commerce to develop a comprehensive branding strategy to promote North Carolina.

89 Operating Funds (1520)

(\$142,834)

R

(\$142,834)

R

Eliminates excess funds remaining post EDPNC contract implementation; remaining funds total nearly \$138,000 to support partial positions.

90 Graphics Positions (1520)

(\$118,146)

R

(\$118,146)

R

Reduces funding for 2 Artist Illustrator II positions (60081262 & 60081263) by 75% and 1 temporary position by 100%. Positions will be supported by receipts.

-1.50

-1.50

Industrial Commission**91 Over-realized Receipts (1831)**

(\$375,000)

R

(\$375,000)

R

Reduces State funding due to a projected net increase in receipts.

92 Regional Offices (1831)

(\$276,387)

R

(\$425,182)

R

Reduces funding due to cost savings associated with relocation of duty stations from Raleigh into regional offices.

Commerce

Senate Appropriations Committee on Natural and Economic Resources

FY 15-16	FY 16-17
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93 Operating Reduction (1831)

Reduces the operating budget for the Industrial Commission; remaining General Fund support totals \$4.4 million. Certified Budget receipts total \$8.6 million.

(\$100,000)	R	(\$100,000)	R
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94 Information Technology Positions (1831)

Provides funding for 3 Information Technology positions that will support ongoing administration of the Consolidated Case Management System, including:

\$297,411	R	\$297,411	R
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3.00		3.00	
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Operations & Systems Specialist (1.0)
 Bus & Tech App Analyst (1.0)
 Technology Support Specialist (1.0)

95 Insurance Regulatory Surcharge Receipts (1831)

Directs the Commission to budget \$2.4 million for Insurance Regulatory Surcharge receipts.

Office of Science and Technology

96 One NC Small Business Fund (1113)

Provides nonrecurring funds to offer early-stage technology development grants for small businesses that receive federal awards from the Small Business Innovative Research program or Small Business Technology Transfer program. Total biennium funding is \$6 million.

\$3,000,000	NR	\$3,000,000	NR
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Rural Economic Development

97 Underserved & Limited Resource Communities Grants (ULRC) (1534)

Eliminates the ULRC program, a competitive grant program for underserved and low resource communities that was active for 1 year in FY 2014-15.

(\$1,250,000)	R	(\$1,250,000)	R
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98 Grant Program Expansion (1534)

Reduces recurring funding and provides nonrecurring expansion for Rural Economic Development Division grant programs. Total annual funding is \$17.5 million.

(\$390,000)	R	(\$390,000)	R
\$4,410,000	NR	\$4,410,000	NR

99 Main Street Solutions Fund (1620)

Provides nonrecurring funds to offer reimbursable matching grants to local governments to assist planning agencies and small businesses with efforts to revitalize downtown areas. Total FY 2015-16 funding is \$2 million.

\$2,000,000	NR		
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Travel Inquiry

100 Visitor Services Director (1551)

Budgets federal indirect cost receipts for one-half of a filled position (60080871).

(\$52,358)	R	(\$52,358)	R
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-0.50		-0.50	
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Workforce Solutions**101 Apprenticeship Program (1912)**

(\$850,315) R

(\$850,315) R

Eliminates General Fund support for the program; \$350,000 in federal Workforce Innovation and Opportunity Act funding remains available for the program.

102 Apprenticeship Program (1912)

Eliminates Apprenticeship fees (G.S. 94-12) and reduces budgeted receipts by \$300,000.

Total Legislative Changes**\$1,358,937** R**\$2,840,888** R**\$9,410,000** NR**\$7,410,000** NR**Total Position Changes**

-2.60

-2.60

Revised Budget**\$58,030,891****\$57,512,842**

Commerce Employment Security

Budget Code: 24650

	FY 2015-16	FY 2016-17
Beginning Unreserved Fund Balance	\$11,845,640	\$11,845,640
Recommended Budget		
Requirements	\$168,075,000	\$168,075,000
Receipts	\$168,075,000	\$168,075,000
Positions	1,282.40	1,282.40

Legislative Changes

Requirements:

USDOL Grant (2000)	\$0	R		\$0	R
Directs the Division of Employment Security to budget requirements and receipts for US Department of Labor Unemployment Compensation Modernization incentive payment. Funds shall be used to design and build an integrated unemployment benefit and tax accounting system; remaining funds shall be used for the operation of the unemployment insurance program.	\$205,063,552	NR		\$0	NR
	0.00			0.00	
Subtotal Legislative Changes	\$0	R		\$0	R
	\$205,063,552	NR		\$0	NR
	0.00			0.00	

Receipts:

USDOL Grant (2000)	\$0	R		\$0	R
Directs the Division of Employment Security to budget requirements and receipts for US Department of Labor Unemployment Compensation Modernization incentive payment. Funds shall be used to design and build an integrated unemployment benefit and tax accounting system; remaining funds shall be used for the operation of the unemployment insurance program.	\$205,063,552	NR		\$0	NR
Subtotal Legislative Changes	\$0	R		\$0	R
	\$205,063,552	NR		\$0	NR

Senate Appropriations Committee on Natural and Economic Resources

FY 2015-16

FY 2016-17

Revised Total Requirements	\$373,138,552	\$168,075,000
Revised Total Receipts	\$373,138,552	\$168,075,000
Change in Fund Balance	\$0	\$0
Total Positions	1,282.40	1,282.40

Unappropriated Balance Remaining	\$11,845,640	\$11,845,640
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Commerce – Enterprise

Budget Code: 54600

	FY 2015-16	FY 2016-17
Beginning Unreserved Fund Balance	\$3,639,764	\$3,981,703
Recommended Budget		
Requirements	\$33,541,658	\$33,541,658
Receipts	\$33,883,597	\$33,883,597
Positions	284.00	284.00

Legislative Changes**Requirements:**

Utilities Commission (5211)	(\$144,428) R	(\$144,428) R
Reduces the budgeted requirements and receipts for the Utilities Commission to more closely align to actuals.	\$0 NR 0.00	\$0 NR 0.00
Utilities - Public Staff (5221)	(\$478,193) R	(\$478,193) R
Reduces the budgeted requirements and receipts for the Public Staff to more closely align to actuals.	\$0 NR 0.00	\$0 NR 0.00
Subtotal Legislative Changes	(\$622,621) R	(\$622,621) R
	\$0 NR 0.00	\$0 NR 0.00

Receipts:

Utilities Commission (5211)	(\$144,428) R	(\$144,428) R
Reduces the budgeted requirements and receipts for the Utilities Commission to more closely align to actuals.	\$0 NR	\$0 NR
Utilities - Public Staff (5221)	(\$478,193) R	(\$478,193) R
Reduces the budgeted requirements and receipts for the Public Staff to more closely align to actuals.	\$0 NR	\$0 NR
Subtotal Legislative Changes	(\$622,621) R	(\$622,621) R
	\$0 NR	\$0 NR

Senate Appropriations Committee on Natural and Economic Resources

FY 2015-16

FY 2016-17

Revised Total Requirements	\$32,919,037	\$32,919,037
Revised Total Receipts	\$33,260,976	\$33,260,976
Change in Fund Balance	\$341,939	\$341,939
Total Positions	284.00	284.00

Unappropriated Balance Remaining	\$3,981,703	\$4,323,642
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Utilities Commission/Public Staff

Budget Code: 64605

	FY 2015-16	FY 2016-17
Beginning Unreserved Fund Balance	\$3,366,237	\$3,366,237
Recommended Budget		
Requirements	\$16,122,621	\$16,122,621
Receipts	\$16,122,621	\$16,122,621
Positions	0.00	0.00

Legislative Changes

Requirements:

Utilities Comm. - Public Staff - Enterprise (6431)	(\$622,621) R	(\$622,621) R
Reduces the budgeted requirements and receipts for the fund to more closely align to actuals.	\$0 NR	\$0 NR
	0.00	0.00
Subtotal Legislative Changes	(\$622,621) R	(\$622,621) R
	\$0 NR	\$0 NR
	0.00	0.00

Receipts:

Utilities Comm. - Public Staff - Enterprise (6431)	(\$622,621) R	(\$622,621) R
Reduces the budgeted requirements and receipts for the fund to more closely align to actuals.	\$0 NR	\$0 NR
Subtotal Legislative Changes	(\$622,621) R	(\$622,621) R
	\$0 NR	\$0 NR

Senate Appropriations Committee on Natural and Economic Resources

FY 2015-16

FY 2016-17

Revised Total Requirements	\$15,500,000	\$15,500,000
Revised Total Receipts	\$15,500,000	\$15,500,000
Change in Fund Balance	\$0	\$0
Total Positions	0.00	0.00

Unappropriated Balance Remaining	\$3,366,237	\$3,366,237
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Commerce - State Aid

	GENERAL FUND	
	FY 15-16	FY 16-17
Recommended Base Budget	\$11,704,240	\$11,704,240
Legislative Changes		
Biotechnology Center		
103 Biotechnology Center (1121)	(\$8,600,338)	(\$8,600,338)
Eliminates funding for the Biotechnology Center.	R	R
Grassroots Science Museums (1913)		
104 Grassroots Science Museums (1913)	(\$198,430)	(\$2,448,430)
Reduces funds for Grassroots Science Museums. Total funding in FY 2015-16 is \$2.25 million. In FY 2016-17, transfers funding to the Museum of Natural Sciences to establish a competitive grant program for North Carolina science centers/museums and children's museums.	R	R
High Point Market Authority		
105 High Point Market Authority (HPMA) (1913)	\$500,000	\$500,000
Provides additional funding for HPMA marketing; total funding is \$1.2 million.	R	R
Total Legislative Changes	(\$8,298,768)	(\$10,548,768)
Total Position Changes		
Revised Budget	\$3,405,472	\$1,155,472

Cultural Resources

	GENERAL FUND	
	FY 15-16	FY 16-17
Recommended Base Budget	\$64,231,047	\$64,231,047
Legislative Changes		
Department-wide		
106 Workers' Compensation Adjustment Reserve	\$284,701	\$284,701
Provides funding to adjust workers' compensation line items to the average FY 2012-13 and FY 2013-14 actual expenditures estimated to be from net General Fund appropriations. Agencies are directed to further adjust these line items using receipts to reflect the average FY 2012-13 and FY 2013-14 actual expenditures from all fund sources.	R	R
Historic Sites		
107 Tryon Palace	\$100,000	\$50,000
Provides additional operating funds for Tryon Palace. Total funding for Tryon Palace is \$2,992,302 in FY 2015-16 and \$2,942,302 in FY 2016-17.	NR	NR
Reserves		
108 Aquariums Base Budget	\$6,774,228	\$7,390,067
Creates an aquariums reserve to be used to establish the base budget for the aquariums transferred from the Department of Environment and Natural Resources (DENR) to the newly renamed Department of Natural and Cultural Resources (DNCR), effective August 1, 2015.	R	R
	118.50	118.50
109 Museum Base Budget	\$11,131,271	\$12,143,205
Creates a museum reserve to be used to establish the base budget for the museum transferred from the Department of Environment and Natural Resources (DENR) to the newly renamed Department of Natural and Cultural Resources (DNCR), effective August 1, 2015. The transfer includes 3.12 receipt-supported positions.	R	R
	148.88	148.88
110 Parks Base Budget	\$39,240,156	\$42,807,443
Creates a parks reserve to be used to establish the base budget for the parks system transferred from the Department of Environment and Natural Resources (DENR) to the newly renamed Department of Natural and Cultural Resources (DNCR), effective August 1, 2015. The transfer includes 17 receipt-supported positions.	R	R
	463.50	463.50
111 Zoo Base Budget	\$9,839,339	\$10,733,824
Creates a zoo reserve to be used to establish the base budget for the zoo transferred from the Department of Environment and Natural Resources (DENR) to the newly renamed Department of Natural and Cultural Resources (DNCR), effective August 1, 2015. The transfer includes 49.9 receipt-supported positions.	R	R
	213.35	213.35

112 Administrative Positions

\$2,528,742 R

\$2,528,742 R

Establishes 30.39 administrative positions due to the transfer of the Zoo, Aquariums, Museum of Natural Sciences and the Parks System. These positions will be eliminated in the Department of Environment and Natural Resources.

30.39

30.39

Filled Positions:

60036186 - Chief Deputy II (1.0)
 60035027 - Attorney II (1.0)
 60036019 - Accounting Technician (1.0)
 65010186 - Engineer (1.0)
 60036012 - Accountant (1.0)
 60035979 - Artist Illustrator (1.0)

Vacant Positions:

60032766 - Accountant (1.0)
 60034828 - Agency Legal Specialist II (1.0)
 60035991 - EEO Administrator (1.0)
 60036006 - Accounting Technician (1.0)
 60036029 - Budget Manager (1.0)
 60036031 - Budget Analyst (1.0)
 60036034 - Budget Analyst (1.0)
 60036039 - Purchaser (1.0)
 60035958 - Environmental Program Supervisor II (1.0)
 60035952 - Policy Development Analyst (1.0)
 60035829 - Staff Development Coordinator (1.0)
 60035950 - GS 5th Floor Receptionist (1.0)
 60035984 - Personnel Analyst (1.0)
 60036041 - Purchaser (1.0)
 60036023 - Auditor (1.0)
 60034575 - Technology Support Analyst(1.0)
 60035501 - Technology Support Analyst(1.0)
 60035318 - IT Security Specialist (1.0)
 60036060 - Business and Technology Applic Specl (1.0)
 60036063 - Business and Technology Applic Specl (1.0)
 60035986 - W/A Recruitment Analyst(1.0)
 60035955 - DENR Administrative Operations Director (1.0)
 60035996 - Personnel Assistant IV (1.0)
 60035953 - Ombudsman (0.54)
 60032527 - Info Communication Specialist (0.45)
 60035496 - Office Assistant (0.40)

Total Legislative Changes

\$69,798,437 R

\$75,887,982 R

\$100,000 NR

\$50,000 NR

Total Position Changes

974.62

974.62

Revised Budget

\$134,129,484

\$140,169,029

Cultural Resources - Roanoke Island Commission

GENERAL FUND

	FY 15-16		FY 16-17	
Recommended Base Budget	\$508,384		\$508,384	
Legislative Changes				
Roanoke Island Festival Park				
113 Operating Fund Increase	\$9,000	R	\$9,000	R
Provides additional operating funds for the Roanoke Island Festival Park. The increase of funds restores the 2% budget reduction taken in FY 2014-15, bringing the total amount available in both fiscal years of the biennium to \$517,384.				
Total Legislative Changes	\$9,000	R	\$9,000	R
Total Position Changes				
Revised Budget	\$517,384		\$517,384	

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**Justice and Public
Safety
Section I**

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Public Safety

	GENERAL FUND	
	FY 15-16	FY 16-17
Recommended Base Budget	\$1,758,733,006	\$1,758,773,164

Legislative Changes

A. Reserve for Salaries and Benefits

1 Trooper Step Increase	\$1,753,959	R	\$1,753,959	R
Provides funds for an experience-based step increase for State Highway Patrol Troopers pursuant to G.S. 20-187.3.				
2 Correctional Officer Custody-level Based Pay Adjustment	\$12,771,297	R	\$25,542,594	R
Provides funds to implement the mandatory increases associated with position reclassifications necessary to differentiate Correctional Officer pay by custody level as recommended in an Office of State Human Resources study of pay in correctional facilities. The State Human Resources Commission approved the recommendations of this study in the February 2015 meeting, indicating that the recommendations should be implemented as funds become available.				
3 Compensation Increase Reserve - State Agency Teachers	\$170,912	R	\$170,912	R
Provides funds to increase starting teacher pay from \$33,000 to \$35,000 per year, to adjust the tiers of the salary schedule, to grant an experience-based step increase for eligible educators earning a year of creditable experience, and to ensure that all educators, assuming no change in credentials, are paid at least their FY 2014-15 compensation.				
4 Compensation Increase Reserve - DPS School-based Administrators (SBAs)	\$6,000	R	\$6,000	R
Provides funds for an experience-based step increase for SBAs earning a year of creditable experience and funds an \$809 top of the salary schedule bonus. Any funds remaining may be used to implement Section 9.5.				

B. Department-wide

5 Workers' Compensation Adjustment Reserve	\$17,890,209	R	\$17,890,209	R
Provides funding to adjust workers' compensation line items to the average FY 2012-13 and FY 2013-14 actual expenditures estimated to be from net General Fund appropriations. Agencies are directed to further adjust these line items using receipts to reflect the average FY 2012-13 and FY 2013-14 actual expenditures from all fund sources.				

6 Samarcand Operating Costs

Funds start-up costs for the Samarcand Training Academy in Moore County. The training facility will allow the Department to provide overnight training for correctional officers and juvenile justice officers, as well as other employees of the Department of Public Safety (DPS). Positions are phased in throughout the biennium.

\$1,096,687	R	\$1,936,248	R
\$466,121	NR		
18.00		21.00	

7 Appropriate Use-of-Force Training

Provides nonrecurring funds to purchase a use-of-force training simulator for the Samarcand Training Academy.

\$109,656	NR
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C. Administration

8 Operating Budget Reductions

Reduces various line items in the operating budget for the Division of Administration. Reductions include:

(\$199,189)	R	(\$199,189)	R
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PC/Printer Equipment	(\$110,000)
Server Equipment	(\$ 56,000)
Data Processing Supplies	(\$ 15,000)
Laboratory Service Agreement	(\$ 6,000)
Library and Learning Resources	(\$ 7,000)
Other line items	(\$ 5,189)

This reduction is 0.33% of the \$59.9 million budget for the Division of Administration.

9 Governor's Crime Commission Budget Alignment

Modifies the budgeted amount for PC software by \$10,879 and eliminates State matching funds of \$1,610 for grant funds that are no longer necessary. This is a 0.04% reduction to the Governor's Crime Commission budget of \$25.9 million.

(\$12,489)	R	(\$12,489)	R
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D. Law Enforcement

10 SHP - Appropriate Use-of-Force Training

Provides funds to the State Highway Patrol (SHP) to develop and coordinate appropriate use-of-force training for State law enforcement officers, including the State Bureau of Investigation (SBI), Alcohol Law Enforcement (ALE), and State Capitol Police. Recurring funds are provided for supplies and equipment replacement and training costs; nonrecurring funds are provided for a use-of-force training simulator and associated equipment in the first year.

\$150,000	R	\$150,000	R
\$109,656	NR		

11 SHP Vehicles

Increases the recurring budget for replacement of the Highway Patrol's enforcement and support fleet by 60% to \$7,992,752. An additional 34% increase is provided on a nonrecurring basis in FY 2015-16.

\$3,000,000	R	\$3,000,000	R
\$1,710,750	NR		

12 SBI Vehicles

\$1,943,373 R

\$1,943,373 R

Establishes a recurring budget to replace 75 vehicles per year for the State Bureau of Investigation, including ALE.

13 SAFIS Replacement

\$333,557 NR

Provides nonrecurring funds in the first year for replacement of the Statewide Automated Fingerprint Identification System. These funds are leftover from the 2007 SAFIS replacement. An additional \$399,602 is budgeted in receipts on a recurring basis for this purpose.

14 Operation Medicine Drop

\$120,000 NR

Provides funds to the SBI for Operation Medicine Drop, a program that conducts events for citizens to bring unused or expired medications to a central location for safe disposal.

E. Emergency Management and National Guard**15 Emergency Management Operating Efficiencies**

(\$73,360) R

(\$73,360) R

Shifts partial funding of 4 positions (60084453, 60032393, 60084598, 60032400) to receipt support (\$48,657), and reduces funds for supplies and equipment by \$24,703. This is a 0.20% reduction to the total budget for Emergency Management of \$35.7 million.

-1.17

-1.17

16 National Guard Operating Efficiencies

(\$103,680) R

(\$103,680) R

Reduces the National Guard operating budget as follows:

Waste Mgt Services	(\$67,679)
Travel	(\$26,001)
Motor Vehicle Insurance	(\$10,000)

This is a 0.29% reduction to the total National Guard budget of \$35.5 million.

17 National Guard Joint Forces Headquarters (JFHQ) Operating Expenses

\$350,000 R

\$375,000 R

Provides funds for building utilities and maintenance for the National Guard's portion of JFHQ. Federal funds were used for this purpose until last year, when the federal portion of the funding was reduced to 55% and a 45% State match was required.

F. Adult Correction and Juvenile Justice - Prisons**18 Harnett CI Electronic Intrusion System**

(\$53,788) R

(\$511,219) R

Enhances prison security through the installation of an Electronic Intrusion System (EIS) at Harnett Correctional Institution. EIS improves efficiency by eliminating staff in watchtowers and replacing them with a roving perimeter patrol. The total amount reduced in FY 2015-16 is \$127,838. However, the Department is authorized to spend \$74,050 nonrecurring funds for vehicles and telecommunications equipment for the perimeter patrols.

-14.00

-14.00

19 Inmate Education	(\$500,000)	R	(\$500,000)	R
Reduces the Inmate Education budget by 5.6%, leaving \$8,451,087 to provide education services.				
20 Continuation Review - Inmate Road Squads and Litter Crews				
Funds the Inmate Road Squads and Litter Crews for FY 2015-16 only. The Highway Fund provides \$9,040,000 to support 184 positions for this program. Restoration of FY 2016-17 funds is subject to the findings of the Continuation Review.				
21 Central Prison Mental Health Beds	\$1,074,669	R	\$3,161,763	R
Funds 66 positions at the Central Prison Mental Health Facility to open 72 additional beds to enable the unit to operate at full capacity of 216 beds. Thirty-five positions are effective January 1, 2016 and 31 additional positions are effective January 1, 2017.				
	35.00		66.00	
22 Behavior Treatment Unit and Diagnostic Positions	\$723,805	R	\$1,447,609	R
Establishes a mental health behavior treatment unit at Maury Correctional Institution and provides mental health positions for the Diagnostic Centers to improve the assessment of inmates' mental health status during processing. The positions are effective January 1, 2016.				
	\$65,625	NR		
	29.00		29.00	
23 Electronic Health Records			\$681,679	R
Provides funding for vendor fees for access and data for the electronic inmate healthcare records system. The Department is currently using nonrecurring funds for the development and implementation of the system. Funding is provided effective January 1, 2016 and will be annualized in FY 2017-18.				
24 Statewide Misdemeanant Confinement Fund	\$22,500,000	R	\$22,500,000	R
Provides funds for the Statewide Misdemeanant Confinement Fund (SMCF). This fund was previously supported by court costs that were transferred directly to the fund. SMCF provides payments to county jails for housing, transportation, and medical care for misdemeanants sentenced to confinement for longer than 90 days.				

G. Adult Correction and Juvenile Justice - Community Corrections

25 Electronic Monitoring	\$700,000	R	\$707,971	R
Increases funding for electronic monitoring equipment for offenders under supervision. Use of electronic monitoring has more than doubled following the Justice Reinvestment Act; this funding supports the increased demand. With these additional funds, the budget for electronic monitoring will be \$4.9 million in FY 2015-17, a 17% increase.				

26 Broaden Access to Community Treatment

Provides funds to the Broaden Access to Community Treatment program. These funds shall be restricted to substance abuse treatment services for offenders assessed as moderate to high-risk for recidivism and high need for substance abuse services. Funds distributed under this provision shall be given to evidence-based programs to enhance, increase, or expand existing substance abuse treatment programs for offenders being supervised by the Department.

\$1,359,744 NR

H. Adult Correction and Juvenile Justice - Juvenile Justice

27 Residential Beds for Adjudicated Juveniles

Provides funding for expanded bed capacity for adjudicated juveniles in contracted and State-run facilities throughout the State. The new total budget for juvenile community programs will be \$20.1 million, an increase of 11%.

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

Total Legislative Changes

\$65,188,405 R \$81,867,380 R
\$4,275,109 NR

Total Position Changes

66.83 100.83

Revised Budget

\$1,828,196,520 \$1,840,640,544

Justice

GENERAL FUND

	FY 15-16		FY 16-17	
Recommended Base Budget	\$50,584,602		\$50,584,602	

Legislative Changes

B. State Crime Laboratory

28 Crime Lab Technicians	\$251,117	R	\$330,504	R
Creates 6 new technician positions at the State Crime Lab to handle non-scientific duties. These positions will allow forensic scientists to concentrate on more complex tasks, increasing efficiency and turn-around time for lab analysis.	6.00		6.00	
29 Outsourcing Funds for Forensic Analysis	\$750,000	NR		
Provides funds in the first year to allow the State Crime Lab to outsource forensic analysis services, including toxicology and DNA.				

C. Training and Standards

30 Appropriate Use-of-Force Training	\$236,129	R	\$236,129	R
Provides funds to the NC Justice Academy to develop curricula and provide appropriate use-of-force training to local law enforcement agencies. Funding is provided to create new criminal justice training coordinator positions for community relations and use-of-force training, and to offer multiple train-the-trainer programs in Fair and Impartial Policing throughout the year. Nonrecurring funding is provided to purchase use-of-force training simulators for the Edneyville and Salemburg campuses.	\$219,312	NR		
	2.00		2.00	
31 Sexual Assault Investigator Training	\$80,000	R	\$80,000	R
Provides funds for a criminal justice coordinator to conduct basic and advanced training for the identification and investigation of sexual assault and violence against women crimes.	1.00		1.00	

D. Department-wide

32 Workers' Compensation Adjustment Reserve	\$174,524	R	\$174,524	R
Provides funding to adjust workers' compensation line items to the average FY 2012-13 and FY 2013-14 actual expenditures estimated to be from net General Fund appropriations. Agencies are directed to further adjust these line items using receipts to reflect the average FY 2012-13 and FY 2013-14 actual expenditures from all fund sources.				

Senate Appropriations Committee on Justice and Public Safety

FY 15-16

FY 16-17

Total Legislative Changes	\$741,770	R	\$821,157	R
	\$969,312	NR		
Total Position Changes	9.00		9.00	
Revised Budget	\$52,295,684		\$51,405,759	

Judicial - Indigent Defense

GENERAL FUND

	FY 15-16		FY 16-17
Recommended Base Budget	\$112,087,174		\$112,097,118

Legislative Changes

B. Private Appointed Counsel Fund

33 Additional Private Appointed Counsel Funds	\$4,400,000	R	\$4,400,000	R
<p>Provides funding to pay private counsel assigned to represent indigent defendants, reducing a budget shortfall that has accumulated over several years. This budget shortfall creates a hardship for small business legal firms whose payments are delayed when State funding is exhausted before the end of the fiscal year. This is a funding increase of 7.1% over current appropriations of \$61,579,725.</p>				

C. Public Defenders

34 Capital Defender's Office	(\$750,000)	R	(\$750,000)	R
<p>Reduces funding for the Office of the Capital Defender by \$750,000, leaving \$3,222,230. This is a reduction of 18.9%.</p>				

This reduction includes the following positions:

Position Number	Title
60002194	Asst. Capital Defender
60002193	Asst. Capital Defender
65021927	Asst. Capital Defender
65021928	Asst. Capital Defender
60002203	Capital Case Investigator
65021929	Capital Case Investigator
65021755	Legal Assistant III

D. Department-wide

35 Workers' Compensation Adjustment Reserve	\$895	R	\$895	R
<p>Provides funding to adjust workers' compensation line items to the average FY 2012-13 and FY 2013-14 actual expenditures estimated to be from net General Fund appropriations. Agencies are directed to further adjust these line items using receipts to reflect the average FY 2012-13 and FY 2013-14 actual expenditures from all fund sources.</p>				

Senate Appropriations Committee on Justice and Public Safety

FY 15-16

FY 16-17

Total Legislative Changes

\$3,650,895 R

\$3,650,895 R

Total Position Changes

-7.00

-7.00

Revised Budget

\$115,738,069

\$115,748,013

Judicial

GENERAL FUND

	FY 15-16		FY 16-17	
Recommended Base Budget	\$467,897,397		\$467,898,110	

Legislative Changes

A. Reserve for Salaries and Benefits

36 Assistant and Deputy Clerk Step Increase	\$3,771,968	R	\$3,771,968	R
Provides funds for an experience-based step increase for Assistant and Deputy Clerks pursuant to G.S. 7A-102.				
37 Magistrate Step Increase	\$1,669,939	R	\$1,669,939	R
Provides funds for an experience-based step increase for Magistrates pursuant to G.S. 7A-171.1.				

B. Administration and Services

38 Funds for Interpreters, Expert Witnesses, and Juries	\$1,577,283	R	\$1,577,283	R
Increases the budget for interpreters, expert witnesses, and juries as necessary to operate the State court system. Funds for jury fees will increase by \$704,818 over the current budget of \$3,618,520. Funds for expert witnesses will increase by \$73,519 over the current budget of \$255,986. Funds for interpreters will increase by \$798,946 over the current budget of \$1,157,862. This represents a 31.3% increase over current funding levels.				
39 Funds For Operating Budget	\$3,309,203	R	\$3,309,203	R
Increases the budget for constitutionally and legally mandated legal and contracting services, equipment, travel, supplies, and maintenance as necessary to operate the State court system. This is an increase of 11.4% over the current budget levels.				
40 Electronic Compliance	\$567,236	NR		
Provides funding to the Administrative Office of the Courts (AOC) for an electronic compliance dismissal project.				

C. Trial Court

41 Special Superior Court Judges	(\$306,541)	R	(\$613,083)	R
Eliminates 3 special superior court judgeships at the end of the terms of the judges currently serving in office. These terms will end on October 20, 2015 and January 26, 2016.				
	-3.00		-3.00	
42 Business Court Staff	\$428,529	R	\$571,372	R
Provides staff and facilities for special superior court judges who will be designated as Business Court judges in FY 2015-16.				
	\$538,524	NR		
	6.00		6.00	

43 Special Assistant United States Attorneys

Creates 6 Assistant District Attorney positions to act as Special Assistant United States Attorneys (SAUSAs) in offices covering all federal districts around the State. The Conference of District Attorneys will consult with all of the elected District Attorneys to determine the best home offices for these positions. The SAUSAs shall follow best practices as established by the Conference of District Attorneys. The costs assume that positions will be effective as of July 1, 2016.

\$713,514 R

6.00

D. Department-wide

44 Workers' Compensation Adjustment Reserve

Provides funding to adjust workers' compensation line items to the average FY 2012-13 and FY 2013-14 actual expenditures estimated to be from net General Fund appropriations. Agencies are directed to further adjust these line items using receipts to reflect the average FY 2012-13 and FY 2013-14 actual expenditures from all fund sources.

\$575,744 R

\$575,744 R

Total Legislative Changes

\$11,026,125 R

\$11,575,940 R

\$1,105,760 NR

Total Position Changes

3.00

9.00

Revised Budget

\$480,029,282

\$479,474,050

Public Safety - Other Special Grants

Budget Code: 24550

	FY 2015-16	FY 2016-17
Beginning Unreserved Fund Balance	\$29,719,634	\$26,911,790
Recommended Budget		
Requirements	\$46,285,923	\$46,285,923
Receipts	\$43,478,079	\$43,478,079
Positions	100.00	100.00

Legislative Changes

Requirements:

Continuation Review - Motor Carrier Safety Assistance	(\$9,313,362) R	(\$9,313,362) R
Provides funds for the State Highway Patrol's Motor Carrier Safety Assistance program for FY 2015-16 only. Restoration of FY 2016-17 funds is subject to the findings of the Continuation Review.	\$9,313,362 NR 0.00	\$0 NR -94.00
Subtotal Legislative Changes	(\$9,313,362) R \$9,313,362 NR 0.00	(\$9,313,362) R \$0 NR -94.00

Receipts:

Continuation Review - Motor Carrier Safety Assistance	(\$9,313,362) R	(\$9,313,362) R
Provides funds for the State Highway Patrol's Motor Carrier Safety Assistance program for FY 2015-16 only. Restoration of FY 2016-17 funds is subject to the findings of the Continuation Review.	\$9,313,362 NR	\$0 NR
Subtotal Legislative Changes	(\$9,313,362) R \$9,313,362 NR	(\$9,313,362) R \$0 NR

Senate Appropriations Committee on Justice and Public Safety

	FY 2015-16	FY 2016-17
Revised Total Requirements	\$46,285,923	\$36,972,561
Revised Total Receipts	\$43,478,079	\$34,164,717
Change in Fund Balance	(\$2,807,844)	(\$2,807,844)
Total Positions	100.00	6.00
Unappropriated Balance Remaining	\$26,911,790	\$24,103,946

Public Safety – Special – Interest Bearing

Budget Code: 24555

	FY 2015-16	FY 2016-17
Beginning Unreserved Fund Balance	\$19,924,292	\$13,923,877
Recommended Budget		
Requirements	\$8,466,432	\$8,466,432
Receipts	\$2,666,017	\$2,666,017
Positions	5.00	5.00

Legislative Changes

Requirements:

Community Correction Funds	\$0 R	\$0 R
Provides funds for the Community Corrections section of the Department of Public Safety to support training, purchase of safety equipment, and electronic monitoring.	\$200,000 NR 0.00	\$200,000 NR 0.00
Subtotal Legislative Changes	\$0 R \$200,000 NR 0.00	\$0 R \$200,000 NR 0.00

Receipts:

Community Corrections Funds	\$0 R	\$0 R
No budget action necessary.	\$0 NR	\$0 NR
Subtotal Legislative Changes	\$0 R \$0 NR	\$0 R \$0 NR

Senate Appropriations Committee on Justice and Public Safety

	FY 2015-16	FY 2016-17
Revised Total Requirements	\$8,666,432	\$8,666,432
Revised Total Receipts	\$2,666,017	\$2,666,017
Change in Fund Balance	(\$6,000,415)	(\$6,000,415)
Total Positions	5.00	5.00
Unappropriated Balance Remaining	\$13,923,877	\$7,923,462

ABC Commission

Budget Code: 54551

	FY 2015-16	FY 2016-17
Beginning Unreserved Fund Balance	\$4,491,738	\$4,826,323
Recommended Budget		
Requirements	\$13,004,818	\$13,004,818
Receipts	\$13,339,403	\$13,339,403
Positions	44.00	44.00

Legislative Changes**Requirements:**

Initiative to Reduce Underage Drinking	\$3,100,000	R	\$3,100,000	R
Provides funds for the Initiative to Reduce Underage Drinking to provide public relations assistance; strategic marketing and branding; multi-media planning, negotiation, and buying; and creative design and development for the NC ABC Commission's Talk It Out Campaign.	\$0	NR	\$0	NR
	0.00		0.00	
Subtotal Legislative Changes	\$3,100,000	R	\$3,100,000	R
	\$0	NR	\$0	NR
	0.00		0.00	

Receipts:

Bailment Surcharge Receipts	\$3,100,000	R	\$3,100,000	R
Increases the budgeted receipts from the bailment surcharge. The ABC Commission increased the bailment surcharge from \$0.80 per case to \$1.40 per case in FY 2014-15.	\$0	NR	\$0	NR
Subtotal Legislative Changes	\$3,100,000	R	\$3,100,000	R
	\$0	NR	\$0	NR

Senate Appropriations Committee on Justice and Public Safety

	FY 2015-16	FY 2016-17
Revised Total Requirements	\$16,104,818	\$16,104,818
Revised Total Receipts	\$16,439,403	\$16,439,403
Change in Fund Balance	\$334,585	\$334,585
Total Positions	44.00	44.00
Unappropriated Balance Remaining	\$4,826,323	\$5,160,908

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General Government Section J



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(3.0) Department of Military and Veterans Affairs

		GENERAL FUND	
		FY 15-16	FY 16-17
Recommended Base Budget		\$0	\$0
Legislative Changes			
1 Aid to County Veterans Service Offices		\$200,000	R
Creates a grant-in-aid program to county governments for the provision of veterans services.			
2 Base Closure and Realignment		\$1,675,000	NR
Provides funding for the Military Affairs Commission, strategic planning, and economic modeling for the purpose of increasing value at and around installations, and advocacy at the federal level. The funds will be placed in a special fund.			
3 State Veteran's Home Program			
Transfers the Veteran's Home Program, including 8.80 FTEs, from the Department of Administration to the Department of Military and Veterans Affairs (DMVA). The program is entirely receipt supported. The budget for FY 2015-16 is \$45,864,689.			
4 Transfer of Veterans Affairs		\$6,776,393	R
Transfers the central administrative staff and field operations staff from the Department of Administration to the new Department of Military and Veterans Affairs, effective July 1, 2015. In addition to appropriations, there are receipts of \$6,784,740 for total requirements of \$13,561,133.			
		70.90	R
		70.90	R
5 New Cemetery Operations		\$250,000	NR
Provides operating funds for the new cemetery in Goldsboro for FY 2015-16 and FY 2016-17 after which receipts will cover operational costs.			
6 Technical Correction: Children of War Veterans Scholarships			
Makes a technical correction to reflect the base budget transfer from the Escheats Fund for Children of War Veterans Scholarships. The amount transferred is \$6,520,964.			

Position Transfers

7 OSBM - Position Transfer	\$109,809	R	\$109,809	R
Transfers 1 position vacant for over 550 days from the Office of State Budget and Management to the new Department of Military and Veterans Affairs to be reclassified as General Counsel, with salary and benefits totaling \$109,809. An additional \$35,009 will provide start-up funds associated with the newly created positions for the Department for FY 2015-16.	\$35,009	NR		
	1.00		1.00	
60008586 Budget Analyst \$109,809 (including benefits)				
8 DOA - Vacant Position Transfer	\$67,058	R	\$67,058	R
Transfers 1 vacant position from the Department of Administration (DOA) to reclassify it as an Accounting Technician for the Department of Military and Veterans Affairs.				
	1.00		1.00	
60014101 Accounting Clerk V \$50,203.47				
9 DOA - Position Transfer	\$72,143	R	\$72,143	R
Transfers 1 filled accounting position from the Department of Administration to the Department of Military and Veterans Affairs.				
	1.00		1.00	
60014117 Accountant \$72,143 (including benefits)				
10 OSHR - Vacant Position Transfer	\$69,265	R	\$69,265	R
Transfers 1 vacant position from the Office of State Human Resources to the Department of Military and Veterans Affairs.				
	1.00		1.00	
60013815 Human Resources Consultant \$69,265 (including benefits)				
11 OSHR and Governor's Office Position Transfers	\$270,455	R	\$270,455	R
Transfers 2 filled positions from the Office of the Governor and 1 filled position from the Office of State Human Resources into the Department of Military and Veterans Affairs.				
	3.00		3.00	
60008513 Office of the Governor - Special Advisor for Military Affairs \$129,467 (including benefits)				
60037816 Office of the Governor - Administrative Assistant \$61,894 (including benefits)				
60013800 Office of State Human Resources - Legislative Affairs Program Manager \$79,094 (including benefits)				
Total Legislative Changes	\$7,565,123	R	\$7,565,123	R
	\$1,960,009	NR	\$250,000	NR
Total Position Changes	77.90		77.90	
Revised Budget	\$9,525,132		\$7,815,123	

(4.0) Office of Administrative Hearings

	GENERAL FUND	
	FY 15-16	FY 16-17
Recommended Base Budget	\$4,992,437	\$4,992,437
Legislative Changes		
12 Workers' Compensation Adjustment Reserve	\$1,159 R	\$1,159 R
Provides funding to adjust workers' compensation line items to the average FY 2012-13 and FY 2013-14 actual expenditures estimated to be from net General Fund appropriations. Agencies are directed to further adjust these line items using receipts to reflect the average FY 2012-13 and FY 2013-14 actual expenditures from all fund sources.		
Administrative Law Judge		
13 Additional Administrative Law Judge	\$123,618 R	\$123,618 R
Provides funds for an additional Administrative Law Judge in the Western part of the State.		
	1.00	1.00
Total Legislative Changes	\$124,777 R	\$124,777 R
Total Position Changes	1.00	1.00
Revised Budget	\$5,117,214	\$5,117,214

(5.0) Treasurer

GENERAL FUND

	FY 15-16		FY 16-17	
Recommended Base Budget	\$9,734,913		\$9,734,913	

Legislative Changes

14 Workers' Compensation Adjustment Reserve	\$9,113	R	\$9,113	R
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Provides funding to adjust workers' compensation line items to the average FY 2012-13 and FY 2013-14 actual expenditures estimated to be from net General Fund appropriations. Agencies are directed to further adjust these line items using receipts to reflect the average FY 2012-13 and FY 2013-14 actual expenditures from all fund sources.

15 ABLE	\$430,000	R	\$540,000	R
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Provides funding to implement the Achieving a Better Life Experience (ABLE) Act to be managed by the Department of the State Treasurer. The following positions are authorized to be created for the operations, including: Attorney II, Information and Communication Specialist II, Administrative Support Specialist, and Economic Development Manager.

	\$505,000	NR	\$55,000	NR
	4.00		4.00	

Financial Operations Division

16 Operations Reduction	(\$188,715)	R	(\$188,715)	R
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Reduces the budgets for the Investment Division and Banking Division by 2%. The total budget for these two divisions will be \$9,427,041 in FY 2015-16 and FY 2016-17.

Local Government Commission

17 Intervention Task Force	\$198,864	R	\$198,864	R
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Provides funding for 2 positions for the local government unit to assist those local government entities that have been identified as being at risk of financial failure.

	\$6,000	NR		2.00
	2.00			

ORBIT

18 ORBIT Online Self-Service Retirement System	\$350,000	R	\$350,000	R
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Provides funding for 3 positions to upgrade and operate the ORBIT system. This upgrade will provide additional capacity to handle the increased demand created by future retirees.

	3.00		3.00	
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Senate Appropriations Committee on General Government

FY 15-16

FY 16-17

Total Legislative Changes	\$799,262	R	\$909,262	R
	\$511,000	NR	\$55,000	NR
Total Position Changes	9.00		9.00	
Revised Budget	\$11,045,175		\$10,699,175	

Escheats

Budget Code: 63412

	FY 2015-16	FY 2016-17
Beginning Unreserved Fund Balance	\$578,160,445	\$713,836,707
Recommended Budget		
Requirements	\$94,118,299	\$94,118,299
Receipts	\$202,107,116	\$202,107,116
Positions	0.00	0.00

Legislative Changes

Requirements:

Technical Correction: Children of War Veterans Scholarships	(\$3,041,243) R	(\$3,041,243) R
Corrects the base budget transfer amount to the Children of War Veterans Scholarship program. The corrected transfer from the Escheats Fund is \$6.5 million recurring.	\$0 NR 0.00	\$0 NR 0.00
Technical Correction: North Carolina Community College Financial Aid	\$2,353,798 R	\$2,353,798 R
Corrects the base budget transfer amount to the North Carolina Community Colleges Financial Aid program. The corrected transfer from the Escheats Fund is \$16.3 million recurring.	\$0 NR 0.00	\$0 NR 0.00
Technical Correction: University of North Carolina Need Based Aid	(\$27,000,000) R	(\$27,000,000) R
Corrects the base budget transfer amount to the University of North Carolina Need Based Aid program. The corrected transfer from the Escheats Fund is \$37.8 million recurring.	\$0 NR 0.00	\$0 NR 0.00
Subtotal Legislative Changes	(\$27,687,445) R	(\$27,687,445) R
	\$0 NR 0.00	\$0 NR 0.00

Receipts:

Senate Appropriations Committee on General Government

	FY 2015-16	FY 2016-17
Technical Corrections	\$0 R	\$0 R
	\$0 NR	\$0 NR
Subtotal Legislative Changes	\$0 R	\$0 R
	\$0 NR	\$0 NR
<hr/>		
Revised Total Requirements	\$66,430,854	\$66,430,854
Revised Total Receipts	\$202,107,116	\$202,107,116
Change in Fund Balance	\$135,676,262	\$135,676,262
Total Positions	0.00	0.00
<hr/>		
Unappropriated Balance Remaining	\$713,836,707	\$849,512,969

(6.0) Fire Rescue Nat Guard Pensions & LDD Benefits

GENERAL FUND

	FY 15-16	FY 16-17
Recommended Base Budget	\$20,664,274	\$20,664,274

Legislative Changes

19 No Change

Total Legislative Changes

Total Position Changes

Revised Budget	\$20,664,274	\$20,664,274
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(7.0) Insurance

GENERAL FUND

	FY 15-16		FY 16-17	
Recommended Base Budget	\$38,296,364		\$38,296,364	
Legislative Changes				
20 Workers' Compensation Adjustment Reserve	\$85,217	R	\$85,217	R
Provides funding to adjust workers' compensation line items to the average FY 2012-13 and FY 2013-14 actual expenditures estimated to be from net General Fund appropriations. Agencies are directed to further adjust these line items using receipts to reflect the average FY 2012-13 and FY 2013-14 actual expenditures from all fund sources.				
Captives Insurance				
21 Actuary				
Allows the Department of Insurance to create an Actuary I position that will work in the area of captives insurance management. The funding for this position was made available in S.L. 2013-360.				
	1.00		1.00	
Office of State Fire Marshal				
22 State Fire Protection Program				
Eliminates the recurring transfer of funds from the Department of Transportation and provides nonrecurring funding for FY 2015-16 only. The State Fire Protection Fund reimburses local fire districts and political subdivisions of the State for providing local fire protection for State-owned buildings and its contents. This fund will go through a continuation review process and the decision to continue with funding or to discontinue funding will be made during the budget deliberations of 2016. The total funds for this program transferred from the Department of Transportation are \$158,000.				
Total Legislative Changes	\$85,217	R	\$85,217	R
Total Position Changes	1.00		1.00	
Revised Budget	\$38,381,581		\$38,381,581	

Regulatory Fund

Budget Code: 23900

	FY 2015-16	FY 2016-17
Beginning Unreserved Fund Balance	\$7,705,857	\$5,305,857
Recommended Budget		
Requirements	\$33,499,163	\$33,499,163
Receipts	\$33,499,163	\$33,499,163
Positions	0.00	0.00

Legislative Changes

Requirements:

Fund 2123 - Rescue Squad Workers' Relief Fund	(\$1,456,931) R	(\$1,456,931) R
Eliminates the recurring transfer of funds from the Division of Motor Vehicles to support the Rescue Squad Workers' Relief Fund. The program will receive nonrecurring funds for FY 2015-16 and will be placed on a Continuation Review that will help determine whether the transfer of funds will need to continue from DMV to support this program.	\$1,456,931 NR	\$0 NR
	0.00	0.00
Industrial Commission Transfer	\$2,400,000 R	\$2,400,000 R
Transfers funds to the Industrial Commission per S.L. 2014-100 to pay for the services that had previously been funded through fee collections.	\$0 NR	\$0 NR
	0.00	0.00
Subtotal Legislative Changes	\$943,069 R	\$943,069 R
	\$1,456,931 NR	\$0 NR
	0.00	0.00

Receipts:

Fund 2123 - Rescue Squad Workers' Relief Fund	(\$1,456,931) R	(\$1,456,931) R
Eliminates the recurring transfer of funds from the Division of Motor Vehicles to support the Rescue Squad Workers' Relief Fund operated within Department of Insurance. The receipts from DMV will be nonrecurring during FY 2015-16 and eliminated in FY 2016-17.	\$1,456,931 NR	\$0 NR

Senate Appropriations Committee on General Government

	FY 2015-16	FY 2016-17
Subtotal Legislative Changes	(\$1,456,931) R	(\$1,456,931) R
	\$1,456,931 NR	\$0 NR
<hr/>		
Revised Total Requirements	\$35,899,163	\$34,442,232
Revised Total Receipts	\$33,499,163	\$32,042,232
Change in Fund Balance	(\$2,400,000)	(\$2,400,000)
Total Positions	0.00	0.00
<hr/>		
Unappropriated Balance Remaining	\$5,305,857	\$2,905,857

Volunteer Rescue/EMS Grant Program

Budget Code: 23901

	FY 2015-16	FY 2016-17
Beginning Unreserved Fund Balance	\$910,473	\$910,473
Recommended Budget		
Requirements	\$1,303,585	\$1,303,585
Receipts	\$1,303,585	\$1,303,585
Positions	3.50	3.50

Legislative Changes

Requirements:

Fund 2122 - Volunteer Rescue/EMS Grant Program	(\$1,303,585) R	(\$1,303,585) R
Eliminates the recurring transfer of funds from the Division of Motor Vehicles (DMV) for the Volunteer Rescue/EMS Grant Program. The program will receive nonrecurring funds for FY 2015-16 and the fund is to be placed on a Continuation Review that will help determine whether the transfer of funds from DMV should continue to support this program in the future.	\$1,303,585 NR 0.00	\$0 NR -3.50
Subtotal Legislative Changes	(\$1,303,585) R \$1,303,585 NR 0.00	(\$1,303,585) R \$0 NR -3.50

Receipts:

Fund 2122 - Volunteer Rescue/EMS Grant Fund	(\$1,303,585) R	(\$1,303,585) R
Eliminates the transfer of recurring funds from the Division of Motor Vehicles to the Department of Insurance for the Volunteer Rescue/EMS Grant Program in FY 2015-16 and FY 2016-17 and provides nonrecurring funds for FY 2015-16.	\$1,303,585 NR	\$0 NR
Subtotal Legislative Changes	(\$1,303,585) R \$1,303,585 NR	(\$1,303,585) R \$0 NR

Senate Appropriations Committee on General Government

FY 2015-16

FY 2016-17

Revised Total Requirements	\$1,303,585	\$0
Revised Total Receipts	\$1,303,585	\$0
Change in Fund Balance	\$0	\$0
Total Positions	3.50	0.00

Unappropriated Balance Remaining	\$910,473	\$910,473
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(9.0) State Board of Elections

		GENERAL FUND	
		FY 15-16	FY 16-17
Recommended Base Budget		\$6,620,578	\$6,620,578
Legislative Changes			
23 VIVA Implementation			
Provides additional funds for the continued efforts of the Voter Information Verification Act.		\$100,000	NR
24 Workers' Compensation Adjustment Reserve			
Decreases funding to adjust workers' compensation line items to the average FY 2012-13 and FY 2013-14 actual expenditures estimated to be from net General Fund appropriations. Agencies are directed to further adjust these line items using receipts to reflect the average FY 2012-13 and FY 2013-14 actual expenditures from all fund sources.		(\$254)	R
			(\$254) R
Agency-Wide			
25 Operating Budget Reduction			
Reduces the operating budget by 2% in anticipation of savings achieved through technology.		(\$117,081)	R
			(\$117,081) R
Total Legislative Changes		(\$117,335)	R
		\$100,000	NR
Total Position Changes			
Revised Budget		\$6,603,243	\$6,503,243

(10.0) General Assembly

	GENERAL FUND			
	FY 15-16		FY 16-17	
Recommended Base Budget	\$52,865,521		\$52,865,521	
Legislative Changes				
26 Legislative Retirement Contributions	\$65,160	R	\$65,160	R
Increases the State's contribution for members of the Legislative Retirement System to fund the annual required contribution.				
27 Workers' Compensation Adjustment Reserve	\$88,989	R	\$88,989	R
Provides funding to adjust workers' compensation line items to the average FY 2012-13 and FY 2013-14 actual expenditures estimated to be from net General Fund appropriations. Agencies are directed to further adjust these line items using receipts to reflect the average FY 2012-13 and FY 2013-14 actual expenditures from all fund sources.				
Total Legislative Changes	\$154,149	R	\$154,149	R
Total Position Changes				
Revised Budget	\$53,019,670		\$53,019,670	

(11.0) Governor

	GENERAL FUND			
	FY 15-16		FY 16-17	
Recommended Base Budget	\$5,859,246		\$5,859,246	
Legislative Changes				
28 Workers' Compensation Adjustment Reserve	\$22,583	R	\$22,583	R
Provides funding to adjust workers' compensation line items to the average FY 2012-13 and FY 2013-14 actual expenditures estimated to be from net General Fund appropriations. Agencies are directed to further adjust these line items using receipts to reflect the average FY 2012-13 and FY 2013-14 actual expenditures from all fund sources.				
Military Affairs Positions				
29 Position Transfers	(\$191,361)	R	(\$191,361)	R
Transfers 2 positions and funds for salaries and benefits from Office of the Governor into the Department of Military and Veterans Affairs.				
	-2.00		-2.00	
60008513 Special Advisor for Military Affairs \$129,467 60037816 Administrative Assistant \$61,894				
Office-wide				
30 Administrative Reduction	(\$110,239)	R	(\$110,239)	R
Reduces the overall budget of the Office of the Governor by 2%.				
Total Legislative Changes	(\$279,017)	R	(\$279,017)	R
Total Position Changes	-2.00		-2.00	
Revised Budget	\$5,580,229		\$5,580,229	

Special Revenue – General Fund

Budget Code: 23002

	FY 2015-16	FY 2016-17
Beginning Unreserved Fund Balance	\$333,557	\$0
Recommended Budget		
Requirements	\$0	\$0
Receipts	\$0	\$0
Positions	0.00	0.00

Legislative Changes

Requirements:

Statewide Automated Fingerprint Identification System Replacement	\$0	R	\$0	R
Transfers the balance of this fund in FY 2015-16 to the General Fund and closes the special fund.	\$333,557	NR	\$0	NR
	0.00		0.00	
Subtotal Legislative Changes	\$0	R	\$0	R
	\$333,557	NR	\$0	NR
	0.00		0.00	

Receipts:

Governor's Office Special Revenue	\$0	R	\$0	R
	\$0	NR	\$0	NR
Subtotal Legislative Changes	\$0	R	\$0	R
	\$0	NR	\$0	NR

Senate Appropriations Committee on General Government

FY 2015-16

FY 2016-17

Revised Total Requirements	\$333,557	\$0
Revised Total Receipts	\$0	\$0
Change in Fund Balance	(\$333,557)	\$0
Total Positions	0.00	0.00

Unappropriated Balance Remaining	\$0	\$0
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(12.0) Governor - Special Projects

	GENERAL FUND	
	FY 15-16	FY 16-17
Recommended Base Budget	\$2,000,000	\$2,000,000
Legislative Changes		
31 No Change		
Total Legislative Changes		
Total Position Changes		
Revised Budget	\$2,000,000	\$2,000,000

(13.0) State Budget & Management

	GENERAL FUND	
	FY 15-16	FY 16-17
Recommended Base Budget	\$7,586,922	\$7,586,922
Legislative Changes		
32 Maintenance Agreement and Software Licensure	(\$200,000) R	(\$200,000) R
Reduces the budget for IT maintenance agreements by 34%; the actual expenditure level for FY 2013-14 was \$263,142. There is \$383,487 available for maintenance agreements in FY 2015-16 and FY 2016-17.		
33 Position Transfer DMVA	(\$144,818) R	(\$144,818) R
Transfers 1 position vacant for over 550 days from the Office of State Budget and Management to the new Department of Military and Veterans Affairs to be reclassified as General Counsel.		
60008586 Budget Analyst		
Total Legislative Changes	(\$344,818) R	(\$344,818) R
Total Position Changes	-1.00	-1.00
Revised Budget	\$7,242,104	\$7,242,104

(14.0) State Budget and Management - Special

GENERAL FUND

	FY 15-16		FY 16-17	
Recommended Base Budget	\$0		\$0	
Legislative Changes				
NC Symphony				
34 North Carolina Symphony	\$1,500,000	R	\$1,500,000	R
Provides challenge grant funding to the NC Symphony. The NC Symphony must raise \$8 million each year in order to receive these funds.				
Nonprofit Funding				
35 Averagesboro Battlefield Commission Project	\$50,000	NR		
Provides funding to the Averagesboro Battlefield Commission to assist with the purchase and relocation of the Shaw Halfway House.				
Total Legislative Changes	\$1,500,000	R	\$1,500,000	R
	\$50,000	NR		
Total Position Changes				
Revised Budget	\$1,550,000		\$1,500,000	

(15.0) Auditor

GENERAL FUND

	FY 15-16		FY 16-17	
Recommended Base Budget	\$11,733,689		\$11,733,689	
Legislative Changes				
36 Workers' Compensation Adjustment Reserve	\$5,685	R	\$5,685	R
Provides funding to adjust workers' compensation line items to the average FY 2012-13 and FY 2013-14 actual expenditures estimated to be from net General Fund appropriations. Agencies are directed to further adjust these line items using receipts to reflect the average FY 2012-13 and FY 2013-14 actual expenditures from all fund sources.				
37 Expert Witnesses			\$152,520	R
Provides funding for the Auditor's Office for expert witnesses used during audits.				
Total Legislative Changes	\$5,685	R	\$158,205	R
Total Position Changes				
Revised Budget	\$11,739,374		\$11,891,894	

(16.0) Housing Finance Agency

	GENERAL FUND	
	FY 15-16	FY 16-17
Recommended Base Budget	\$9,118,739	\$9,118,739
Legislative Changes		
38 Workforce Housing Loan Program		
Provides funding for the Workforce Housing Loan Program (WHLP) to assist with the development of low-income housing units across the State. A portion of the Standard & Poor's settlement will fund the WHLP at \$10,000,000 in FY 2015-16 and at \$9,300,000 in FY 2016-17, bringing the total funding to \$10,000,000 in both years of the biennium.		\$700,000 NR
Total Legislative Changes		\$700,000 NR
Total Position Changes		
Revised Budget	\$9,118,739	\$9,818,739

Deferred State Aid

Budget Code: 63011

	FY 2015-16	FY 2016-17
Beginning Unreserved Fund Balance	\$2,893,408	\$0
Recommended Budget		
Requirements	\$0	\$0
Receipts	\$0	\$0
Positions	0.00	0.00

Legislative Changes

Requirements:

Community Living Housing Fund	\$0	R	\$0	R
Authorizes the Housing Finance Agency to use funds transferred from the Department of Health and Human Services to the Community Living Housing Fund as prescribed in G.S. 122E-3.1.	\$2,893,408	NR	\$0	NR
	0.00		0.00	
Workforce Housing Loan Program	\$0	R	\$0	R
Provides \$10,000,000 in FY 2015-16 and \$9,300,000 in FY 2016-17 to the Workforce Housing Loan Program (WHLP) from the Standard and Poor's settlement. In FY 2016-17 a \$700,000 appropriation from the General Fund brings the total WHLP funding for the fiscal year to \$10,000,000.	\$10,000,000	NR	\$9,300,000	NR
	0.00		0.00	
Subtotal Legislative Changes	\$0	R	\$0	R
	\$12,893,408	NR	\$9,300,000	NR
	0.00		0.00	

Receipts:

Workforce Housing Loan Program	R	R
	\$10,000,000	NR
	\$9,300,000	NR
Community Living Housing Fund	\$0	R
	\$0	NR
	\$0	NR

Senate Appropriations Committee on General Government

	FY 2015-16		FY 2016-17	
Subtotal Legislative Changes	\$0	R	\$0	R
	\$10,000,000	NR	\$9,300,000	NR
<hr/>				
Revised Total Requirements	\$12,893,408		\$9,300,000	
Revised Total Receipts	\$10,000,000		\$9,300,000	
Change in Fund Balance	(\$2,893,408)		\$0	
Total Positions	0.00		0.00	
<hr/>				
Unappropriated Balance Remaining	\$0		\$0	

(17.0) Administration

		GENERAL FUND	
		FY 15-16	FY 16-17
Recommended Base Budget		\$67,409,693	\$65,932,950
Legislative Changes			
39 Position Transfer DMVA		(\$72,143) R	(\$72,143) R
Transfers 1 filled accounting position from the Department of Administration to the Department of Military and Veterans Affairs.		-1.00	-1.00
60014117 Accountant \$72,143 (including benefits)			
40 Budget for Legal Services			\$100,000 R
Realigns the budget for legal services closer to the FY 2013-14 actual spending of \$139,242.			
41 Workers' Compensation Adjustment Reserve		(\$119,369) R	(\$119,369) R
Decreases funding to adjust workers' compensation line items to the average FY 2012-13 and FY 2013-14 actual expenditures estimated to be from net General Fund appropriations. Agencies are directed to further adjust these line items using receipts to reflect the average FY 2012-13 and FY 2013-14 actual expenditures from all fund sources.			
42 Veterans Affairs Administration		(\$6,776,393) R	(\$6,776,393) R
Transfers the administration, positions, and all funding for the Veterans Affairs Program from the Department of Administration to the Department of Military and Veterans Affairs. In addition to the transfer of appropriations, there are receipts of \$6,784,740 for a total budget of \$13,561,133.		-70.90	-70.90
43 Responsible Capital Planning Commission		\$197,088 R	\$197,088 R
Provides funding for 2 Architect positions to aid in the work of the new Responsible Capital Planning Commission.		2.00	2.00
44 Veterans Home Program			
Transfers the Veterans Home Program from the Department of Administration to the Department of Military and Veterans Affairs (DMVA). This program is entirely receipt supported and with a budget of \$45,864,689.			
45 Vacant Position Transfer to DMVA		(\$67,058) R	(\$67,058) R
Transfers 1 position from the Department of Administration to be repurposed to become the Accounting Technician for the Department of Military and Veterans Affairs.		-1.00	-1.00
60014101 Accounting Clerk V \$50,203.47			

46 Reduce Funding for Janitorial Supplies

(\$194,387)

R

(\$194,387)

R

Reduces the budget for janitorial supplies from \$544,387 to \$350,000 to more closely align with prior year actuals.

1741 - Human Relations Commission**47 Human Relations Commission Elimination**

(\$545,407)

R

Eliminates the Human Relations Commission in FY 2016-17.

-6.20

Ethics Commission**48 Investigation Funding**

\$50,000

NR

Provides funding for an independent investigation during FY 2015-16 as authorized by the Ethics Commission. The amount of funding for Purchased Services in FY 2015-16 is \$145,461.

49 Workers' Compensation Adjustment Reserve

\$2,931

R

\$2,931

R

Provides funding to adjust workers' compensation line items to the average FY 2012-13 and FY 2013-14 actual expenditures estimated to be from net General Fund appropriations. Agencies are directed to further adjust these line items using receipts to reflect the average FY 2012-13 and FY 2013-14 actual expenditures from all fund sources.

Office of State Human Resources**50 Personnel Compensation and Classification System**

\$140,000

R

\$140,000

R

Funds the software licensing fees required to build a new compensation system. This system will allow for faster changes to the salary structure, provide streamlined review of electronic position descriptions, and enhance meeting and document management. Total funding for the new compensation system in FY 2015-16 is \$140,000.

51 Workers' Compensation Adjustment Reserve

(\$2,867)

R

(\$2,867)

R

Decreases funding to adjust workers' compensation line items to the average FY 2012-13 and FY 2013-14 actual expenditures estimated to be from net General Fund appropriations. Agencies are directed to further adjust these line items using receipts to reflect the average FY 2012-13 and FY 2013-14 actual expenditures from all fund sources.

52 Vacant Position Transfer

(\$69,265)

R

(\$69,265)

R

Transfers 1 vacant position from the Office of State Human Resources to the Department of Military and Veterans Affairs.

-1.00

-1.00

60013815 Human Resources Consultant

53 Position Realignment

(\$65,394)

R

(\$65,394)

R

Realigns funding for 1 position to reflect partial receipt support.

-0.50

-0.50

60013740 Division Director

Office of State Human Resources

54 Position Transfer

Transfers 1 position from the Office of State Human Resources to the Department of Military and Veterans Affairs.

(\$79,094)	R	(\$79,094)	R
-1.00		-1.00	

60013800 Legislative Affairs Program Manager \$79,094

Total Legislative Changes	(\$7,105,951)	R	(\$7,551,358)	R
	\$50,000	NR		
Total Position Changes	-73.40		-79.60	
Revised Budget	\$60,353,742		\$58,381,592	

Reserve for E-Commerce Initiative (2514)

Budget Code: 24100-2514

	FY 2015-16	FY 2016-17
Beginning Unreserved Fund Balance	\$16,383,604	\$15,126,464
Recommended Budget		
Requirements	\$19,278,784	\$28,885,327
Receipts	\$19,278,784	\$19,278,784
Positions	2.90	2.90

Legislative Changes

Requirements:

E-Commerce Fund Transfer

Transfers \$1,257,140 in FY 2015-16 from the E-Commerce Fund to support general availability.

\$0	R	\$0	R
\$1,257,140	NR	\$0	NR
0.00		0.00	

Subtotal Legislative Changes

\$0	R	\$0	R
\$1,257,140	NR	\$0	NR
0.00		0.00	

Receipts:

E-Commerce Fund Transfer

\$0	R	\$0	R
\$0	NR	\$0	NR

Subtotal Legislative Changes

\$0	R	\$0	R
\$0	NR	\$0	NR

Senate Appropriations Committee on General Government

	FY 2015-16	FY 2016-17
Revised Total Requirements	\$20,535,924	\$28,885,327
Revised Total Receipts	\$19,278,784	\$19,278,784
Change in Fund Balance	(\$1,257,140)	(\$9,606,543)
Total Positions	2.90	2.90
Unappropriated Balance Remaining	\$15,126,464	\$5,519,921

License to Give Trust Fund Commission

Budget Code: 24100-2791

	FY 2015-16	FY 2016-17
Beginning Unreserved Fund Balance	\$407,685	\$407,685
Recommended Budget		
Requirements	\$484,394	\$484,394
Receipts	\$484,394	\$484,394
Positions	0.60	0.60
Legislative Changes		
Requirements:		
License to Give Trust Fund Commission	(\$484,394) R	(\$484,394) R
Eliminates the License to Give Trust Fund Commission.	\$0 NR	\$0 NR
	-0.60	-0.60
Subtotal Legislative Changes	(\$484,394) R	(\$484,394) R
	\$0 NR	\$0 NR
	-0.60	-0.60
Receipts:		
License to Give Trust Fund Commission	(\$484,394) R	(\$484,394) R
	\$0 NR	\$0 NR
Subtotal Legislative Changes	(\$484,394) R	(\$484,394) R
	\$0 NR	\$0 NR

Senate Appropriations Committee on General Government

FY 2015-16

FY 2016-17

Revised Total Requirements	\$0	\$0
Revised Total Receipts	\$0	\$0
Change in Fund Balance	\$0	\$0
Total Positions	0.00	0.00

Unappropriated Balance Remaining	\$407,685	\$407,685
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Temporary Solutions

Budget Code: 74100-7511

	FY 2015-16	FY 2016-17
Beginning Unreserved Fund Balance	(\$2,152,018)	\$1,602,642
Recommended Budget		
Requirements	\$44,507,525	\$44,507,525
Receipts	\$48,262,185	\$48,262,185
Positions	9.50	9.50

Legislative Changes

Requirements:

Temporary Solutions Adjustment	\$21,250,000 R	\$21,250,000 R
Increases funding for Temporary Solutions from \$44,507,525 to \$65,757,525 to reflect actual agency usage of temporary employment services.	\$0 NR 0.00	\$0 NR 0.00
Subtotal Legislative Changes	\$21,250,000 R \$0 NR 0.00	\$21,250,000 R \$0 NR 0.00

Receipts:

Temporary Solutions Adjustment	\$21,250,000 R	\$21,250,000 R
Increases receipts for Temporary Solutions from \$48,262,185 to \$69,512,185 to reflect actual agency usage of temporary employment services.	\$0 NR	\$0 NR
Subtotal Legislative Changes	\$21,250,000 R \$0 NR	\$21,250,000 R \$0 NR

Senate Appropriations Committee on General Government

	FY 2015-16	FY 2016-17
Revised Total Requirements	\$65,757,525	\$65,757,525
Revised Total Receipts	\$69,512,185	\$69,512,185
Change in Fund Balance	\$3,754,660	\$3,754,660
Total Positions	9.50	9.50
Unappropriated Balance Remaining	\$1,602,642	\$5,357,302

(18.0) Revenue

		GENERAL FUND	
		FY 15-16	FY 16-17
Recommended Base Budget		\$80,521,722	\$80,539,222
Legislative Changes			
55 Operating Budget Reduction		(\$700,000)	R
Decreases funding for Property, Plant, and Equipment line items by 24%, leaving \$2,234,673 in the fund.			(\$700,000) R
56 Lease Increases		\$174,463	R
Provides funds for increased lease payments for the field offices in Asheville, Durham, Elizabeth City, and Fayetteville.			\$195,114 R
57 Excise Tax Auditor			\$104,698 R
Provides 1 new Auditor position in FY 2016-17 to handle the increased workload from the new excise tax on vapor products.			1.00
58 Reduce Funds for Postage, Freight, and Delivery		(\$500,000)	R
Decreases the line item for postage, freight, and delivery by 13% from \$3,810,898 to \$3,310,898.			(\$500,000) R
59 Workers' Compensation Adjustment Reserve		\$102,886	R
Provides funding to adjust workers' compensation line items to the average FY 2012-13 and FY 2013-14 actual expenditures estimated to be from net General Fund appropriations. Agencies are directed to further adjust these line items using receipts to reflect the average FY 2012-13 and FY 2013-14 actual expenditures from all fund sources.			\$102,886 R
Department-Wide			
60 MotoTax System Maintenance and Upgrades			
Authorizes the Department of Revenue to use \$91,000 in receipts for FY 2015-16 and \$788,966 in receipts in FY 2016-17 for maintenance and system hardware upgrades to the Tag and Title Vehicle Registration System. The source of the receipts is a fee assessed on cities and counties.			
61 Common Payment System		\$211,000	R
Provides funds to change the online payment system from Common Payment to Paypoint.			\$211,000 R

Total Legislative Changes	(\$711,651) R	(\$586,302) R
Total Position Changes		1.00
Revised Budget	\$79,810,071	\$79,952,920

Project Collect Tax

Budget Code: 24704-2474

	FY 2015-16	FY 2016-17
Beginning Unreserved Fund Balance	\$57,439,003	\$48,612,992
Recommended Budget		
Requirements	\$29,484,891	\$29,489,952
Receipts	\$22,757,963	\$22,763,024
Positions	0.00	0.00

Legislative Changes

Requirements:

Tax Fraud Analysis

Provides funds to the Department of Revenue to enter into a contract with a vendor to perform tax fraud analysis using the Government Data Analytics Center (GDAC).

\$0	R	\$0	R
\$2,000,000	NR	\$0	NR
0.00		0.00	

Lease Increases

Provides funds to pay for increased lease expenses for the field offices in Asheville, Durham, Elizabeth City, and Fayetteville.

\$0	R	\$107,722	R
\$99,083	NR	\$0	NR
0.00		0.00	

Subtotal Legislative Changes

\$0	R	\$107,722	R
\$2,099,083	NR	\$0	NR
0.00		0.00	

Receipts:

Lease Increases

\$0	R	\$0	R
\$0	NR	\$0	NR

Subtotal Legislative Changes

\$0	R	\$0	R
\$0	NR	\$0	NR

Senate Appropriations Committee on General Government

	FY 2015-16	FY 2016-17
Revised Total Requirements	\$31,583,974	\$29,597,674
Revised Total Receipts	\$22,757,963	\$22,763,024
Change in Fund Balance	(\$8,826,011)	(\$6,834,650)
Total Positions	0.00	0.00
Unappropriated Balance Remaining	\$48,612,992	\$41,778,342

ITAS Replacement

Budget Code: 24708-2478

	FY 2015-16	FY 2016-17
Beginning Unreserved Fund Balance	\$31,801,939	\$8,437,999
Recommended Budget		
Requirements	\$51,024,601	\$51,024,601
Receipts	\$27,874,319	\$27,874,319
Positions	7.00	7.00
Legislative Changes		
Requirements:		
Tax Information Management System Funding	\$0 R	\$0 R
Authorizes the Department of Revenue to use funds from the ITAS replacement fund to fund maintenance costs for the legacy Integrated Tax Administration System (ITAS) and Tax Information Management System (TIMS).	\$6,752,618 NR 0.00	\$0 NR 0.00
Corporate Electronic Filing	\$0 R	\$0 R
Provides funds for an existing contract for the development of a corporate electronic tax filing system.	\$4,062,322 NR 0.00	\$0 NR 0.00
Collection E-Service	\$0 R	\$0 R
Authorizes the Department of Revenue to use funds available to implement an e-garnishment project that will automate management of the garnishment process, verification of NC-3s and W-2s, web portal for installment payments, and a decision analytics framework.	\$7,549,000 NR 0.00	\$0 NR 0.00
Collection Case Management	\$0 R	\$0 R
Authorizes the Department of Revenue to use funds available to begin implementation of a new case management system for the Collections Division as part of the replacement of the Integrated Tax Administration System (ITAS).	\$5,000,000 NR 0.00	\$0 NR 0.00
ITAS Replacement - Budget Adjustment	(\$51,024,601) R	(\$51,024,601) R
Revises the ITAS budget to reflect the changed authorization to the public private partnership found in S.L. 2014-100, Sec. 7.5.	\$0 NR 0.00	\$0 NR 0.00

Senate Appropriations Committee on General Government

	FY 2015-16		FY 2016-17	
Subtotal Legislative Changes	(\$51,024,601)	R	(\$51,024,601)	R
	\$23,363,940	NR	\$0	NR
	0.00		0.00	
<hr/>				
Receipts:				
ITAS Replacement - Budget Adjustment	(\$27,874,319)	R	(\$27,874,319)	R
Revises the ITAS budget to reflect the changed authorization to the public private partnership found in S.L. 2014-100, Sec. 7.5.	\$0	NR	\$0	NR
E-Services Capability	\$0	R	\$0	R
	\$0	NR	\$0	NR
Tax Information Management System Funding	\$0	R	\$0	R
	\$0	NR	\$0	NR
Subtotal Legislative Changes	(\$27,874,319)	R	(\$27,874,319)	R
	\$0	NR	\$0	NR
<hr/>				
Revised Total Requirements	\$23,363,940		\$0	
Revised Total Receipts	\$0		\$0	
Change in Fund Balance	(\$23,363,940)		\$0	
Total Positions	7.00		7.00	
<hr/>				
Unappropriated Balance Remaining	\$8,437,999		\$8,437,999	

(19.0) Secretary of State

	GENERAL FUND	
	FY 15-16	FY 16-17
Recommended Base Budget	\$11,676,506	\$11,676,506
Legislative Changes		
62 Workers' Compensation Adjustment Reserve	\$36,964 R	\$36,964 R
Provides funding to adjust workers' compensation line items to the average FY 2012-13 and FY 2013-14 actual expenditures estimated to be from net General Fund appropriations. Agencies are directed to further adjust these line items using receipts to reflect the average FY 2012-13 and FY 2013-14 actual expenditures from all fund sources.		
Total Legislative Changes	\$36,964 R	\$36,964 R
Total Position Changes		
Revised Budget	\$11,713,470	\$11,713,470

(20.0) Lieutenant Governor

GENERAL FUND

	FY 15-16	FY 16-17
Recommended Base Budget	\$676,874	\$676,874
<hr/>		
Legislative Changes		
63 No Change		
<hr/>		
Total Legislative Changes		
Total Position Changes		
Revised Budget	\$676,874	\$676,874

(21.0) State Controller

	GENERAL FUND			
	FY 15-16		FY 16-17	
Recommended Base Budget	\$22,205,229		\$22,205,229	
Legislative Changes				
64 Workers' Compensation Adjustment Reserve	\$870	R	\$870	R
Provides funding to adjust workers' compensation line items to the average FY 2012-13 and FY 2013-14 actual expenditures estimated to be from net General Fund appropriations. Agencies are directed to further adjust these line items using receipts to reflect the average FY 2012-13 and FY 2013-14 actual expenditures from all fund sources.				
65 Continuation Review				
Places the transfer of funds from the Department of Transportation to the State Controller for BEACON positions under continuation review. The transfer is \$496,578 for FY 2015-16 nonrecurring and is eliminated for FY 2016-17 pending the results of the continuation review.				
BEACON Funds Adjustment				
66 Operating Budget Adjustment	\$494,521	R	\$494,521	R
Provides General Fund money to replace a transfer from a special fund.				
Total Legislative Changes	\$495,391	R	\$495,391	R
Total Position Changes				
Revised Budget	\$22,700,620		\$22,700,620	

OSC Special

Budget Code: 24160

	FY 2015-16	FY 2016-17
Beginning Unreserved Fund Balance	\$22,181,968	\$15,149,037
Recommended Budget		
Requirements	\$10,558,721	\$10,558,721
Receipts	\$28,071	\$28,071
Positions	1.00	1.00
Legislative Changes		
Requirements:		
Federal Insurance Contribution Act (FICA) Savings	\$0 R	\$0 R
Transfers \$4,296,802 in FY 2015-16 and \$641,628 in FY 2016-17 to the General Fund.	\$4,296,802 NR	\$641,628 NR
	0.00	0.00
Operating Budget Transfer	(\$494,521) R	(\$494,521) R
Ends a transfer from the special fund to the operating budget.	\$0 NR	\$0 NR
	0.00	0.00
Subtotal Legislative Changes	(\$494,521) R	(\$494,521) R
	\$4,296,802 NR	\$641,628 NR
	0.00	0.00
Receipts:		
Federal Insurance Contribution Act (FICA) Savings	\$0 R	\$0 R
	\$7,300,000 NR	\$7,300,000 NR
Subtotal Legislative Changes	\$0 R	\$0 R
	\$7,300,000 NR	\$7,300,000 NR

Senate Appropriations Committee on General Government

	FY 2015-16	FY 2016-17
Revised Total Requirements	\$14,361,002	\$10,705,828
Revised Total Receipts	\$7,328,071	\$7,328,071
Change in Fund Balance	(\$7,032,931)	(\$3,377,757)
Total Positions	1.00	1.00
Unappropriated Balance Remaining	\$15,149,037	\$11,771,280

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Transportation Section K

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Highway Fund

HIGHWAY FUND

	FY 15-16		FY 16-17	
Recommended Base Budget	\$1,918,676,424		\$1,912,223,925	

Legislative Changes

Administration

1 Modernization of Driver Services and Vehicle Services	\$2,500,000	R	\$4,076,000	R
Provides funding for the continued modernization of Division of Motor Vehicles information technology systems, including Phase III of the State Automated Driver License System (SADLS) replacement effort.	\$23,956,000	NR		

Aid to Municipalities

2 State Aid to Municipalities	\$1,172,000	R	\$3,672,000	R
Increases funding for State Aid to Municipalities/Powell Bill to \$147.5 million in FY 2015-16 and \$150.0 million in FY 2016-17 in accordance with the repeal of the statutory formula in G.S. 136-41.1(a), effective July 1, 2015.				

Construction

3 Planning Funds	\$695,000	NR	\$695,000	NR
Provides planning funding for multi-state highway projects that significantly enhance the region's economic development.				
4 Small Urban Construction	\$2,500,000	NR	\$2,500,000	NR
Provides funding for the Small Urban Construction Fund.				

Division of Motor Vehicles

5 Tag and Tax Together				
Continues funding for 44 time-limited positions to support the Tag and Tax Together program through June 30, 2017. Receipts totaling \$2,001,011 nonrecurring are budgeted from the administrative fee authorized in G.S. 105-330.5(b).				
6 Commission Contractor Compensation	\$181,803	R	\$181,803	R
Funds a 2.3% increase to statutory compensation rates for commission contractors and provides additional funding for performance incentives associated with revised standard operating procedures.				
7 Operating Efficiencies	(\$250,000)	R	(\$250,000)	R
Reduces operating funding division-wide by \$250,000 recurring.				

8 Hearings Fees

Adjusts funding based on the delayed implementation of the Division of Motor Vehicles hearings fee schedule to July 1, 2017. Budgeted funds for the Division of Motor Vehicles total \$120,334,217 recurring.

\$6,452,499 NR

Federal Aid**9 Adjustment for Federal Revenue**

Adjusts budgeted receipts to match anticipated federal revenue for the upcoming biennium.

(\$4,055,402) R (\$4,055,402) R

Intermodal**10 (Ferry) Hatteras Alternate Route and Spill Response**

Provides funding for operating costs associated with the newly designated Hatteras Inlet route and training for new federal requirements concerning oil spill responses for vessels 400 gross tons and above. Budgeted funds for the Ferry Division total \$39,750,395 recurring.

\$850,000 R \$850,000 R

11 (Public Transportation) Statewide and Rural Capital Grant Programs

Increases funding for the Statewide grant program by \$1 million and for the Rural Capital grant program by \$2 million. Budgeted funds for the Public Transportation Division total \$88,173,419 recurring.

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

12 (Aviation) State Aid to Airports

Increases funding for grants-in-aid for public airport development. Budgeted funds for the Division of Aviation total \$25,760,952 recurring.

\$4,500,000 R \$4,500,000 R

Maintenance**13 Bridge Program**

Increases recurring funding for the Bridge Program. Budgeted funds total \$202,915,288 in FY 2015-16 and \$242,910,279 in FY 2016-17.

\$50,000,000 R \$90,000,000 R

14 (Bridge Program) Statutory Adjustment

Adjusts funding for the Bridge Program based on the revised revenue forecast. The program receives the balance of funds generated from the Gasoline Inspection Fee, after deducting expenses for the Department of Revenue for collecting the tax and expenses for the Department of Agriculture for fuel inspection.

(\$495,270) R (\$500,279) R

15 Pavement Preservation

Increases recurring funding for the Pavement Preservation Program to \$100,000,000.

\$34,954,976 R \$34,954,976 R

16 Secondary Road Maintenance and Improvement Program

Increases funding for the Secondary Road Maintenance and Improvement Program. Budgeted funds total \$305,984,586 in FY 2015-16 and \$295,753,956 in FY 2016-17.

\$28,642,082 R
\$10,230,630 NR

Reserves**17 Workers' Compensation Adjustment Reserve**

\$6,830,000 R \$6,830,000 R

Provides funding to adjust workers' compensation line items to the average FY 2012-13 and FY 2013-14 actual expenditures estimated to be from net Highway Fund appropriations. The Department is directed to further adjust these line items using receipts to reflect the average FY 2012-13 and FY 2013-14 actual expenditures from all sources.

18 Capital, Repairs and Renovations

\$7,817,900 NR \$15,444,300 NR

Funds capital improvements, repair, and renovation projects included in the Department of Transportation's 2015-21 Capital Improvements Plan.

19 Reserve for Administrative Reduction - Position Reductions

(\$745,500) R (\$894,599) R

Eliminates funding for 10 filled administrative positions and 46 filled receipt-supported positions to consolidate department functions and outsource functions. The administrative positions total \$894,599 and the receipt-supported positions total \$3,766,231, including salary and benefits.

-10.00 -10.00

20 Reserve for Vacant Position Reductions

(\$2,691,180) R (\$2,691,180) R

Eliminates funding for all vacant positions which, as of June 30, 2015, have been vacant for longer than 150 days. \$31.9 million in budgeted savings from the elimination of 807 receipt-supported positions in field and equipment units revert to the respective programs.

-36.00 -36.00

Revenue Availability**21 Motor Fuel Excise Tax Distribution**

Adjusts the distribution of motor fuel tax proceeds to the Highway Fund from 75% to 70%, reducing funding in FY 2015-16 by \$94.51 million and in FY 2016-17 by \$91.40 million.

22 Division of Motor Vehicles (DMV) Fees

Increases forecast revenue by \$29.18 million for FY 2015-16 and \$76.99 million for FY 2016-17 based on across-the-board adjustments to fees collected by the Division of Motor Vehicles.

23 Temporary Plate Fee

Budgets estimated revenue from a \$5 increase to the fee for a 10-day temporary tag and the elimination of the 10-day trip permit. Projected revenue is \$792,710 for FY 2015-16 and \$804,740 for FY 2016-17.

24 License Restoration Fee

Budgets \$575,000 in additional Highway Fund revenue based on the elimination of the license restoration fee transfer to the General Fund.

25 Special Registration Plate Account

Directs \$1.47 million of special registration plate proceeds from the Special Registration Plate Account to the Highway Fund based on the elimination of formulaic transfers to the Department of Commerce and Department of Health and Human Services.

26 License to Give Trust Fund

Eliminates the transfer to the License to Give Trust Fund within the Department of Administration and increases budgeted Highway Fund revenue by \$275,000 recurring.

27 Wildlife Resources

Reduces transfers to the Wildlife Resources Fund by \$157,517 in FY 2015-16 and \$152,333 in FY 2016-17 based on motor fuel tax distributional changes between the Highway Fund and Highway Trust Fund.

28 Shallow Draft Navigation Channel Dredging & Lake Maintenance Fund

Reduces transfers to the Shallow Draft Navigation Channel Dredging & Lake Maintenance Fund by \$157,517 in FY 2015-16 and \$152,333 in FY 2016-17 based on motor fuel tax distributional changes between the Highway Fund and Highway Trust Fund.

29 Noncommercial Leaking Petroleum Underground Storage Tank Cleanup Fund

Eliminates the transfer of motor fuel tax revenue to the Noncommercial Leaking Petroleum Underground Storage Tank Cleanup Fund effective July 1, 2016 and increases budgeted Highway Fund revenue by \$1.54 million in FY 2016-17.

Transfers**30 North Carolina State Ports Authority**

\$35,000,000	R	\$35,000,000	R
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Provides \$35.0 million recurring for modernization initiatives.

31 General Fund

(\$215,871,719)	R	(\$215,871,719)	R
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Eliminates the Highway Fund transfer for General Fund, non-tax revenue.

32 Transfers to Other State Agencies

(\$17,596,521)	R	(\$17,596,521)	R
\$17,596,521	NR		

Converts FY 2015-16 funding to nonrecurring and eliminates the following transfers from the Highway Fund to other State agencies in FY 2016-17, pending the results of Continuation Reviews:

Department of Insurance: \$158,000

Department of Agriculture and Consumer Services: \$5,218,407

Office of State Controller: \$496,578

Department of Public Safety (MCSAP): \$2,094,281 (including \$7,219,081 of federal receipts)

Department of Public Safety (litter removal): \$9,040,000

Department of Health & Human Services: \$589,255

33 Continuation Review Reserve (Appropriated Transfers)

		\$17,596,521	R
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Establishes a reserve for programs funded via Highway Fund transfers which are subject to Continuation Review.

34 Continuation Review Reserve (Revenues)

Establishes a \$32.3 million (M) reserve for potential revenue in FY 2016-17 to reflect the elimination of the following revenue diversions to other State agencies, pending the results of Continuation Reviews:

DENR - Commercial Leaking Underground Storage Tank Cleanup Fund (\$12.7M)

DENR - Water and Air Quality Account (\$7.3M)

DENR - Shallow Draft Navigation Channel Dredging & Lake Maintenance Fund (\$2.3M)

DENR - Division of Air Quality, Inspection and Maintenance Fees (\$3.6M)

DENR - Mercury Pollution Prevention Account (\$0.7M)

DHHS - Forensic Alcohol Testing (\$0.6M)

DOI - Rescue Squad Workers Relief Fund (\$1.5M)

DOI - Volunteer Rescue/EMS Fund (\$1.3M)

Wildlife Resources Commission (\$2.3M)

Total Legislative Changes	(\$74,074,731)	R	(\$12,556,318)	R
	\$62,796,051	NR	\$25,091,799	NR
Total Position Changes	-46.00		-46.00	
Revised Budget	\$1,907,397,744		\$1,924,759,406	

Highway Trust Fund

	HIGHWAY TRUST FUND	
	FY 15-16	FY 16-17
Recommended Base Budget	\$1,162,046,663	\$1,162,046,663

Legislative Changes

Construction

35 Strategic Transportation Investments	\$167,178,453	R	\$171,835,925	R
Modifies funding to Strategic Transportation Investments to \$1,185,145,486 in FY 2015-16 and \$1,189,802,958 in FY 2016-17.				

Debt

36 Adjustment for Debt Service Obligation	(\$10,995,116)	R	\$1,397,412	R
Adjusts the amount budgeted for debt service payments to accurately reflect the principal and interest due based on the current repayment schedule.				

Revenue Availability

37 Motor Fuel Excise Tax Distribution
Adjusts the distribution of Motor Fuels tax proceeds to the Highway Trust Fund from 25% to 30%, increasing funding in FY 2015-16 by \$94.51 million and in FY 2016-17 by \$91.40 million.

38 Division of Motor Vehicles (DMV) Fees
Increases forecast revenue by \$3.65 million for FY 2015-16 and \$12.02 million for FY 2016-17 based on across-the-board adjustments to fees collected by the Division of Motor Vehicles.

39 Highway Use Tax Caps
Increases projected revenue by \$4.17 million in FY 2015-16 and \$10.0 million in FY 2016-17 based on the following adjustments to maximum highway use tax assessments:
- Commercial vehicles (\$1,000 to \$2,000);
- Recreational vehicles (\$1,500 to \$2,000); and,
- Out-of-state vehicles (\$150 to \$250).

40 Noncommercial Leaking Petroleum Underground Storage Tank Cleanup Fund
Eliminates the transfer of motor fuel tax revenue to the Noncommercial Leaking Petroleum Underground Storage Tank Cleanup Fund effective July 1, 2016 and increases budgeted Highway Trust Fund revenue by \$0.66 million in FY 2016-17.

Senate Appropriations Committee on Department of Transportation

FY 15-16

FY 16-17

Total Legislative Changes

\$156,183,337

R

\$173,233,337

R

Total Position Changes

Revised Budget

\$1,318,230,000

\$1,335,280,000

Turnpike Authority

Budget Code: 64208

	FY 2015-16	FY 2016-17
Beginning Unreserved Fund Balance	\$0	\$0
Recommended Budget		
Requirements	\$86,299,540	\$86,299,540
Receipts	\$86,299,540	\$86,299,540
Positions	13.00	13.00

Legislative Changes

Requirements:

Adjustment to Debt Service	\$18,046,000	R	\$21,435,000	R
Adjusts the amount budgeted for debt service payments to accurately reflect the principal and interest due based on the current repayment schedule, as recommended by the Governor's Recommended Budget for FY 2015-17.	\$0	NR	\$0	NR
	0.00		0.00	
Subtotal Legislative Changes	\$18,046,000	R	\$21,435,000	R
	\$0	NR	\$0	NR
	0.00		0.00	

Receipts:

Adjustment for Debt Service	\$18,046,000	R	\$21,435,000	R
Adjusts the amount budgeted for debt service payments to accurately reflect the principal and interest due based on the current repayment schedule, as recommended by the Governor's Recommended Budget for FY 2015-17.	\$0	NR	\$0	NR
Subtotal Legislative Changes	\$18,046,000	R	\$21,435,000	R
	\$0	NR	\$0	NR

Senate Appropriations Committee on Transportation

FY 2015-16

FY 2016-17

Revised Total Requirements	\$104,345,540	\$107,734,540
Revised Total Receipts	\$104,345,540	\$107,734,540
Change in Fund Balance	\$0	\$0
Total Positions	13.00	13.00

Unappropriated Balance Remaining	\$0	\$0
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**Reserves,
Debt Service
and
Adjustments
Section L**

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Statewide Reserves

	GENERAL FUND	
	FY 15-16	FY 16-17
Recommended Base Budget	\$133,048,054	\$133,048,054
Legislative Changes		
A. Base Budget Adjustments		
1 Pending Legislation	(\$4,500,000) R	(\$4,500,000) R
Adjusts the base budget to eliminate recurring funding for the Pending Legislation reserve.		
2 Salary Adjustment Fund	(\$7,500,000) R	(\$7,500,000) R
Adjusts the base budget to eliminate the Salary Adjustment Fund reserve. The funds within the reserve were distributed to adjust employee salaries and have been incorporated into the operating budgets of the affected agencies.		
3 Voter Information Verification Act	(\$1,000,000) R	(\$1,000,000) R
Adjusts the base budget to eliminate the Voter Information Verification Act reserve. The funds within this reserve were incorporated into the Board of Elections' FY 2015-17 base budget.		
B. Employee Salaries and Benefits		
4 OSHR Minimum of Market Adjustment		\$12,000,000 R
Provides funds to implement a new market-aligned salary structure for State agencies to adjust salaries in State job classifications where employee pay is below market value. These salary adjustments are to be made based on Office of State Human Resources analysis of the difference in current salary grades and new salary grades implemented during the compensation system update.		
5 Salary Adjustment Fund	\$34,000,000 R	\$34,000,000 R
Provides funds to the Salary Adjustment Fund to be used to adjust salaries for job classifications in response to changes in the labor market as documented through data collection and analysis in accordance with accepted human resources practices and standards.		
6 Workers' Compensation Reserve	\$5,000,000 NR	(\$10,000,000) R
Provides funds to settle workers' compensation claims in FY 2015-16. In FY 2016-17 savings are expected from consolidated reporting and improved case management, resulting in reductions in abuse and fraud.		

C. Other Reserves**7 Information Technology Reserve**

Adjusts funding to properly align recurring spending with available funds and to provide additional nonrecurring funds to upgrade security, to acquire a new Department of Administration maintenance management system, and to improve law enforcement access to information. Total IT Reserve funding for FY 2015-16 is \$20,585,787 and \$19,230,683 for FY 2016-17.

\$1,070,685	R	(\$1,122,694)	R
\$711,454	NR		

8 Information Technology Fund

Reduces the budget for miscellaneous operating items. The budget provides funding of \$22,381,854 in each year of the biennium to support the operation of the Department of Information Technology and to manage statewide information technology projects.

(\$1,817,195)	R	(\$267,466)	R
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9 State Emergency Response and Disaster Relief Account

Provides funds for emergencies and disasters as specified in G.S. 166A-19.42.

\$10,000,000	NR		
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10 Film and Entertainment Grant Fund

Provides funds to the Film and Entertainment Grant Fund established in G.S. 143B-437.02A, to encourage the production of motion pictures, television shows, and commercials and to develop the filmmaking industry within the State.

\$10,000,000	NR	\$10,000,000	NR
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11 Job Development Investment Grants (JDIG)

Adjusts funding to reflect realignment of projected spending needs. Funding for JDIG is \$57,816,215 and \$71,728,126 respectively for the 2015-17 fiscal biennium.

		\$8,682,769	R
(\$5,229,142)	NR		

12 One North Carolina Fund

Reduces the budget to align funding to reflect projected spending needs for FY 2015-16. The recurring budget for the Fund remains \$9 million for FY 2016-17.

(\$2,004,024)	NR		
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13 Site Infrastructure Development Fund

Provides funding for the Site Infrastructure Development Fund.

\$13,000,000	NR		
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D. Debt Service**14 Debt Service Adjustment**

Adjusts debt service appropriations based on updated cash flow requirements.

(\$6,815,194)	R	(\$43,125,622)	R
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Senate Committee on Appropriations/Base Budget

FY 15-16

FY 16-17

Total Legislative Changes

\$13,438,296

R

(\$12,833,013)

R

\$31,478,288

NR

\$10,000,000

NR

Total Position Changes

Revised Budget

\$177,964,638

\$130,215,041

State Health Plan - Special

Budget Code: 23450

	FY 2015-16	FY 2016-17
Beginning Unreserved Fund Balance	\$258	\$258
Recommended Budget		
Requirements	\$225,311,373	\$225,311,373
Receipts	\$225,311,373	\$225,311,373
Positions	46.00	46.00
Legislative Changes		
Requirements:		
Agency Administration (2A10)	(\$7,757,973) R	(\$18,294,363) R
Adjusts the budgeted amounts for the Plan's other administrative costs to reflect a decline in fees required by the federal Affordable Care Act, new data and analytics positions, and adjustments due to new contracts, inflation, and membership changes.	\$0 NR 6.00	\$0 NR 6.00
Population Health Management (2A15)	(\$669,000) R	\$2,026,000 R
Adjusts the budgeted amount for Population Health Management Services contracts based on anticipated contractual costs, changes in membership, and new services.	\$0 NR 0.00	\$0 NR 0.00
Wellness Initiatives (2A20)	\$2,458,000 R	\$3,659,000 R
Adjusts the budgeted amount for Wellness Initiatives contracts based on on-going contracts, new programs, and growth in enrollment.	\$0 NR 0.00	\$0 NR 0.00
Medical Benefits Administration Contracts (2A25)	\$25,064,831 R	\$32,671,503 R
Adjusts the budgeted amounts for Third Party Administrative Services contracts based on newly effective contracts, changes in membership, and new programs.	\$0 NR 0.00	\$0 NR 0.00
Pharmacy Benefits Management Contract (2A30)	\$1,453,875 R	\$2,068,575 R
Adjusts the budgeted amount for the Pharmacy Benefits Management contract based on anticipated contractual costs and changes in membership.	\$0 NR 0.00	\$0 NR 0.00

Senate Committee on Appropriations/Base Budget

	FY 2015-16		FY 2016-17	
Subtotal Legislative Changes	\$20,549,733	R	\$22,130,715	R
	\$0	NR	\$0	NR
	6.00		6.00	

Receipts:

Adjusts Transfers from Trust Funds	\$20,549,733	R	\$22,130,715	R
Adjusts the amount of transfer from the Plan's health benefit trust fund budget codes to support administrative costs authorized for the 2015-17 fiscal biennium.	\$0	NR	\$0	NR
Subtotal Legislative Changes	\$20,549,733	R	\$22,130,715	R
	\$0	NR	\$0	NR

Revised Total Requirements	\$245,861,106		\$247,442,088	
Revised Total Receipts	\$245,861,106		\$247,442,088	
Change in Fund Balance	\$0		\$0	
Total Positions	52.00		52.00	
Unappropriated Balance Remaining	\$258		\$258	

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Capital Section M

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Capital

GENERAL FUND

FY 15-16

FY 16-17

A. Department of Agriculture and Consumer Services

1 Dorton Arena Roof Replacement

Funds the replacement of the Dorton Arena Roof at the State Fairgrounds in Raleigh.

\$2,305,000 NR

B. Department of Cultural Resources

2 USS North Carolina Hull Repair and Cofferdam

Provides additional funds to repair the USS North Carolina's hull and build a cofferdam. In FY 2014-15, \$3 million in General Funds were appropriated for this purpose. The funds will match donations raised by the Department.

\$3,500,000 NR

C. Department of Environment and Natural Resources

3 Water Resources Development

Provides funds for the State's share of Water Resource Development Projects. State funds will match \$44.4 million in federal funds and \$5.8 million in local funds.

\$5,083,000 NR

D. Department of Public Safety

4 Armory and Facility Development Projects

Provides State funds over the fiscal biennium to expand and renovate National Guard Armories and Facilities located throughout the State. These funds will match \$6.7 million in federal funds.

\$618,000 NR \$5,087,500 NR

E. General Assembly

5 Legislative Building Roof Replacement and Asbestos Abatement

Provides funds to fully replace the third floor roof and balconies of the Legislative Building and abate related asbestos.

\$9,500,000 NR

F. Repairs and Renovations Reserve

6 Repairs and Renovations

Provides additional funds to the Repairs and Renovations Reserve. These funds are in addition to the funds appropriated from the year end fund balance. The total amount of funds for statewide repairs and renovations is \$300 million.

\$144,889,100 NR

G. Responsible Capital Planning Commission

7 Advance Planning

Provides funds to the Responsible Capital Planning Commission to be allocated amongst the State Agencies for advance planning of new capital projects.

\$5,000,000 NR

H. School of Science and Mathematics

8 Technology Upgrades and Building Repair

Provides funds for connectivity improvements, upgrades for up to 5 distance education centers, and repairs and renovations for the School of Science and Mathematics in Durham.

\$4,000,000 NR

Total Appropriation to Capital

\$174,895,100 NR

\$5,087,500 NR

**Information
Technology Services
Section N**

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Information Technology Fund

Budget Code: 24667

	FY 2015-16	FY 2016-17
Beginning Unreserved Fund Balance	\$20,172,606	\$20,174,806
Recommended Budget		
Requirements	\$23,723,725	\$22,173,996
Receipts	\$23,723,725	\$22,173,996
Positions	95.75	95.75

Legislative Changes

Requirements:

Criminal Justice Information Network (CJIN) (2705)	\$0 R	\$0 R
Maintains funding for the Criminal Justice Information Network (CJIN) at \$193,085 for each year of the biennium. The CJIN is a statewide criminal justice infrastructure that allows the sharing of information between State and local criminal justice agencies.	\$0 NR 0.00	\$0 NR 0.00
Ctr for Geographic Information & Analysis (2715)	\$0 R	\$0 R
Provides \$503,810 for the Center for Geographic Information and Analysis (CGIA) in each year of the biennium. This includes \$67,858 to address a shortfall in funding for enterprise licensing for Environmental Services Research Institute software. CGIA is the lead agency for geographic information systems (GIS) services and GIS coordination for North Carolina, providing GIS services to State and local governments.	\$0 NR 0.00	\$0 NR 0.00
Enterprise Security & Risk Mg Office (2720)	\$0 R	\$0 R
Maintains funding for the Enterprise Security and Risk Management Office at \$871,497 for both years of the biennium. The Enterprise Security and Risk Management Office is responsible for the development, delivery, and maintenance of an information security and risk management program that safeguards the State's information assets and the supporting infrastructure against unauthorized use, disclosure, modification, damage, or loss.	\$0 NR 0.00	\$0 NR 0.00

	FY 2015-16		FY 2016-17	
Staffing and Strategic Projects (2725)	\$0	R	\$0	R
Maintains funding for project management at \$7,573,903 in each year of the biennium to allow the State Chief Information Officer (CIO) to maintain staff with the skills required to create and deploy a development model for Cabinet agencies that will assist them in defining software requirements and require standard methodologies for project management and system development.	\$0	NR	\$0	NR
	0.00		0.00	
First Net (2735)	\$0	R	\$0	R
Provides \$140,000 in the each year of the biennium to provide a match for federal funding to support First Net development. First Net is a federal effort to build, operate and maintain the first high-speed, nationwide wireless broadband network dedicated to public safety. First Net will provide a single interoperable platform for emergency and daily public safety communications.	\$0	NR	\$0	NR
	0.00		0.00	
Enterprise Project Management Office (2740)	\$0	R	\$0	R
Maintains funding for the Enterprise Project Management Office (ELMO) at \$1,501,234. The ELMO was established to improve the management of IT projects in State government.	\$0	NR	\$0	NR
	0.00		0.00	
IT Strategy and Standards (2750)	\$0	R	\$0	R
Maintains funding of \$865,326 in both years of the biennium for the Office of Enterprise Architecture. The Office acts as a strategic planner and architect for the State's IT programs and is responsible for formulating and advancing a vision for those programs.	\$0	NR	\$0	NR
	0.00		0.00	
State Portal (2760)	\$0	R	\$0	R
Maintains funding for the State portal at \$233,510 in both years of the biennium to support the current State web site and Digital Commons efforts within the Department of Information Technology.	\$0	NR	\$0	NR
	0.00		0.00	
Process Management (2775)	\$0	R	\$0	R
Maintains funding of \$398,234 in both years of the biennium to support the standardization of information technology processes and services.	\$0	NR	\$0	NR
	0.00		0.00	
Enterprise Licensing (2780)	\$0	R	\$0	R
Eliminates \$33,000 for enterprise license agreements in each year of the biennium. Funding for enterprise licensing agreements is maintained in the IT Internal Service Fund.	\$0	NR	\$0	NR
	0.00		0.00	

Senate Committee on Appropriations/Base Budget

	FY 2015-16		FY 2016-17	
IT Consolidation (2790)	\$0	R	\$0	R
Provides \$1 million for consolidation each year of the biennium, allowing the State Chief Information Officer to continue efforts to centralize IT operations in the State.	\$0	NR	\$0	NR
	0.00		0.00	
Government Data Analytics Center (2795)	\$0	R	\$0	R
Maintains funding for the Government Data Analytics Center (GDAC) at \$9,101,255 in each year of the biennium. The GDAC is an enterprise program to promote the use of North Carolina's data as an asset to support business decisions. The GDAC fosters interagency collaboration among and between the branches of governments and their sub-units to establish statewide business intelligence (BI) standards, to improve data sharing, quality and consistency and facilitate the identification, development and support of BI solutions for the State.	\$0	NR	\$0	NR
	0.00		0.00	
Adjustment to IT Fund	\$0	R	\$0	R
Adjusts the IT Fund to reflect a transfer to the IT Reserve in FY 2015-16 and a transfer from the IT Reserve in 2016-17.	(\$1,341,871)	NR	\$207,858	NR
	0.00		0.00	
Subtotal Legislative Changes	\$0	R	\$0	R
	(\$1,341,871)	NR	\$207,858	NR
	0.00		0.00	

Receipts:

Adjustment to IT Fund	\$0	R	\$0	R
Transfers \$1,341,871 from the IT Fund to the IT Reserve in fiscal year 2015-16, and transfers \$207,858 from the IT Reserve to the IT Fund in fiscal year 2016-17.	(\$1,341,871)	NR	\$207,858	NR
Interest	\$2,200	R	\$2,200	R
Budgets interest generated by the Information Technology Fund each year.	\$0	NR	\$0	NR
Subtotal Legislative Changes	\$2,200	R	\$2,200	R
	(\$1,341,871)	NR	\$207,858	NR

Senate Committee on Appropriations/Base Budget

	FY 2015-16	FY 2016-17
Revised Total Requirements	\$22,381,854	\$22,381,854
Revised Total Receipts	\$22,384,054	\$22,384,054
Change in Fund Balance	\$2,200	\$2,200
Total Positions	95.75	95.75
Ending Unreserved Fund Balance	\$20,174,806	\$20,177,006

Information Technology Reserve Fund

Budget Code: 00000

	FY 2015-16	FY 2016-17
Beginning Unreserved Fund Balance	\$0	\$0
Recommended Budget		
Requirements	\$19,243,916	\$19,438,541
Receipts	\$19,243,916	\$19,438,541
Positions	0.00	0.00

Legislative Changes

Requirements:

	\$0 R	\$0 R
IT Modernization		
Provides \$4,856,091 R in FY 2015-16 and \$5,183,212 R in FY 2016-17, as well as \$3,399,800 NR in FY 2015-16 and \$3,000,000 NR in FY 2016-17 to support the State's IT modernization efforts. This will enable the State CIO to improve secure sign-on and mobile web capabilities, and includes \$528,074 R in each year of the biennium, plus \$24,800 NR in FY 2015-16, for 4 security positions in the Department of Revenue. These include a Security Design Engineer, a Security Impact Specialist, and 2 Security Specialists. Funding is provided for 8 new positions, including 5 Business Technology Analysts and 3 Business System Analysts. Funding will also support the transfer of Office of the State CIO positions from the IT Internal Service Fund to the IT Fund. Positions will be transferred as follows:	\$0 NR	\$0 NR
	20.00	21.00

FY 2015-16

- 60087223 State Chief Information Officer
- 60087293 Executive Assistant
- 60087581 Legislative Affairs/Program Coordinator
- 60093454 Director of Public Affairs
- 60087551 Information & Communications Specialist II
- 60087645 Agency General Counsel II
- 60087635 Chief Information Risk Officer
- 65020068 Information and Communications Specialist

FY 2016-17

- 60087248 Director of Digital Infrastructure

Senate Committee on Appropriations/Base Budget

	FY 2015-16		FY 2016-17	
NC Connect/Digital Infrastructure	\$0	R	\$0	R
Provides \$429,438 for 3 new positions in FY 2015-16, an IT Manager, and IT Project Manager, and a Business and Technology Specialist, and increases funding in FY 2016-17 to \$688,061 to add 2 additional positions, a Network Specialist and a Project Manager.	\$0	NR	\$0	NR
	3.00		5.00	
IT Restructuring	\$0	R	\$0	R
Increases IT Restructuring to \$3,238,804 in FY 2015-16 and reduces it to \$2,029,509 in FY 2016-17. This funding supports the planning and implementation for the Department of Information Technology.	\$1,341,871	NR	(\$207,858)	NR
	0.00		0.00	
Maintenance Management System Replacement	\$0	R	\$0	R
Transfers \$173,180 NR in FY 2015-16 and \$129,901 R in FY 2016-17 to the Department of Administration to support the acquisition and operation of a cloud-based maintenance management system that will provide maintenance, inventory, and utility management functions. Provides funding to support the acquisition and operation of 3 modules for a cloud-based maintenance management system. These include system failure alerts, utility bill automation, and mobile maintenance management applications.	\$0	NR	\$0	NR
	0.00		0.00	
Law Enforcement Information Exchange	\$0	R	\$0	R
Provides \$288,474 to fund the mapping of law enforcement agency records management systems to facilitate the exchange of data with the Law Enforcement Information Exchange.	\$0	NR	\$0	NR
	0.00		0.00	
Government Data Analytics Center	\$0	R	\$0	R
Provides \$8.2 million R to support the operation of the Government Data Analytics Center (GDAC).	\$0	NR	\$0	NR
	0.00		0.00	
Subtotal Legislative Changes	\$0	R	\$0	R
	\$1,341,871	NR	(\$207,858)	NR
	23.00		26.00	

Receipts:

Adjustments to IT Reserve	\$0	R	\$0	R
Adjusts the IT Reserve to reflect a transfer from the IT Fund in FY 2015-16 and a transfer to the IT Fund in FY 2016-17.	\$1,341,871	NR	(\$207,858)	NR

Senate Committee on Appropriations/Base Budget

	FY 2015-16	FY 2016-17
Subtotal Legislative Changes	\$0 R \$1,341,871 NR	\$0 R (\$207,858) NR
Revised Total Requirements	\$20,585,787	\$19,230,683
Revised Total Receipts	\$20,585,787	\$19,230,683
Change in Fund Balance	\$0	\$0
Total Positions	23.00	26.00
Ending Unreserved Fund Balance	\$0	\$0

Information Technology Internal Service Fund

Budget Code: 74660

	FY 2015-16	FY 2016-17
Beginning Unreserved Fund Balance	\$55,801,419	\$55,801,419
Recommended Budget		
Requirements	\$181,835,913	\$188,274,505
Receipts	\$181,835,913	\$188,274,505
Positions	500.00	499.50

Legislative Changes**Requirements:**

Workers' Compensation Adjustment Reserve	\$219,794	R	\$219,794	R
Provides funding to adjust workers' compensation line items to the average FY 2012-13 and FY 2013-14 actual expenditures. Agencies are directed to further adjust these line items using receipts to reflect the average FY 2012-13 and FY 2013-14 actual expenditures from all fund sources.	\$0	NR	\$0	NR
	0.00		0.00	
First Net	\$0	R	\$0	R
Adjusts the IT Internal Service Fund requirements to reflect federal grant funding for the biennium for First Net.	\$1,549,729	NR	\$0	NR
	0.00		0.00	
Adjustment for Position Transfers	\$0	R	\$0	R
Adjusts the IT Internal Service Fund to reflect the transfer of State Chief Information Officer positions from the IT Internal Service Fund to the IT Fund.	\$0	NR	\$0	NR
	-8.00		-9.00	
Subtotal Legislative Changes	\$219,794	R	\$219,794	R
	\$1,549,729	NR	\$0	NR
	-8.00		-9.00	

Receipts:

Senate Committee on Appropriations/Base Budget

	FY 2015-16		FY 2016-17	
Receipt Adjustment for Workers' Compensation	\$219,794	R	\$219,794	R
Increases receipts to reflect workers' compensation adjustment to the average FY 2012-13 and FY 2013-14 actual expenditures.	\$0	NR	\$0	NR
FirstNet Grant	\$0	R	\$0	R
Adjusts receipts to the IT Internal Service fund to reflect federal grant funding for FirstNet.	\$1,549,729	NR	\$0	NR
Subtotal Legislative Changes	\$219,794	R	\$219,794	R
	\$1,549,729	NR	\$0	NR
<hr/>				
Revised Total Requirements	\$183,605,436		\$188,494,299	
Revised Total Receipts	\$183,605,436		\$188,494,299	
Change in Fund Balance	\$0		\$0	
Total Positions	492.00		490.50	
<hr/>				
Ending Unreserved Fund Balance	\$55,801,419		\$55,801,419	



GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2015

Legislative Incarceration Fiscal Note

BILL NUMBER: House Bill 97 (Sixth Edition)

SHORT TITLE: 2015 Appropriations Act.

SPONSOR(S):

FISCAL IMPACT (\$ in millions)					
<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> No Estimate Available					
State Impact	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20
General Fund Revenues:					
General Fund Expenditures					
State Positions:					
NET STATE IMPACT	Likely budget cost. See Assumptions & Methodology section for additional details.				
PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED: Administrative Office of the Courts; Indigent Defense Services; Department of Public Safety					
EFFECTIVE DATE: December 1, 2015					
TECHNICAL CONSIDERATIONS: None					

This incarceration note only addresses the fiscal impact of changes to criminal penalties included in the bill.

FISCAL IMPACT SUMMARY:

Section 11.2(b) of the bill may have a fiscal impact to address a new chargeable offense being enforced, adjudicated, and having penalties applied to those convicted of the new offense. However, given that there is no historical data on this new offense or similar offenses to use as a proxy for predicting the total number of new offenses, the Fiscal Research Division cannot reasonably estimate the total additional costs that may be incurred. The following costs may be incurred for every one person charged and convicted of this crime:

- Administrative Office of the Courts: \$165 per disposition
- Indigent Defense Services: \$188 per disposition
- Department of Public Safety (DPS) - Prison Section: No cost
- DPS - Community Corrections: \$1,958 per sentence resulting in probation

Please see the Assumptions and Methodology section for additional information.



BILL SUMMARY:

Section 11.2(b) of the bill creates a new G.S.116-36.1A, Institutional trust fund deposits to be secured; reports of depositories. The new statute proscribes procedures for securing institutional trust funds and creates a new Class 1 misdemeanor for violations of the section. Approximately nine constituent institutions of the University of North Carolina system will be impacted by the new language.

ASSUMPTIONS AND METHODOLOGY:

General

The Sentencing and Policy Advisory Commission prepares prison population projections for each bill containing a criminal penalty. The Commission assumes for such bills that expanding existing or creating new criminal offenses produces no deterrent or incapacitative effect on crime. Therefore, the Fiscal Research Division does not assume deterrent effects for any criminal penalty bill.

S.L. 2011-192 (H.B. 642), the Justice Reinvestment Act (JRA), made changes to North Carolina's court system, corrections system (both to prisons and probation), and to post-release supervision. All F-I felons are now subject to nine months of post-release supervision (PRS). B1-E felony PRS has been increased from nine months to twelve months. Due to the lack of historical data about JRA implementation, it is not possible to estimate the number of prison beds that may be needed as a result of revocations.

JRA also created the Statewide Misdemeanant Confinement Program (SMCP) for housing misdemeanants with sentences between 90 and 180 days in county jails (misdemeanants with shorter sentences were already the responsibility of the counties). County participation in the program is voluntary. The SMCP pays participating counties for misdemeanants' housing, transportation, and medical costs. In 2014, the program was expanded to include all misdemeanants with sentences longer than 90 days. The Sentencing and Policy Advisory Commission does not track county jail capacity, so it is not possible to estimate the impact of new or increased misdemeanor penalties on county jails.

Judicial Branch

The Administrative Office of the Courts provides Fiscal Research with a fiscal impact analysis for most criminal penalty bills. For such bills, fiscal impact is typically based on the assumption that court time will increase due to anticipated increases in trials and corresponding increases in workload for judges, clerks, and prosecutors. This increased court time is also expected to result in greater expenditures for jury fees and indigent defense.

Section 11.2(b) of the bill creates a new Class 1 misdemeanor offense. Because this is a new offense, AOC does not have historical data upon which to estimate the number of charges that might occur. AOC provides estimates of the average cost to the court for a charge by offense class. For every additional person charged with a Class 1 misdemeanor, the average cost to the court would be \$165.

The Office of Indigent Defense Services (IDS) has provided Fiscal Research with the frequency and cost of indigent defense services for each level of crime, including the cost differentials for district and superior court with and without a trial and the percentage of cases handled in each category. Fiscal Research used this data to calculate a weighted average of IDS costs. In FY 2011-12, 39% of Class 1 misdemeanor cases were handled through IDS. The weighted average cost of a new Class 1 misdemeanor is \$188 per case for a private appointed counsel (PAC) attorney. This estimate assumes the appointment of a PAC attorney. In districts that have Public Defender offices, cases may be handled by those offices. In those instances, this cost may not be incurred.



Department of Public Safety –Prison Section

This bill creates a new Class 1 misdemeanor offense. The North Carolina Sentencing and Policy Advisory Commission expects no impact on the prison population because all misdemeanor offenders who receive active sentences will serve them in the local jail. Therefore, the Department of Public Safety does not anticipate an impact on prison custody projections.

Department of Public Safety – Community Correction Section

All misdemeanor offenders may be given non-active (intermediate or community) sentences exclusively, or in conjunction with imprisonment (split-sentence). Sanctions include electronic house arrest, community service, substance abuse treatment, participation in educational or vocational skills development, payment of court costs, fines, and restitution, and short-term jail sentences not exceeding six days per month.

JRA essentially eliminated the distinction between “community” and “intermediate” supervision. Under structured sentencing, the two types of supervision were each defined by a set of specific sanctions. Under JRA, both community and intermediate probation may now include electronic monitoring, short-term periods of confinement, substance abuse assessment, monitoring, and treatment, participation in educational programs or vocational skills development. Whether a probationer is subject to more stringent conditions is determined by the results of a risk-needs assessment administered by the Department of Public Safety.

All types of post-release supervision, including intermediate or community sanctions, are supervised by the Community Corrections Section (CCS); CCS also oversees community service. General post-release supervision and supervision of intermediate and community offenders by a probation officer costs \$130.50 per offender, per month; no cost is assumed for those receiving unsupervised probation, or who are only ordered to pay fines, fees, or restitution. Total costs are based on average supervision length and the percentage of offenders (per offense class) sentenced to active sentences requiring post-release supervision, intermediate sanctions and supervised probation.

In FY 2013-14, 30% of Class 1 misdemeanor offenders received active sentences; 70% received probation. Active misdemeanor sentences of less than 180 days are served in local jails and do not require any post-release supervision. The average length of probation imposed for this offense class was 15 months. Therefore, at a minimum, one sentence resulting in probation under the bill will require at least 15 months of supervision. The cost of 15 months of supervision is \$1,958 per offender (\$130.50 per month times 15 months).¹

SOURCES OF DATA: Department of Public Safety; Administrative Office of the Courts; North Carolina Sentencing and Policy Advisory Commission; Office of Indigent Defense Services.

TECHNICAL CONSIDERATIONS: None

FISCAL RESEARCH DIVISION: (919) 733-4910

PREPARED BY: Kristine Leggett

¹ Due to the effective date of December 1, 2015 and the typical lag time between charge and conviction (6 months), little impact is assumed for CCS in FY 2015-16. Though some offenders may come under CCS supervision during this time, this note assumes an even entry over the course of FY 2016-17.





APPROVED BY:
Mark Trogdon
Fiscal Research Division
Offices

Signed Copy Located in the NCGA Principal Clerk's

DATE: June 17, 2015



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. Amendments that adjust funds from compensation increase reserves or other reserves related to salaries and benefits are not allowed.
 9. Amendments that adjust funds for workers' compensation are not allowed.
 10. Amendments that adjust funds related to vacant positions are not allowed.
 11. Since this is a meeting of Full Appropriations, amendments that address finance portions of the bill will not be heard.
 12. Amendments must be in writing, the original signed, with 100 copies available for distribution.
 13. 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, June 16, 2015.
-



AMENDMENTS for CONSIDERATION LOG: HB 97
SENATE APPROPRIATIONS BASE BUDGET COMMITTEE June 16, 2015

A #	DRAFT NUMBER	SPONSOR/TITLE	ACTION
1	AML-50[v.9]	BROWN/CHAIRS	A
2	ALH-37[v.6]	BROCK	A
3	ATR-26[v.2]	HISE	A
4	ALM-41[v.5]	HISE	A
5	AML-49[v.4]	HISE	A
6	ALR-14[v.7]	BROCK	A
7	ALU-23[v.5]	TUCKER	A
8	AMH-46[v.2]	WADE	A
9	ALU-22[v.6]	APODACA	A
10	ALL-22[v.2]	FOUSHEE	A
11	AMK-42[v.4]	B. JACKSON	F
12	AMC-74[v.3]	J. DAVIS	A
13			

VV-VOICE VOTE

D-DIVISION

Possible Actions:

A – Adopted

F – Failed

W – Withdrawn

O of O – Out of Order

TD – Temporarily Displaced

NA – No Action (not taken up)

T – Tabled





NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
House Bill 97

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

H97-AML-50 [v.9]

Page 1 of 8

Amends Title [NO]
PCS

Date _____, 2015

Senator Brown

- 1 Moves to amend the Committee Report on page K3, item 22, by adding after "Vehicles." in the
- 2 item description the following sentence:
- 3 "These DMV fees were last adjusted in 2005."; and
- 4
- 5 Moves to amend the Committee Report on page K6, item 38, by adding after "Vehicles." in the
- 6 item description the following sentence:
- 7 "These DMV fees were last adjusted in 2005."; and
- 8
- 9 Moves to amend the Committee Report, on page H-26, by replacing the recurring adjustments
- 10 in each year of the biennium for the Boating Safety Account with a recurring decrease in
- 11 funding of \$2,318,667 for each year; and
- 12
- 13 Moves to amend the Committee Report, on page H-27, by increasing the nonrecurring amount
- 14 in the 2015-2016 fiscal year for the Boating Safety Account by \$35.00; and
- 15
- 16 Moves to amend the bill on page 360, line 36, by deleting "G.S. 114 2.3 and G.S. 147 17" and
- 17 substituting "G.S. 114-2.3 and G.S. 147-17"; and
- 18
- 19 Moves to amend the bill on Page 166, line 43, by inserting immediately after the line the
- 20 following:
- 21 **"BROUGHTON HOSPITAL FACILITIES STUDY**
- 22 **SECTION 12F.18.** Of the funds appropriated in this act for the 2015-2016 fiscal
- 23 year for technology infrastructure, furniture, and equipment for the Broughton Hospital
- 24 replacement facility, the sum of two hundred thousand dollars (\$200,000) shall be used to
- 25 conduct the study of potential uses for vacated Broughton Hospital facilities authorized in S.L.
- 26 2014-100."; and
- 27
- 28 Moves to amend the bill on page 93, lines 12-23, by deleting those lines and substituting the
- 29 following:
- 30



* H 9 7 - A M L - 5 0 - V - 9 *

q: 42
20



NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
House Bill 97

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

H97-AML-50 [v.9]

Page 2 of 8

1 **"SECTION 9.1.(d)** Beginning with the 2014-2015 fiscal year, in lieu of providing
2 annual longevity payments to teachers paid on the teacher salary schedule, the amounts of those
3 longevity payments are included in the monthly amounts under the teacher salary schedule.

4 **SECTION 9.1.(e)** A teacher compensated in accordance with this salary schedule
5 for the 2015-2016 and 2016-2017 school years shall receive an amount equal to the greater of
6 the following:

- 7 (1) The applicable amount on the salary schedule for the applicable school year.
8 (2) For teachers who were eligible for longevity for the 2013-2014 school year,
9 the sum of the following:
10 a. The teacher's salary provided in S.L. 2013-360, Sec. 35.11.
11 b. The longevity that the teacher would have received under the
12 longevity system in effect for the 2013-2014 school year provided in
13 S.L. 2013-360, Sec. 35.11, based on the teacher's current years of
14 service.
15 c. The annual bonus provided in S.L. 2014-100, Sec. 9.1(e).
16 (3) For teachers who were not eligible for longevity for the 2013-2014 school
17 year, the sum of the teacher's salary and annual bonus provided in S.L.
18 2014-100, Sec. 9.1."; and
19

20 moves to amend the bill on page 212, line 26, through page 213, line 43, by deleting the lines
21 and substituting the following language to read:

22 **"ENVIRONMENTAL MANAGEMENT OF IMPAIRED WATER BODIES**

23 **SECTION 14.5.(a)** Of the funds appropriated in this act to the Clean Water
24 Management Trust Fund, the sum of four million five hundred thousand dollars (\$4,500,000) in
25 the 2015-2017 fiscal biennium shall be used by the Department of Environment and Natural
26 Resources to research, implement, and monitor in-situ strategies beyond traditional watershed
27 controls that have the potential to mitigate water quality impairments resulting from aquatic
28 flora, sediment, nutrients, or other water quality variables that impair or have the potential to
29 impair water bodies of the State.

30 **SECTION 14.5.(b)** The Department shall extend existing contracts related to
31 in-situ water quality remediation strategies for two years at a price less than current terms and
32 may enter into new purchase or lease agreements for equipment, goods or contractor services
33 prior to June 30, 2017. The Department, in consultation with the Environmental Management
34 Commission, shall have the authority to determine the size, scope, and location of a new project
35 or expansion of the scope of an existing project as well as the methods to be deployed,
36 provided, however, that the Department shall issue a Request for Proposal for any new leases
37 or purchases authorized by this subsection and shall evaluate and select contractors or
38 equipment based on likelihood of success in addition to price.

39 **SECTION 14.5.(c)** The General Assembly finds that there is a need for timely
40 initiation of projects authorized by this section during the biennium to expedite mitigation of
41 impaired waters of the State and federal review and approval of these projects prior to
42 deployment. Therefore, any contract, lease, purchase or other agreement entered into under this



NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
House Bill 97

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

H97-AML-50 [v.9]

Page 3 of 8

1 section shall not be subject to the requirements of Articles 3, 3D or 8 of Chapter 143 of the
2 General Statutes in order to expedite deployment.

3 **SECTION 14.5.(d)** The General Assembly further finds that existing rules or
4 proposed rules intended to address water quality of impaired water bodies may need to be
5 modified based on the completion and analysis of projects authorized or extended by this
6 section and that there is a need to better understand the impact of in-situ mitigation on overall
7 water quality of impaired water bodies. Therefore, any rules issued by the Commission or
8 directed by the General Assembly that pertain to basinwide nutrient management and
9 mitigation of water quality for impaired water bodies, as defined by the federal government,
10 and that have been temporarily delayed by a prior act of the General Assembly or Commission,
11 shall have an effective date of two additional years or one year after the completion of the
12 projects described in this subsection, whichever is later.

13 **SECTION 14.5.(e)** The Department and Commission shall consider and include
14 in-situ strategies, as described in subsection (a) of this section, in their development, review,
15 and modifications of basinwide water quality management plans or related water quality
16 mitigation modeling."; and

17
18 Moves to amend the bill on page 389, line 18 by rewriting that line to read:

19 **"SECTION 27.7.(e)** Subsections (d) and (e) of this section are effective when this
20 act"; and

21
22 Moves to amend the bill on page 346, lines 46-50, by deleting those lines; and

23
24 Moves to amend the bill on page 306, line 50, by deleting "2016" and substituting "2015"; and

25
26 Moves to amend the bill on page 400, lines 37-38, by inserting between the lines a new section
27 to read:

28 **"EXTEND SUNSET/MINORITY-OWNED AND WOMEN-OWNED BUSINESSES IN**
29 **TRANSPORTATION CONTRACTS**

30 **SECTION 29.9B.** G.S. 136-28.4(e) reads as rewritten:

31 "(e) This section expires August 31, ~~2015-2017~~."; and

32
33 Moves to amend the bill on page 491, lines 9-18, by rewriting the line to read:

34 "Sec. 9. Distribution. The Secretary of Revenue must ~~divide-allocate~~ the net proceeds of the
35 tax collected under this division on items other than food in accordance with G.S. 105-472(a) in
36 the First One-Cent (1¢) Local Government Sales and Use Tax Act, Article 39 of Chapter 105 of
37 the General Statutes. The Secretary must divide the amount allocated to Mecklenburg County
38 and its municipalities in accordance with the ad valorem distribution method described in
39 G.S. 105-472(b)(2). The Secretary of Revenue must distribute the taxes levied by Mecklenburg
40 County on food to Mecklenburg County and the municipalities within Mecklenburg County in
41 accordance with G.S. 105-469(a). This amount shall be divided between the county and its
42 municipalities in accordance with the ad valorem distribution method described in



NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
House Bill 97

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

H97-AML-50 [v.9]

Page 4 of 8

1 G.S. 105-472(b)(2). The net proceeds from the tax levied under this division and distributed to
2 Mecklenburg County must be used as provided in G.S. 105-472(a1)."; and

3
4 Moves to amend the bill on page 491, line 22 through page 492, line 22, by rewriting the lines
5 to read:

6 "SECTION 32.19.(b) G.S. 105-469(a) reads as rewritten:

7 (a) The Secretary shall collect and administer a tax levied by a county pursuant to this
8 Article. As directed by G.S. 105-164.13B, taxes levied by a county on food are administered as
9 if they were levied by the State under Article 5 of this Chapter. The Secretary must, on a
10 monthly basis, distribute local taxes levied on food to the taxing counties in accordance with
11 G.S. 105-472(a). as follows:The net proceeds of the local taxes on food distributed to counties
12 must be used by the taxing counties as provided in G.S. 105-472(a1).

13 (1) ~~The Secretary must allocate one half of the net proceeds on a per capita~~
14 ~~basis according to the most recent annual population estimates certified to~~
15 ~~the Secretary by the State Budget Officer. The Secretary must then adjust the~~
16 ~~amount allocated to each county as provided in G.S. 105-486(b). The~~
17 ~~Secretary must include one half of the amount allocated under this~~
18 ~~subdivision in the distribution made under Article 40 of this Chapter and~~
19 ~~must include the remaining one half in the distribution made under Article~~
20 ~~42 of this Chapter.~~

21 (2) ~~The Secretary must allocate the remaining net proceeds proportionately to~~
22 ~~each taxing county based upon the amount of sales tax on food collected in~~
23 ~~the taxing county in the 1997-1998 fiscal year under Article 39 of this~~
24 ~~Chapter or under Chapter 1096 of the 1967 Session Laws relative to the total~~
25 ~~amount of sales tax on food collected in all taxing counties in the 1997-1998~~
26 ~~fiscal year under Article 39 of this Chapter and under Chapter 1096 of the~~
27 ~~1967 Session Laws. The Secretary must include the amount allocated under~~
28 ~~this subdivision in the distribution made under Article 39 of this Chapter.'~~

29 SECTION 32.19.(c) G.S. 105-472(a) reads as rewritten:

30 '§ 105-472. ~~Disposition and distribution~~Allocation, distribution, and use of taxes
31 collected.

32 (a) County Allocation. – The Secretary shall, on a monthly basis, allocate the net
33 proceeds of the tax collected under this Article to each taxing county ~~for which the Secretary~~
34 ~~collects the tax the net proceeds of the tax collected in that county under this Article. as~~
35 provided in this subsection. For the purpose of this section, "net proceeds" means the gross
36 proceeds of the tax collected in each county under this Article less taxes refunded, the cost to
37 the State of collecting and administering the tax in the county as determined by the Secretary,
38 and other deductions that may be charged to the county. For the percentage allocation made on
39 a point of collection basis, the Secretary must allocate the net proceeds of the tax collected
40 under this Article in that county. If the Secretary collects local sales or use taxes in a month and
41 the taxes cannot be identified as being attributable to a particular taxing county, the Secretary
42 shall allocate the taxes among the taxing counties in proportion to the amount of taxes collected
43 in each county under this Article during that month and shall include them in the monthly



NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
House Bill 97

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

H97-AML-50 [v.9]

Page 5 of 8

1 distribution. Amounts collected by electronic funds transfer payments are included in the
2 distribution for the month in which the return that applies to the payment is received. For the
3 percentage allocation made on a per capita basis, the Secretary must allocate the net proceeds
4 of the tax collected under this Article to the taxing counties according to the most recent annual
5 population estimates certified to the Secretary by the State Budget Office.

6 The net proceeds are allocated as follows:

<u>Distribution for Net Proceeds</u>	<u>Per Capita</u>	<u>Point of Collection</u>
<u>Collected in Fiscal Year</u>		

<u>2016-2017</u>	<u>40%</u>	<u>60%</u>
------------------	------------	------------

<u>2017-2018</u>	<u>55%</u>	<u>45%</u>
------------------	------------	------------

<u>2018-2019</u>	<u>70%</u>	<u>30%</u>
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<u>2019-2020 and thereafter</u>	<u>80%</u>	<u>20%.</u>
---------------------------------	------------	-------------

7 (a) Use. – The net proceeds of the revenue received by a county from the per capita
8 allocation must be used by the county for public education and community college purposes.
9 The remaining net proceeds received by a county may be used for any public purpose."; and
10

11 Moves to amend the bill on page 492, lines 24-29, by rewriting the lines to read:

12 **"§ 105-486. Distribution and use of additional taxes.**

13 (a) ~~County Allocation.~~ Allocation and Use. – The Secretary shall, on a monthly basis,
14 allocate the net proceeds of the additional one-half percent (1/2%) sales and use taxes levied
15 under this Article to the taxing counties ~~on a per capita basis according to the most recent~~
16 ~~annual population estimates certified to the Secretary by the State Budget Officer.~~ in accordance
17 with G.S. 105-472(a). The net proceeds of the tax revenue received by a county under this
18 Article must be used as provided in G.S. 105-472(a1)."; and
19

20 Moves to amend the bill on page 493, lines 29-44, by rewriting the lines to read:

21 **"SECTION 32.19.(e) G.S. 105-501(a) reads as rewritten:**

22 (a) ~~Method.~~ Distribution and Use. – The Secretary must, on a monthly basis, allocate ~~to~~
23 ~~each taxing county the net proceeds of the additional one-half percent (1/2%) sales and use~~
24 ~~taxes collected in that county levied under this Article. If the Secretary collects taxes under this~~
25 ~~Article in a month and the taxes cannot be identified as being attributable to a particular taxing~~
26 ~~county, the Secretary must allocate the net proceeds of these taxes among the taxing counties in~~
27 ~~proportion to the amount of taxes collected in each county under this Article in that month.~~
28 Article in accordance with G.S. 105-472(a). The net proceeds of the tax revenue received by a
29 county under this Article must be used as provided in G.S. 105-472(a1).

30 The Secretary must divide and distribute the funds allocated to a taxing county each month
31 under this section between the county and the municipalities located in the county in
32 accordance with the method by which the one percent (1%) sales and use taxes levied in that
33 county pursuant to Article 39 of this Chapter or Chapter 1096 of the 1967 Session Laws are
34 distributed. No municipality may receive any funds under this section if it was incorporated
35 with an effective date of on or after January 1, 2000, and is disqualified from receiving funds
36 under G.S. 136-41.2. No municipality may receive any funds under this section, incorporated
37
38
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42



NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
House Bill 97

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

H97-AML-50 [v.9]

Page 6 of 8

1 with an effective date on or after January 1, 2000, unless a majority of the mileage of its streets
2 are open to the public.""; and

3
4 Moves to amend the bill on page 495, line 17, by rewriting the line to read:

5 "SECTION 32.19.(h) G.S. 105-487 and G.S. 105-502 are repealed.

6 SECTION 32.19.(i) Except as otherwise provided, this section becomes effective";

7 and

8
9 Moves to amend the bill on page 211, lines 9 and 12, by deleting the word "craft" each time it
10 appears; and

11
12 Moves to amend the bill on page 307, line 25 through page 308, line 12, by deleting those lines;
13 and

14
15 Moves to amend the Committee Report on page H-11, item 52, by reducing the recurring cut in
16 both years of the biennium by \$150,000; and by changing the FTE count reduction to -1.00 in
17 both years of the biennium and by rewriting the description to read:

18 "Reduces funding for the Museum of Natural Sciences at Whiteville."; and

19
20 Moves to amend the Committee Report on page H-12, item 56, by reducing the recurring
21 increase in each year of the biennium by \$150,000; and

22
23 Moves to amend the bill on page 212, line 25, by inserting after that line the following:

24 "SEPARATE NATURAL HERITAGE PROGRAM FROM CLEAN WATER
25 MANAGEMENT TRUST FUND

26 SECTION 14.4. Subdivisions (8e) and (9) of subsection (c) and subsection (d) of
27 G.S. 113A-253 are repealed."; and

28
29 Moves to amend the bill on page 213, line 45, through page 215, line 24, by deleting those
30 lines; and

31
32 Moves to amend the bill on page 314, line 2, by deleting "SECTION 15.8A." and substituting
33 "SECTION 15.8A.(a)"; and

34
35 Moves to amend the bill on page 314, lines 14-15, by inserting between those lines a new
36 subsection to read as follows:

37 "SECTION 15.8A.(b) Of the funds appropriated in this act to the Department of
38 Commerce for the Main Street Solutions Fund for the 2015-2016 fiscal year, the Department
39 shall allocate one hundred thousand dollars (\$100,000) in nonrecurring funds for the 2015-2016
40 fiscal year to Renaissance West Community Initiative to provide quality housing, education,
41 health, wellness, and opportunity."; and

42
43



NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
House Bill 97

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

H97-AML-50 [v.9]

Page 7 of 8

1 Moves to amend the bill on page 211, lines 21-22, by inserting between those lines a new
2 section to read as follows:

3 **"LABOR CONSULTATIVE SERVICES BUREAU INSPECT MINES & QUARRIES**

4 **SECTION 13.11.(a)** The Department of Labor, Consultative Services Bureau, shall
5 inspect mines and quarries in the State in a manner consistent with inspections conducted by
6 the Mine and Quarry Bureau prior to the date this section becomes effective.

7 **SECTION 13.11.(b)** This section is effective when it becomes law."; and
8

9 Moves to amend the bill on page 354, lines 48-49, by inserting between those lines the
10 following:

11 **"USE OF COURT INFORMATION TECHNOLOGY FUND**

12 **SECTION 18A.23.** G.S. 7A-343.2(b) reads as rewritten:

13 "(b) Use. – Money in the Fund derived from State judicial facilities fees must be used to
14 upgrade, maintain, and operate the judicial and county courthouse ~~phone systems.~~ data
15 connectivity. All other monies in the Fund must be used to supplement funds otherwise
16 available to the Judicial Department for court information technology and office automation
17 needs."
18

19 **CLARIFY AUTHORIZATION TO CONTRACT FOR THE PROVISION OF REMOTE**
20 **ACCESS TO COURT RECORDS**

21 **SECTION 18A.24.** G.S. 7A-109(d) reads as rewritten:

22 "(d) In order to facilitate public access to ~~court records,~~ the electronic data processing
23 records or any compilation of electronic court records or data of the clerks of superior court,
24 except where public access is prohibited by law, the Director may enter into one or more
25 nonexclusive contracts under reasonable cost recovery terms with third parties to provide
26 remote electronic access to the electronic data processing records or any compilation of
27 electronic court records or data of the clerks of superior court by the public. Neither the
28 Director nor the Administrative Office of the Courts is the custodian of the records of the clerks
29 of superior court or of the electronic data processing records or any compilation of electronic
30 court records or data of the clerks of superior court. Costs recovered pursuant to this subsection
31 shall be remitted to the State Treasurer to be held in the Court Information Technology Fund
32 established in G.S. 7A-343.2.""; and
33

34 Moves to adjust the appropriate totals accordingly.



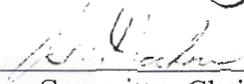
NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
House Bill 97

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

H97-AML-50 [v.9]

Page 8 of 8

SIGNED  _____
Amendment Sponsor

SIGNED  _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____





NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
House Bill 97

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

H97-ALH-37 [v.6]

Page 1 of 2

Amends Title [NO]
PCS

Date _____, 2015

Senator Brock

- 1 moves to amend the bill on page 107, lines 6-7,
- 2 by inserting between those lines the following:
- 3 **"PROGRAM EVALUATION DIVISION STUDY GRADUATION RATES AT**
- 4 **CONSTITUENT INSTITUTIONS AND RECOMMENDATIONS REGARDING**
- 5 **POLICIES TO INCREASE GRADUATION RATES**
- 6 **SECTION 11.7.(a)** The General Assembly finds that the six-year graduation rate
- 7 for students pursuing a baccalaureate degree from any constituent institution of The University
- 8 of North Carolina is too low. The General Assembly further finds that it is important to design
- 9 and implement a program for the purpose of achieving the following goals: to assist more
- 10 students to obtain a baccalaureate degree within a shorter time period; to provide students with
- 11 a college education at significantly lower costs for both the student and the State; to help
- 12 decrease the amount of debt resulting from loans that a student may owe upon graduation; to
- 13 provide a student with an interim degree that may increase a student's job opportunities if the
- 14 student chooses not to continue postsecondary education; and to provide easier access to
- 15 academic counseling that will assist a student in selecting coursework that reflects the student's
- 16 educational and career goals and helps the student succeed academically.
- 17 **SECTION 11.7.(b)** To address the issues and goals set out in the subsection (a) of
- 18 this section, the Program Evaluation Division shall review current six-year graduation rates for
- 19 each constituent institution in the University of North Carolina system, determine what factors
- 20 are associated with academic success and failure, and make recommendations on any policy
- 21 changes needed to increase graduation rates at specific institutions, including but not limited to
- 22 increasing the minimum high school GPA required for admission to 3.00 and implementing a
- 23 deferred admission program, to be known as the North Carolina Guaranteed Admission
- 24 Program (NCGAP), for students identified as academically at risk. The University of North
- 25 Carolina and its constituent institutions shall provide any data necessary and perform any
- 26 analyses for this study as directed by the Program Evaluation Division. The Program
- 27 Evaluation Division shall report on the findings of this study and make recommendations to the
- 28 Joint Legislative Program Evaluation Oversight Committee by April 1, 2016."
- 29
- 30
- 31
- 32



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3



NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
House Bill 97

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

H97-ALH-37 [v.6]

Page 2 of 2

SIGNED 
Amendment Sponsor

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Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____





NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
House Bill 97

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

H97-ATR-26 [v.2]

Page 1 of 3

Amends Title [NO]
H97-PCS40471-MDxfr-12

Date _____, 2015

Senator Hise

1 moves to amend the PCS on page 132, line 38, by inserting a new section after the line to read:

2
3 **"HEALTH CARE COST REDUCTION AND TRANSPARENCY ACT REVISIONS**

4 **SECTION 12A.15.** G.S. 131E-214.13 reads as rewritten:

5 **"§ 131E-214.13. Disclosure of prices for most frequently reported DRGs, CPTs, and**
6 **HCPCSs.**

7 (a) The following definitions apply in this Article:

8 (1) Ambulatory surgical facility. – A facility licensed under Part 4 of Article 6
9 of this Chapter.

10 (2) Commission. – The North Carolina Medical Care Commission.

11 (3) Health insurer. – An entity that writes a health benefit plan and is one of the
12 following:

13 a. An insurance company under Article 3 of Chapter 58 of the General
14 Statutes.

15 b. A service corporation under Article 65 of Chapter 58 of the General
16 Statutes.

17 c. A health maintenance organization under Article 67 of Chapter 58 of
18 the General Statutes.

19 d. A third-party administrator of one or more group health plans, as
20 defined in section 607(1) of the Employee Retirement Income
21 Security Act of 1974 (29 U.S.C. § 1167(1)).

22 (4) Hospital. – A medical care facility licensed under Article 5 of this Chapter or
23 under Article 2 of Chapter 122C of the General Statutes.

24 (5) Public or private third party. – Includes the State, the federal government,
25 employers, health insurers, third-party administrators, and managed care
26 organizations.

27 (b) Beginning with the ~~quarter ending June 30, 2014, reporting period ending~~
28 September 30, 2015 and quarterly ~~annually~~ thereafter, each hospital shall provide to the
29 Department of Health and Human Services, utilizing electronic health records software, the
30 following information about the 100 most frequently reported admissions by DRG for
31 inpatients as established by the Department:



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8:43

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NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
House Bill 97

AMENDMENT NO. _____

(to be filled in by
Principal Clerk)

H97-ATR-26 [v.2]

Page 2 of 3

- 1 (1) The amount that will be charged to a patient for each DRG if all charges are
2 paid in full without a public or private third party paying for any portion of
3 the charges.
- 4 (2) The average negotiated settlement on the amount that will be charged to a
5 patient required to be provided in subdivision (1) of this subsection.
- 6 (3) The amount of Medicaid reimbursement for each DRG, including claims and
7 pro rata supplemental payments.
- 8 (4) The amount of Medicare reimbursement for each DRG.
- 9 (5) For each of the five largest health insurers providing payment to the hospital
10 on behalf of insureds and teachers and State employees, the range and the
11 average of the amount of payment made for each DRG. Prior to providing
12 this information to the Department, each hospital shall redact the names of
13 the health insurers and any other information that would otherwise identify
14 the health insurers.

15 A hospital shall not be required to report the information required by this subsection for any
16 of the 100 most frequently reported admissions where the reporting of that information
17 reasonably could lead to the identification of the person or persons admitted to the hospital in
18 violation of the federal Health Insurance Portability and Accountability Act of 1996 (HIPAA)
19 or other federal law.

20 (c) The Commission shall adopt rules on or before ~~January 1, 2015~~, March 1, 2016, to
21 ensure that subsection (b) of this section is properly implemented and that hospitals report this
22 information to the Department in a uniform manner. The rules shall include all of the
23 following:

- 24 (1) The method by which the Department shall determine the 100 most
25 frequently reported DRGs for inpatients for which hospitals must provide the
26 data set out in subsection (b) of this section.
- 27 (2) Specific categories by which hospitals shall be grouped for the purpose of
28 disclosing this information to the public on the Department's Internet Web
29 site.

30 (d) Beginning with the ~~quarter ending September 30, 2014~~, reporting period ending
31 September 30, 2015, and ~~quarterly~~ annually thereafter, each hospital and ambulatory surgical
32 facility shall provide to the Department, utilizing electronic health records software,
33 information on the total costs for the 20 most common surgical procedures and the 20 most
34 common imaging procedures, by volume, performed in hospital outpatient settings or in
35 ambulatory surgical facilities, along with the related CPT and HCPCS codes. Hospitals and
36 ambulatory surgical facilities shall report this information in the same manner as required by
37 subdivisions (b)(1) through (5) of this section, provided that hospitals and ambulatory surgical
38 facilities shall not be required to report the information required by this subsection where the
39 reporting of that information reasonably could lead to the identification of the person or persons
40 admitted to the hospital in violation of the federal Health Insurance Portability and
41 Accountability Act of 1996 (HIPAA) or other federal law.

42 (e) The Commission shall adopt rules on or before ~~January 1, 2015~~, March 1, 2016, to
43 ensure that subsection (d) of this section is properly implemented and that hospitals and



NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
House Bill 97

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

H97-ATR-26 [v.2]

Page 3 of 3

1 ambulatory surgical facilities report this information to the Department in a uniform manner.
2 The rules shall include the method by which the Department shall determine the 20 most
3 common surgical procedures and the 20 most common imaging procedures for which the
4 hospitals and ambulatory surgical facilities must provide the data set out in subsection (d) of
5 this section.

6 (e1) The Commission shall adopt rules to establish and define no fewer than ten quality
7 measures ~~identical to those established by the Joint Commission for each of the following: for~~
8 licensed hospitals and licensed ambulatory surgical facilities.

9 a. ~~Primary cesarean section rate, uncomplicated (TJC PC-02)~~

10 b. ~~Early elective delivery rate (TJC PC-01)~~

11 c. ~~C. difficile infection SIR (NHSN)~~

12 d. ~~Multidrug resistant organisms (NHSN)~~

13 e. ~~Surgical site infection SRI for colon surgeries (NSHN)~~

14 f. ~~Post op sepsis rate (PSI13)~~

15 g. ~~Thrombolytic therapy for acute ischemic stroke patients (STK-4)~~

16 h. ~~Stroke education (STK-8)~~

17 i. ~~Venous thrombolism prophylaxis (VTE-1)~~

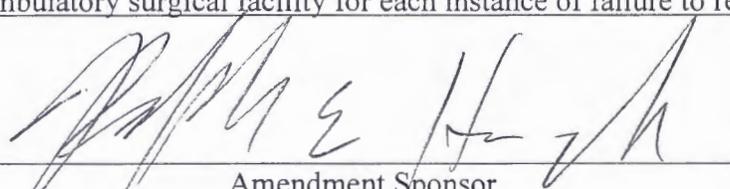
18 j. ~~Venous thrombolism discharge instructions (VTE-5)~~

19 (f) Upon request of a patient for a particular DRG, imaging procedure, or surgery
20 procedure reported in this section, a hospital or ambulatory surgical facility shall provide the
21 information required by subsection (b) or subsection (d) of this section to the patient in writing,
22 either electronically or by mail, within three business days after receiving the request.

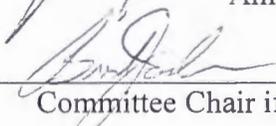
23 (g) G.S. 150B-21.3 does not apply to rules adopted under subsections (c) and (e) of this
24 section. A rule adopted under subsections (c) and (e) of this section becomes effective on the
25 last day of the month following the month in which the rule is approved by the Rules Review
26 Commission.

27 (h) A fine of five hundred dollars (\$500.00) shall be imposed on the licensed hospital or
28 licensed ambulatory surgical facility for each instance of failure to report as required."

SIGNED


Amendment Sponsor

SIGNED


Committee Chair if Senate Committee Amendment

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NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
House Bill 97

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

H97-ALM-41 [v.5]

Page 1 of 1

Amends Title [NO]
H97-PCS40417-MDxfr-12

Date _____, 2015

Senator Hise

1 moves to amend the bill on page 319, line 42, through page 321, line 51, by rewriting those
2 lines to read as follows:

3 **"INDUSTRIAL COMMISSION STUDY IMPLEMENTING DRUG FORMULARY IN**
4 **WORKERS' COMPENSATION CLAIMS**

5 **SECTION 15.13A.(a)** The Industrial Commission shall study the implementation
6 of a drug formulary in workers' compensation claims filed by State employees. The study shall
7 consider: (i) the pharmacy related expenses incurred by the State on an annual basis in workers'
8 compensation claims; (ii) the savings, if any, that would result from the use of a drug formulary
9 in workers' compensation claims; (iii) whether the use of a drug formulary would result in the
10 more efficient delivery of medications, provide workers with reasonable and necessary care,
11 and provide a disincentive for health care providers to utilize costly name brand drugs and
12 habit forming opioids and narcotics; and (iv) the adoption of an appeals process that would
13 allow health care providers and injured workers to seek approval for the use of drugs that are
14 not on the formulary's approved list. The Industrial Commission may consider any other
15 issues relevant to the implementation of a drug formulary in workers' compensation claims.

16 **SECTION 15.13A.(b)** By April 1, 2016, the Industrial Commission shall report its
17 findings, including any recommendations on the implementation of a drug formulary in
18 workers' compensation claims filed by State employees, to the chairs of the House of
19 Representatives Health Committee and the Senate Health Care Committee, and the Fiscal
20 Research Division."
21

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Amendment Sponsor

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NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
 House Bill 97

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

H97-AML-49 [v.4]

Page 1 of 4

Amends Title [NO]
 PCS

Date _____, 2015

Senator Hise

1 moves to amend the bill on page 76, lines 12-20, by deleting the lines; and

2
 3 moves to amend the bill on page 429, lines 27-28, by inserting between the lines a new section
 4 to read:

5 **"GRADUATED DRIVER LICENSING SYSTEM/REPEAL REQUIREMENT OF**
 6 **DRIVER EDUCATION AND ADJUST PASSING SCORE FOR WRITTEN TEST**

7 **SECTION 29.39.(a)** G.S. 20-11(b)(1) is repealed.

8 **SECTION 29.39.(b)** G.S. 20-11(h) reads as rewritten:

9 "(h) Exception for Persons 16 to 18 Who Have an Unrestricted Out-of-State License. —
 10 A person who is at least 16 years old but less than 18 years old, who was a resident of another
 11 state and has an unrestricted drivers license issued by that state, and who becomes a resident of
 12 this State may obtain one of the following upon the submission of a driving eligibility
 13 certificate or a high school diploma or its equivalent:

14 (1) ~~A temporary permit, if the person has not completed a drivers education~~
 15 ~~program that meets the requirements of the Superintendent of Public~~
 16 ~~Instruction but is currently enrolled in a drivers education program that~~
 17 ~~meets these requirements. A temporary permit is valid for the period~~
 18 ~~specified in the permit and authorizes the holder of the permit to drive a~~
 19 ~~specified type or class of motor vehicle when in possession of the permit,~~
 20 ~~subject to any restrictions imposed by the Division concerning time of~~
 21 ~~driving, supervision, and passenger limitations. The period must end within~~
 22 ~~10 days after the expected completion date of the drivers education program~~
 23 ~~in which the applicant is enrolled.~~

24 (2) A full provisional license, if the person has ~~completed a drivers education~~
 25 ~~program that meets the requirements of the Superintendent of Public~~
 26 ~~Instruction,~~ has held the license issued by the other state for at least 12
 27 ~~months, months~~ and has not been convicted during the preceding six months
 28 of a motor vehicle moving violation, a seat belt infraction, or an offense
 29 committed in another jurisdiction that would be a motor vehicle moving
 30 violation or seat belt infraction if committed in this State.

31 (2a) A full provisional license, if the person ~~has completed a drivers education~~
 32 ~~program that meets the requirements of the Superintendent of Public~~



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8:43



NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
House Bill 97

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

H97-AML-49 [v.4]

Page 2 of 4

1 ~~Instruction~~, has held both a learner's permit and a restricted license from
2 another state for at least six months each, the Commissioner finds that the
3 requirements for the learner's permit and restricted license are comparable to
4 the requirements for a learner's permit and restricted license in this State, and
5 the person has not been convicted during the preceding six months of a
6 motor vehicle moving violation, a seat belt infraction, or an offense
7 committed in another jurisdiction that would be a moving violation or a seat
8 belt infraction if committed in this State.

- 9 (3) A limited provisional license, if the person ~~has completed a drivers~~
10 ~~education program that meets the requirements of the Superintendent of~~
11 ~~Public Instruction but either~~ did not hold the license issued by the other state
12 for at least 12 months or was convicted during the preceding six months of a
13 motor vehicle moving violation, a seat belt infraction, or an offense
14 committed in another jurisdiction that would be a motor vehicle moving
15 violation or seat belt infraction if committed in this State."

16 **SECTION 29.39.(c)** G.S. 20-11(h1) reads as rewritten:

17 "(h1) Exception for Persons 16 to 18 Who Have an Out-of-State Restricted License. — A
18 person who is at least 16 years old but less than 18 years old, who was a resident of another
19 state and has a restricted drivers license issued by that state, and who becomes a resident of this
20 State may obtain one of the following:

- 21 (1) A limited provisional license, if the person ~~has completed a drivers~~
22 ~~education program that meets the requirements of the Superintendent of~~
23 ~~Public Instruction~~, held the restricted license issued by the other state for at
24 least 12 ~~months~~, months and whose the person's parent or guardian certifies
25 that the person has not been convicted during the preceding six months of a
26 motor vehicle moving violation, a seat belt infraction, or an offense
27 committed in another jurisdiction that would be a motor vehicle moving
28 violation or seat belt infraction if committed in this State.

- 29 (2) A limited learners permit, if the person ~~has completed a drivers education~~
30 ~~program that meets the requirements of the Superintendent of Public~~
31 ~~Instruction but either~~ did not hold the restricted license issued by the other
32 state for at least 12 months or was convicted during the preceding six
33 months of a motor vehicle moving violation, a seat belt infraction, or an
34 offense committed in another jurisdiction that would be a motor vehicle
35 moving violation or seat belt infraction if committed in this State. A person
36 who qualifies for a limited learners permit under this subdivision and whose
37 parent or guardian certifies that the person has not been convicted of a
38 moving violation in the preceding six months shall be deemed to have held a
39 limited learners permit in this State for each month the person held a
40 restricted license in another state."

41 **SECTION 29.39.(d)** G.S. 20-11(h2) reads as rewritten:

42 "(h2) Exception for Persons Age 15 Who Have an Out-of-State Unrestricted or Restricted
43 License. — A person who is age 15, who was a resident of another state, has an unrestricted or



NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
House Bill 97

AMENDMENT NO. _____

(to be filled in by
Principal Clerk)

H97-AML-49 [v.4]

Page 3 of 4

1 restricted drivers license issued by that state, and who becomes a resident of this State may
2 obtain a limited learners permit if the person ~~has completed a drivers education program that~~
3 ~~meets the requirements of the Superintendent of Public Instruction. A person who qualifies for~~
4 ~~a limited learners permit under this subsection and whose person's~~ parent or guardian certifies
5 that the person has not been convicted of a moving violation in the preceding six
6 ~~months~~months. A person who qualifies for a limited learners permit under this subsection shall
7 be deemed to have held a limited learners permit in this State for each month the person held an
8 unrestricted or restricted license in another state."

9 **SECTION 29.39.(e)** G.S. 20-11(h3) reads as rewritten:

10 "(h3) Exception for Persons Less Than Age 18 Who Have a Federally Issued Unrestricted
11 or Restricted License. — A person who is less than age 18, who has an unrestricted or
12 restricted drivers license issued by the federal government, and who becomes a resident of this
13 State may obtain a limited provisional license or a provisional license if the ~~person has~~
14 ~~completed a drivers education program substantially equivalent to the drivers education~~
15 ~~program that meets the requirements of the Superintendent of Public Instruction. A person who~~
16 ~~qualifies for a limited provisional license or a provisional license under this subsection and~~
17 ~~whose person's~~ parent or guardian certifies that the person has not been convicted of a moving
18 violation in the preceding six ~~months~~months. A person who qualifies for a limited provisional
19 license or a provisional license under this subsection shall be deemed to have held a limited
20 provisional license or a provisional license in this State for each month the person held an
21 unrestricted or restricted license issued by the federal government."

22 **SECTION 29.39.(f)** G.S. 20-11(d)(5) reads as rewritten:

23 "(5) Has completed a driving log, on a form approved by the Division, detailing a
24 minimum of ~~60~~85 hours as the operator of a motor vehicle of a class for
25 which the driver has been issued a limited learner's permit. The log must
26 show at least 10 hours of the required driving occurred during nighttime
27 hours. Driving completed by the driver as part of a course of driver
28 instruction offered in accordance with G.S. 115D-76.5 or at a licensed
29 commercial driver training school may be counted toward the 85-hour
30 requirement upon the driver providing proof acceptable to the Division of
31 the number of hours he or she drove as part of the course. No more than 10
32 hours of driving per week may be counted toward the ~~60-hour~~85-hour
33 requirement. The driving log must be signed by the supervising driver and
34 submitted to the Division at the time the applicant seeks to obtain a limited
35 provisional license. If the Division has cause to believe that a driving log has
36 been falsified, the limited learner's permit holder shall be required to
37 complete a new driving log with the same requirements and shall not be
38 eligible to obtain a limited provisional license for six months."

39 **SECTION 29.39.(g)** G.S. 20-7(c) reads as rewritten:

40 "(c) Tests. — To demonstrate physical and mental ability, a person must pass an
41 examination. The examination may include road tests, vision tests, oral tests, and, in the case of
42 literate applicants, written tests, as the Division may require. The tests must ensure that an
43 applicant recognizes the handicapped international symbol of access, as defined in



NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
House Bill 97

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

H97-AML-49 [v.4]

Page 4 of 4

1 G.S. 20-37.5. If the Division requires a written test on the person's knowledge of the rules of
2 the road, the person must answer at least eighty-five percent (85%) of the questions correctly in
3 order to pass the test. The Division may not require a person who applies to renew a license
4 that has not expired to take a written test or a road test unless one or more of the following
5 applies:

- 6 (1) The person has been convicted of a traffic violation since the person's license
7 was last issued.
8 (2) The applicant suffers from a mental or physical condition that impairs the
9 person's ability to drive a motor vehicle.

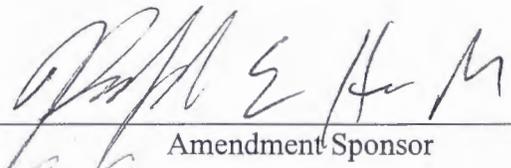
10 The Division may not require a person who is at least 60 years old to parallel park a motor
11 vehicle as part of a road test."

12 **SECTION 29.39.(h)** G.S. 20-11(b)(2) reads as rewritten:

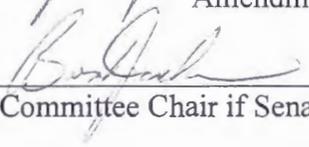
13 "(2) Passes a written test administered by the Division. The person must answer
14 at least eighty-five percent (85%) of the questions correctly in order to pass
15 the test."

16 **SECTION 29.39.(i)** Subsections (a) through (e) and (i) of this section are effective
17 when this act becomes law. The remainder of this section becomes effective July 1, 2016, and
18 applies to applications for permits and licenses received by the Division on or after that date."

SIGNED _____


Amendment Sponsor

SIGNED _____


Committee Chair if Senate Committee Amendment

ADOPTED _____

FAILED _____

TABLED _____





NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
House Bill 97

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

H97-ALR-14 [v.7]

Page 1 of 1

Amends Title [NO]
PCS-40471

Date _____, 2015

Senator Brock

- 1 moves to amend the bill on page 27, lines 25-32, by rewriting the lines to read:
- 2 **"STATE AGENCY BUDGETARY TRANSPARENCY/EXPENDITURES ONLINE**
- 3 **SECTION 7.17.(a)** In coordination with the State Controller and the Office of
- 4 State Budget and Management (OSBM), the State Chief Information Officer (State CIO) shall
- 5 prioritize Digital Commons Information Technology Modernization funding to establish a State
- 6 budget transparency Internet Web site to provide information on budget expenditures for each
- 7 State agency for each fiscal year beginning 2015-2016. The Internet Web site shall be fully
- 8 functional by April 1, 2016. The Internet Web site shall be user-friendly with easy-to-use
- 9 search features and data provided in formats that can be readily downloaded and analyzed by
- 10 the public. The Internet Web site shall include budgeted amounts and actual expenditures for
- 11 each agency budget code. The information provided shall include receipts and expenditures
- 12 from and to all sources, including vendor payments, updated on a monthly basis.
- 13 **SECTION 7.17.(b)** Each State agency shall work with the State CIO, the State
- 14 Controller, and the OSBM to ensure that complete and accurate budget and spending
- 15 information is provided in a timely manner as directed by the State CIO. Each State agency
- 16 Internet Web site shall include a hyperlink to the State's budget transparency Internet Web
- 17 site.".

SIGNED
Amendment Sponsor

SIGNED
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____



* H 9 7 - A L R - 1 4 - V - 7 *

9:06
12





NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
House Bill 97

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

H97-ALU-23 [v.5]

Page 1 of 1

Amends Title [NO]
PCS

Date _____, 2015

Senator Tucker

- 1 moves to amend the bill on page 202, line 13, by rewriting the line to read:
- 2 "Partnership \$509,018; Carolina Pregnancy
- 3 Care Fellowship \$300,000) 6,520,148 6,520,148"; and
- 4
- 5 on page 208, by inserting between lines 44 and 45, the following new subsection to read:
- 6 "**SECTION 12I.1.(bb)** No more than fifteen percent (15%) of the funds provided
- 7 in this section in the Maternal and Child Health Block Grant to Carolina Pregnancy Care
- 8 Fellowship shall be used for administrative purposes. The balance of those funds shall be used
- 9 for direct services."

SIGNED *W. Jennings Tucker*
Amendment Sponsor

SIGNED *[Signature]*
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____



* H 9 7 - A L U - 2 3 - V - 5 *

9:17
14





NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
House Bill 97

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

H97-AMH-46 [v.2]

Page 1 of 1

Amends Title [NO]
PCS for Fifth Edition

Date _____, 2015

Senator W A B E

- 1 moves to amend the bill on page 228, line 35, by rewriting the line to read:
- 2 "The Commission shall report no later than May 1, 2016, to the chairs of the Senate Natural
- 3 and".

SIGNED *Stacy Wade*
Amendment Sponsor

SIGNED *[Signature]*
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____



* H 9 7 - A M H - 4 6 - V - 2 *

9:19
15







NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
House Bill 97

H97-ALL-22 [v.2]

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

Page 1 of 1

Amends Title [NO]
PCS

Date _____, 2015

Senator Foushee

1 moves to amend the bill on page 343, lines 41-42,
2 by inserting between those lines the following:

3

4 "OUR CHILDREN'S PLACE FUNDS

5 **SECTION 16C.17.** Notwithstanding any other provision of law, funds remaining
6 from funds appropriated for the 2004-2005 fiscal year for Our Children's Place for planning and
7 design may be used by Our Children's Place for general operations."

SIGNED _____

Valerie Foushee
Amendment Sponsor

SIGNED _____

[Signature]
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____



* H 9 7 - A L L - 2 2 - V - 2 *

9:53
22





NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
House Bill 97

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

H97-AMC-74 [v.3]

Page 1 of 7

Amends Title [NO]
PCS

Date _____, 2015

Senator Davis
~~Senator Sanderson~~

1 moves to amend the bill on page 356, line 38, to page 360, line 20, by deleting the lines and
2 substituting the following language to read:

3 "SECTION 21.2.(a) Chapter 147 of the General Statutes is amended by adding a
4 new Article to read:

5 "Article 6E.

6 "Achieving Better Life Experience Program Trust.

7 "§ 147-86.50. Policy and definitions.

8 (a) Policy. – The General Assembly of North Carolina hereby finds and declares that
9 encouraging and assisting individuals and families in saving private funds for the purpose of
10 supporting individuals with disabilities, as authorized in the federal Achieving a Better Life
11 Experience (ABLE) Act, to maintain health, independence, and a better quality of life is fully
12 consistent with and furthers the long-established policy of the State to provide tools that
13 strengthen opportunities for personal economic development and long-term financial planning.

14 (b) Definitions. – The following definitions apply in this section:

15 (1) ABLE account. – An account established and owned by an eligible
16 individual and maintained under this Article. A guardian or agent under a
17 power of attorney may act on behalf of an account owner.

18 (2) Account owner. – The person who enters into an ABLE savings agreement
19 pursuant to the provisions of this Article. The account owner must be the
20 designated beneficiary.

21 (3) Board. – The ABLE Program Board of Trustees established in
22 G.S. 147-86.52.

23 (4) Contracting state. – A state without a qualified ABLE program that has
24 entered into a contract with North Carolina to provide residents of the
25 contracting state access to a qualified ABLE program.

26 (5) Designated beneficiary. – The eligible individual who established and owns
27 an ABLE account.

28 (6) Disability certification. – Defined in 26 U.S.C. § 259A(e)(2).

29 (7) Eligible individual. – Defined in 26 U.S.C. §259A(e)(1).

30 (8) Federal ABLE Act. – Division B of the Tax Increase Prevention Act of
31 2014, P.L. 113-295, the Achieving a Better Life Experience Act of 2014.



* H 9 7 - A M C - 7 4 - V - 3 *

9:55
24



NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
House Bill 97

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

H97-AMC-74 [v.3]

Page 2 of 7

1 (9) Member of the family. – A brother, sister, stepbrother, or stepsister.

2 (10) Qualified disability expense. – As defined in 26 U.S.C. § 529A(e)(5).

3 **"§ 147-86.51 ABL E Program.**

4 (a) Achieving a Better Life Experience (ABLE) Program Trust. – There is established
5 an ABL E Program Trust to be administered by the ABL E Program Board of Trustees
6 established in G.S. 146-86.52 to enable contributors to save funds to meet the costs of the
7 qualified disability expenses of eligible individuals.

8 (b) Accounts. – The following provisions apply to an ABL E account:

9 (1) An account owner or contributor may establish an account by making an
10 initial contribution to the ABL E Program Trust, signing an application form
11 approved by the Board or its designee, and naming the designated
12 beneficiary. If the contributor is not the account owner, the account owner or
13 the account owner's guardian, trustee, or agent shall also sign the application
14 form.

15 (2) Any person may make contributions to an account after the account is
16 opened.

17 (3) Contributions to an account shall be made only in cash.

18 (4) Contributions to an account shall not exceed maximum contribution limits
19 applicable to program accounts in accordance with the Federal ABL E Act.

20 (5) An account owner may change the designated beneficiary of an account to
21 an eligible individual who is a member of the family of the former
22 designated beneficiary. At the direction of an account owner, all or a portion
23 of an account may be transferred to another account of which the designated
24 beneficiary is a member of the family of the designated beneficiary of the
25 transferee account if the transferee account was created pursuant to this
26 section or in accordance with the Federal ABL E Act.

27 (c) Contributions. – The Board is authorized to accept, hold, invest, and disburse
28 contributions, and interest earned on such contributions, from contributors as trustees of the
29 ABL E Program Trust. The Board shall hold all contributions to the ABL E Program Trust, and
30 any earnings thereon, in the ABL E Program Trust and shall invest the contributions in
31 accordance with this section. The assets of the ABL E Program Trust shall at all times be
32 preserved, invested, and expended for the purpose of providing benefits to designated
33 beneficiaries and paying reasonable expenses of administering the ABL E Program Trust and
34 investing the assets of the ABL E Program Trust. Nothing in this Article shall be construed to
35 prohibit the Board from accepting, holding, and investing contributions from contributors who
36 reside outside of North Carolina. Neither the contributions to the ABL E Program Trust, nor the
37 earnings thereon, shall be considered State moneys, assets of the State, or State revenue for any
38 purpose. An account or a legal or beneficial interest in an account is not subject to attachment,
39 levy, or execution by a creditor of designated beneficiary.

40 (d) Limitations. – The Board, in administering the ABL E Program Trust, shall ensure
41 each of the following:



NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
House Bill 97

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

H97-AMC-74 [v.3]

Page 3 of 7

- 1 (1) A rollover from an ABLE account shall constitute a qualified rollover if the
2 rollover distribution is in accordance with the Federal ABLE Act.
- 3 (2) A person may make contributions for a taxable year for the benefit of an
4 individual who is an eligible individual for the taxable year to an ABLE
5 account that is established to meet the qualified disability expenses of the
6 designated beneficiary of the account.
- 7 (3) A designated beneficiary is limited to one ABLE account.
- 8 (4) An ABLE account may be established only for a designated beneficiary who
9 is a resident of North Carolina or a resident of a contracting state.
- 10 (5) Except as permitted under the Federal ABLE Act a person does not direct
11 the investment of any contributions to or earnings from the Achieving a
12 Better Life Experience Program more than two times each year.
- 13 (6) An account or a legal or beneficial interest in an account is not assignable,
14 pledged, or otherwise used to secure or obtain a loan or other advancement.
- 15 (7) Separate records and accounting are maintained for each ABLE account.
- 16 (8) Reports are made no less frequently than annually to each ABLE account
17 owner.
- 18 (9) A trustee or guardian appointed as a signatory of an ABLE account does not
19 have or acquire any beneficial interest in the account and administers the
20 account for the benefit of the designated beneficiary.

21 "**§ 147-86.52 ABLE Program Board of Trustees.**

22 (a) Board. – There is established a Board of Trustees to provide oversight of the general
23 administration and proper operation of the ABLE program and to determine the appropriate
24 investment strategy for the ABLE Program Trust. The Board of Trustees shall consist of the
25 following six members:

- 26 (1) The State Treasurer, ex officio, or his or her designee, as Chair.
- 27 (2) The Commissioner of Banks, ex officio, or his or her designee.
- 28 (3) The Secretary of the North Carolina Department of Health and Human
29 Services, ex officio, or his or her designee.
- 30 (4) A person appointed by the Governor having experience in investments and
31 finance.
- 32 (5) A person appointed by the President Pro Tempore of the Senate having
33 experience in advocacy for the disabled.
- 34 (6) A person appointed by the Speaker of the House of Representatives that is
35 an immediate family member of an eligible individual or a guardian of an
36 eligible individual.

37 (b) Terms. – The members of the Board, except those members serving in an ex officio
38 capacity, shall be appointed for terms of three years and shall serve until their successors are
39 appointed and qualified. Vacancies are filled in the same manner as the original appointment.
40 No appointed member of the Board may serve longer than any of the following:

- 41 (1) Two consecutive three-year terms.



NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
House Bill 97

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

H97-AMC-74 [v.3]

Page 4 of 7

- 1 (2) Three consecutive terms of any length, in the event that one or more of the
2 terms is for fewer than three years in duration or the member serves a partial
3 term as result of filling a vacancy.
- 4 (3) Eight consecutive years, regardless of term lengths.
- 5 (c) Duties – The Board of Trustees is authorized to:
- 6 (1) Delegate the authority to the State Treasurer to develop and perform all
7 functions necessary and desirable to (i) administer the ABLE Program Trust
8 in such a manner as to meet and comply with the requirements of the Federal
9 ABLE Act and federal regulations under the act, (ii) implement the
10 investment strategy of the Board, and (ii) provide other services as the Board
11 shall deem necessary to facilitate participation in the ABLE Program Trust.
- 12 (2) Notwithstanding provisions of Article 3 of Chapter 143, engage the services
13 of consultants on a contract basis for rendering professional and technical
14 assistance and advice.
- 15 (3) Retain the services of auditors, attorneys, investment counseling firms,
16 custodians, or other persons or firms possessing specialized skills or
17 knowledge necessary for the proper administration of investment programs
18 that the Board administers pursuant to this Article.
- 19 (4) Develop marketing plans and promotion material.
- 20 (5) Establish the methods by which the funds held in accounts shall be
21 dispersed.
- 22 (6) Establish the method by which funds shall be allocated to pay for
23 administrative costs.
- 24 (7) Do all things necessary and proper to carry out the purposes of this act.
- 25 (d) Investments – The Board shall determine and document in an investment policy
26 statement an appropriate investment strategy for the ABLE Program Trust containing one or
27 more forms of investments or strategies for investment from which account owners may select.
28 The Board shall authorize the State Treasurer to be responsible for engaging and discharging
29 investment managers and service providers, including contracting and contract monitoring, to
30 implement the investment strategy established by the Board. All amounts maintained in an
31 account shall be invested according to the account owner's election of one or more of the
32 strategies approved by the Board. Each strategy may include a combination of fixed income
33 assets and preferred or common stocks issued by any company incorporated, or otherwise
34 located within or outside the United States, or other appropriate investment instruments to
35 achieve long-term return through a combination of capital appreciation and current income. If
36 the Board approves multiple forms of investment as investment strategy options, transfers of an
37 account owner's accumulated funds shall be permitted among the various approved forms of
38 investments, subject to reasonable restrictions approved by the Board.
- 39 (e) Discharge of duties by the Board. – The assets of the ABLE Program Trust shall be
40 held in trust for the designated beneficiaries. The assets of the ABLE Program Trust shall at all
41 times be preserved, invested, and expended for the exclusive purpose of providing benefits to
42 designated beneficiaries and paying reasonable expenses of administering the ABLE Program



NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
House Bill 97

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

H97-AMC-74 [v.3]

Page 5 of 7

1 Trust and investing the assets of the ABLÉ Program Trust. Compliance by the Board with this
2 section must be determined in light of the facts and circumstances existing at the time of the
3 Board's decision or action and not by hindsight. The Board shall discharge its duties with
4 respect to the ABLÉ Program Trust as follows:

- 5 (1) Solely in the interest of the designated beneficiaries.
6 (2) With the care, skill, and caution under the circumstances then prevailing
7 which a prudent person acting in a like capacity and familiar with those
8 matters would use in the conduct of an activity of like character and purpose.
9 (3) Impartially, taking into account any differing interests of designated
10 beneficiaries.
11 (4) Incurring only costs that are appropriate and reasonable.
12 (5) In accordance with a good-faith interpretation of the law governing the
13 ABLE Program Trust.

14 (f) Immunity. – A person serving on the ABLÉ Board of Trustees shall be immune
15 individually from civil liability for monetary damages, and exempt to the extent covered by
16 insurance, for any act or failure to act arising out of that service except where any of the
17 following apply:

- 18 (1) The person was not acting within the scope of that person's official duties.
19 (2) The person was not acting in good faith.
20 (3) The person committed gross negligence or willful or wanton misconduct that
21 resulted in the damages or injury.
22 (4) The person derived an improper personal financial benefit, either directly or
23 indirectly, from the transaction.

24 (g) Report. – The Board shall submit an annual evaluation of the ABLÉ savings
25 program and prepare and submit an annual report of such evaluation to the Joint Legislative
26 Oversight Committee on Health and Human Services.

27 (h) Other States. – With consent of the State Treasurer, the Board may enter into
28 agreements with other states to either (i) allow North Carolina residents to participate in a plan
29 operated a contracting state with a qualified ABLÉ program or, (ii) allow residents of other
30 states to participate in the qualified North Carolina ABLÉ Program Trust.

31 **"§ 147-86.53. Administration of ABLÉ Program.**

32 (a) Administration. – The Board may delegate to the State Treasurer the authority to
33 develop and perform all functions necessary and desirable to (i) administer the ABLÉ Program
34 Trust in such a manner as to meet and comply with the requirements of the Federal ABLÉ Act
35 and federal regulations under the act, (ii) implement the investment strategy established by the
36 Board, and (iii) provide such other services as the State Treasurer shall deem necessary to
37 facilitate participation in the ABLÉ Program Trust. The State Treasurer is further authorized to
38 obtain the services of such investment managers, investment advisors, service providers, or
39 program managers as may be necessary for the proper administration, marketing, and
40 investment of the ABLÉ Program Trust.

41 (b) Disclaimer. – Nothing in this section shall be construed to create any obligation of
42 the State Treasurer, the State, or any agency or instrumentality of the State to guarantee for the



NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
House Bill 97

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

H97-AMC-74 [v.3]

Page 6 of 7

1 benefit of any parent, other interested party, or designated beneficiary the rate of return or other
2 return for any contribution to the ABLE Program Trust and the payment of interest or other
3 return on any contribution to the ABLE Trust Fund.

4 (c) Fees and Costs. – The State Treasurer may establish application, account, and
5 administration fees in an amount not to exceed the amount necessary to offset the costs of the
6 program. The following costs may be paid directly from the ABLE Program Trust:

7 (1) The costs of administration, management, investment, and operation of the
8 ABLE Program Trust.

9 (2) The costs of all actions authorized for the Board.

10 (3) The costs of all actions delegated to the State Treasurer and his or her staff
11 by the Board under this section. Such costs shall be allocated among the
12 designated beneficiaries in such manner as may be prescribed by the Board.
13 The Board shall no less than annually approve a budget and allocation of
14 costs.

15 (d) Means-Tested Programs. – Notwithstanding any other provision of law, an ABLE
16 account shall not be considered a resource for purposes of means tested State benefits.
17 Distributions for qualified disability expenses shall not be considered income for any State
18 benefits eligibility program that limits eligibility based on income.

19 (e) Claim for Medical Assistance Benefits. – To the extent provided in subsection 26
20 U.S.C. § 529(f) upon the death of a designated beneficiary, the State shall have a claim for
21 payment from the beneficiary's account in an amount equal to the total medical assistance paid
22 for the designated beneficiary after the establishment of the account. The State may file its
23 claim for repayment from the account with the State Treasurer within 60 days of receiving
24 notice from the State Treasurer of the death of the designated beneficiary. Any remaining funds
25 in the beneficiary's account shall be distributed as provided in the account agreement, or
26 distributed to the beneficiary's estate if no other designation is made.

27 (f) Notice of the Death of a Designated Beneficiary. – Within 30 days of the date the
28 State Treasurer receives notice of the death of a designated beneficiary, the State Treasurer
29 shall provide notice of the designated beneficiary's death to the Division of Medical Assistance,
30 Department of Health and Human Services.

31 (g) Notice to Account Owner for Designated Beneficiary Receiving Medicaid. – Notice
32 of the State's right to file a claim against the estate following the death of a designated
33 beneficiary who received medical assistance must be provided to the account owner. The notice
34 shall be on a form prescribed by the Division of Medical Assistance, Department of Health and
35 Human Services, and shall explain:

36 (1) The types of Medicaid payments subject to a claim against the estate.

37 (2) That a claim will not be made if the individual is survived by a legal spouse,
38 a child or children under the age of 21, or a blind or disabled child or
39 children of any age who became blind or disabled before age 21 and still live
40 on the property of the deceased designated beneficiary.

41 (3) That a claim against the estate is limited to specified conditions.



NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
House Bill 97

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

H97-AMC-74 [v.3]

Page 7 of 7

1 (4) That a claim against the estate may be waived in the case of undue hardship
2 and the procedure for claiming an undue hardship.

3 (h) Account information. – The information related to individual ABLE accounts are
4 not public records as defined in Chapter 132 of the General Statutes."

5 **SECTION 21.2.(b)** The Department of Health and Human Services shall provide
6 information and assistance to the Department of State Treasurer and shall enter into a data
7 sharing agreement with the Department of the State Treasurer for the purpose of the ongoing
8 implementation of this section. The Department of State Treasurer shall consult with other
9 departments as needed.

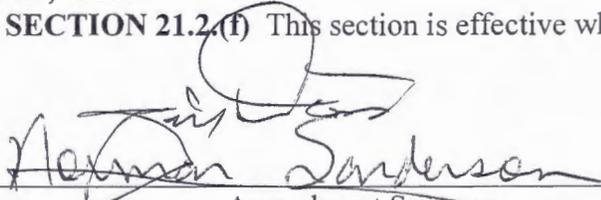
10 **SECTION 21.2.(c)** The Department of State Treasurer and the Department of
11 Health and Human Services are authorized to adopt rules necessary to implement this section.

12 **SECTION 21.2.(d)** The State Treasurer shall begin accepting contributions
13 authorized under this section when federal regulations regarding the Achieving a Better Life
14 Experience Program, as provided under the Tax Increase Prevention Act of 2014, Pub. L. No.
15 113-295, have been issued and provide the guidance necessary to implement the Achieving a
16 Better Life Experience Trust Fund Program established in this section. If the federal regulations
17 are materially inconsistent with this section, the Board may delay implementation of this
18 section until a change in this section has been made. If the Board delays implementation, the
19 Board shall provide a written report to the Governor, the Speaker of the House, and the
20 President Pro Tempore of the Senate identifying the changes in this section that must be made
21 to be consistent with federal regulation.

22 **SECTION 21.2.(e)** The Board authorized in G.S. 147-86.52 shall be organized
23 immediately after a majority of the members have been qualified or appointed, and have taken
24 the oath of offices. The terms for the trustees that are appointed shall be for initial terms to
25 expire June 30, 2018.

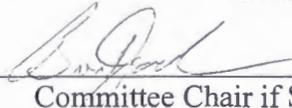
26 **SECTION 21.2.(f)** This section is effective when it becomes law."

SIGNED



Amendment Sponsor

SIGNED



Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____



VISITOR REGISTRATION SHEET

SENATE COMMITTEE ON APPROPRIATIONS

June 16, 2015

Name of Committee

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Sean McCabe	DoL
Sarah Koonce	NEDA
Carolina Torson	Inter
Val Procopu	WILL
Erin Wynia	NCLM
Steve Savari	Stonewall Justice Museum
Andy Chase	KMA
Bob R. Smith	AEP
Mr. W. J. Jones	AEP
Peter Daniel	CCS
Alw Bowen	CCS



VISITOR REGISTRATION SHEET

SENATE COMMITTEE ON APPROPRIATIONS

June 16, 2015

Name of Committee

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

Radul Bahri	NCDPI
Eva Lee	4
Sam Hara	NCDTSEA
Joy Wilks	NCDALCS
Clayton Dellinger	NCDALCS
Evan Lee	NC OPI
Amanda Joyce	JDA
Joshua Ehrlich	JOA
Tony S.	MVA
Carr McLamb	TSS
Martha Jenkins	ISR



VISITOR REGISTRATION SHEET

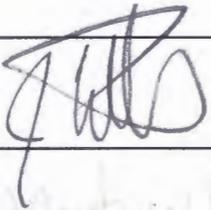
SENATE COMMITTEE ON APPROPRIATIONS

June 16, 2015

Name of Committee

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
	MWC
Monty [unclear]	Ward & [unclear]
Kendall Hart	Visitor
Man Gross	NCRP
R Rogers	NC RGEA
V Bertano	DPI
Tom BEAN	NCSEA
Jessica Page	NCCCS
Mary Dupuis	NCCCS
Andreah	UNCGA
Lindsay McLollum	UNCGA
Drew Moretz	UNCGA
Susan Vich	Duke Energy
Mark Lanier	UNCW



VISITOR REGISTRATION SHEET

SENATE COMMITTEE ON APPROPRIATIONS

June 16, 2015

Name of Committee

Date

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NAME

FIRM OR AGENCY AND ADDRESS

Debbie Clary	NC SP
Evelyn [unclear]	[unclear]
J. Maugeri	DPI
Evan Miller	NMRS
Mildred Spearman	NCADG
Henry Caputo	ATT
Nikki Baker	UNCG
Maggie Clark	NCSEP
Betsy McCorkle	NCSEA
Steve Kamand	NCCETC
Dan Carter	1-2011-1111



VISITOR REGISTRATION SHEET

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June 16, 2015

Name of Committee

Date

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NAME

FIRM OR AGENCY AND ADDRESS

Jolie White	NAME
Watts	DST
Silva	DST
Sarah McQuillan	SSG JWC
Nathan Knuffman	OSBM
Julie Henry	NCHA
Tom West	NCICU
Sue Ann Forrest	NCT CU
Colleen Kocharek	KLG
Kim Gresh	NCPA
Margaret Duce	OSHR



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June 16, 2015

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Date

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NAME	FIRM OR AGENCY AND ADDRESS
Rian Merwald	WM
Bro Wagner	NCEL
Paul Taylor	NCEL
Paul Taylor	Infom File
John	Misc Charts
Annaliese Dolph	DL
Jan Kennedy	CSC
Barbara Moore	Conf of CSC
Steve Marge	NORLA



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June 16, 2015

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FIRM OR AGENCY AND ADDRESS

Roston Jones	NC DOT
ANDREA SKINNER	NCACC
Jonathan Hill	STNC
Thomas Manna	JDS
D. Holmes	T C F
Amanda Horaker	Troutman Sanders
Brenda Berg	BFST NC
Elizabeth Schub	NC PHA
Julia Pearson	DPI
Qi Xing	DPI
Jarret Burr	NC DPS



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June 16, 2015

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NAME

FIRM OR AGENCY AND ADDRESS

Alan Briggs	NC Food Banks
Sarah Bales	Burlington, VT SSA
Hayden Burgess	FSP
TJ Bybee	NP
Anne Link	CPSA
Ami Leary	NMRS
Joanna Spawill	NCAFP
Elizabeth Ramsey	NCAFP
Rose-Helen Graham	NCCCS
Sally Sand	NP
Courtney Johnson	NP
Lanice Hodgson	UNC Health Care



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June 16, 2015

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NAME

FIRM OR AGENCY AND ADDRESS

DANIEL VANLARE	VIGANT HEALTH
Fred Wadde	Eastern Sub WCP
J. Peters	CSS
Judy Jenkins	Otsuka
JOE LANIER	CARDINAL
Kara Weishaar	SA
Allison Stewart	cardinal
Isabel Villa-Gomez	NCAR
Wendy Keely	Blue Bird
Heather Horton	Commerce
John Homan	"
Amy Taylor	" "
Erica Nelson	NCHA



VISITOR REGISTRATION SHEET

SENATE COMMITTEE ON APPROPRIATIONS

June 16, 2015

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Date

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NAME	FIRM OR AGENCY AND ADDRESS
Jordan Tamm	CCS
John Cooper	CCS
Trey Rubin	AT&T
Jamie Moore	AT&T
Fred Bone	Bone Assoc.
Lia Tamm	NCPESA
Elizabeth Bisk	BO
Ann Rodriguez	NC Council of Community Programs
Andy Elle	NCRM
Trent VVambe	DHHS
Adam Sholan	DHHS
Fred Steen	Gov's office



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June 16, 2015

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Date

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NAME	FIRM OR AGENCY AND ADDRESS
Kara Weishaar	SA
Steve Marge	NCRLA
Angela Kellogg	NCSBA
Adam Prudenoe	NCSBA
Bruce Mildorf	NCSBA
Richard Thompson	NCCAT
Sam Chapple	CAC/TASC
Erin Jones	TWC
Sunny Robinson	TWC
Michelle Frazier	MF+S
Meghan Cook	OITS
Nelson Freeman	DOR



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SENATE COMMITTEE ON APPROPRIATIONS

June 16, 2015

Name of Committee

Date

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NAME

FIRM OR AGENCY AND ADDRESS

<i>Scott Laster</i>	<i>SSGNC</i>
<i>Julie Robinson</i>	<i>NCSEA</i>



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SENATE COMMITTEE ON APPROPRIATIONS

June 16, 2015

Name of Committee

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

Adam Pridemore	NCSB
Richard Thompson	NCCAT
Kevin Chapple	PHC/TAC
Rob Lamm	PLA
Zane Stillwell	NCSBE
Dezek Graham	NC DPI
Carr McLank	TSS
Jamylawdennick	CESA
Ray Prasrelly	NC Retired School Personnel
Michelle Brooks	East Carolina University
Bill Ruston	AS



VISITOR REGISTRATION SHEET

SENATE COMMITTEE ON APPROPRIATIONS

June 16, 2015

Name of Committee

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

Stan Williams	NCS
Rob Schiller	NC Symphony
Caroline Wamble	OST
Janae Moore	AT&T
Andy Chase	
Michael Houser	
Tony Adams	Adams and Assoc.
Elizabeth Biser	Brookly Dier
Kim Moore	
Lexi Morgan	NCRMA



**Senate Committee on Appropriations/Base Budget
Monday, August 10, 2015 at 3:00 PM
Room 643 of the Legislative Office Building**

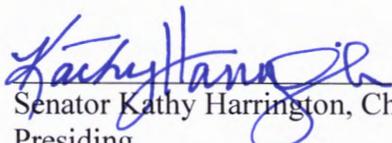
MINUTES

The Senate Committee on Appropriations/Base Budget met at 3:00 PM on August 10, 2015 in Room 643 of the Legislative Office Building. Eighteen members were present. Senator Kathy Harrington, Chair, presided. Senator Harrington called the meeting to order at 3:02 PM and recognized the Sergeant-at-Arms' staff. Senator Harrington requested that the committee members restrict their comments and questions to just the appropriations related parts of the bills.

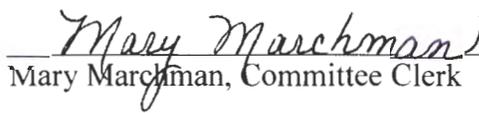
Senator Harry Brown was recognized to explain **HB117: NC Competes Act**. After discussion among the committee members, Senator Brent Jackson moved for a favorable report. The motion carried.

Senator Ralph Hise was recognized to present **HB372: Medicaid Transformation/HIE/Primary Care/Funds**. Senator Hise offered a technical amendment to the bill. Senator Trudy Wade made a motion to adopt the amendment. The motion carried. After discussion among committee members, Senator Jackson moved for a favorable report on the bill as amended, to be rolled into a committee substitute. The motion carried.

The meeting adjourned at 3:36 PM.



Senator Kathy Harrington, Chair
Presiding



Mary Marchman, Committee Clerk

Attachments:

- 1 Minutes
- 2 Agenda
- 3 Senate Bill 117
- 4 Summary of Senate Bill 117
- 5 Fiscal Note for Senate Bill 117
- 6 Chart showing the 2013-2014 JDIG Awards to Companies
- 7 Senate Bill 372
- 8 Summary of Senate Bill 372
- 9 Amendment for Senate Bill 372
- 10 Committee Report
- 11 Visitor's Registration

1000

**Senate Committee on Appropriations/Base Budget
Monday, August 10, 2015, 3:00 PM
643 Legislative Office Building**

AGENDA

Welcome and Opening Remarks

Senator Kathy Harrington, Presiding

Introduction of Pages

Bills

BILL NO. SHORT TITLE
HB 117 NC Competes Act.

SPONSOR
Representative S. Martin
Representative Jeter
Representative Collins
Representative Steinburg
Representative Dollar
Representative Lambeth
Representative B. Brown
Representative Jones

HB 372 Medicaid
Transformation/HIE/PrimaryCare/Funds.

Other Business

Adjournment



GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2015

H

5

HOUSE BILL 117
Committee Substitute Favorable 3/3/15
Committee Substitute #2 Favorable 3/3/15
Fourth Edition Engrossed 3/5/15
Senate Finance Committee Substitute Adopted 8/6/15

Short Title: NC Competes Act.

(Public)

Sponsors:

Referred to:

February 27, 2015

1 A BILL TO BE ENTITLED
2 AN ACT TO ENACT THE NORTH CAROLINA COMPETES ACT.
3 The General Assembly of North Carolina enacts:

PART I. JDIG MODIFICATIONS

6 SECTION 1.(a) G.S. 143B-437.51 is amended by adding a new subdivision to
7 read:

"§ 143B-437.51. Definitions.

9 The following definitions apply in this Part:

- 10 (1) Agreement. – A community economic development agreement under
11 G.S. 143B-437.57.
- 12 (2) Base period. – The period of time set by the Committee during which new
13 employees are to be hired for the positions on which the grant is based.
- 14 (3) Business. – A corporation, sole proprietorship, cooperative association,
15 partnership, S corporation, limited liability company, nonprofit corporation,
16 or other form of business organization, located either within or outside this
17 State.
- 18 (4) Committee. – The Economic Investment Committee established pursuant to
19 G.S. 143B-437.54.
- 20 (4a) Development tier. – The classification assigned to an area pursuant to
21 G.S. 143B-437.08.
- 22 (5) Eligible position. – A position created by a business and filled by a new
23 full-time employee in this State during the base period.
- 24 (6) Full-time employee. – A person who is employed for consideration for at
25 least 35 hours a week, whose wages are subject to withholding under Article
26 4A of Chapter 105 of the General Statutes, and who is determined by the
27 Committee to be employed in a permanent position according to criteria it
28 develops in consultation with the Attorney General. The term does not
29 include any person who works as an independent contractor or on a
30 consulting basis for the business.
- 31 (6a) High-yield project. – A project for which the agreement requires that a
32 business invest at least seven hundred fifty million dollars (\$750,000,000) in
33 private funds and create at least 2,000 eligible positions.



- 1 (7) New employee. – A full-time employee who represents a net increase in the
2 number of the business's employees statewide.
3 (8) Overdue tax debt. – Defined in G.S. 105-243.1.
4 (9) Related member. – Defined in G.S. 105-130.7A.
5 (10) Withholdings. – The amount withheld by a business from the wages of
6 employees in eligible positions under Article 4A of Chapter 105 of the
7 General Statutes."

8 **SECTION 1.(b)** G.S. 143B-437.52 reads as rewritten:

9 **"§ 143B-437.52. Job Development Investment Grant Program.**

10 (a) Program. – There is established the Job Development Investment Grant Program to
11 be administered by the Economic Investment Committee. In order to foster job creation and
12 investment in the economy of this State, the Committee may enter into agreements with
13 businesses to provide grants in accordance with the provisions of this Part. The Committee, in
14 consultation with the Attorney General, shall develop criteria to be used in determining whether
15 the conditions of this section are satisfied and whether the project described in the application
16 is otherwise consistent with the purposes of this Part. Before entering into an agreement, the
17 Committee must find that all the following conditions are met:

- 18 (1) The project proposed by the business will create, during the term of the
19 agreement, a net increase in employment in this State by the business.
20 (2) The project will benefit the people of this State by increasing opportunities
21 for employment and by strengthening this State's economy by, for example,
22 providing worker training opportunities, constructing and enhancing critical
23 infrastructure, increasing development in strategically important industries,
24 or increasing the State and local tax base.
25 (3) The project is consistent with economic development goals for the State and
26 for the area where it will be located.
27 (4) A grant under this Part is necessary for the completion of the project in this
28 State.
29 (5) The total benefits of the project to the State outweigh its costs and render the
30 grant appropriate for the project.
31 (6) For a project located in a development tier three area, the affected local
32 governments have participated in recruitment and offered incentives in a
33 manner appropriate to the project.

34 (b) Priority. – In selecting between applicants, a project that is located in an
35 Eco-Industrial Park certified under G.S. 143B-437.08 has priority over a comparable project
36 that is not located in a certified Eco-Industrial Park.

37 (c) Awards.—Award Limitations. – The following limitations apply to grants awarded
38 under this Part:

- 39 (1) Maximum liability. – The maximum amount of total annual liability for
40 grants awarded in any single calendar year under this Part, including
41 amounts transferred to the Utility Account pursuant to G.S. 143B-437.61, is
42 ~~fifteen~~ ~~twenty~~ million dollars (~~\$15,000,000~~).—(~~\$20,000,000~~) for a year in
43 which no grants are awarded for a high-yield project and is thirty-five
44 million dollars (\$35,000,000) for a year in which a grant is awarded for a
45 high-yield project. No agreement may be entered into that, when considered
46 together with other existing agreements governing grants awarded during a
47 single calendar year, could cause the State's potential total annual liability
48 for grants awarded in a single calendar year to exceed ~~this~~ the applicable
49 amount. The Department shall make every effort to ensure that the average
50 percentage of withholdings of eligible positions for grants awarded under

1 this Part does not exceed the average of the range provided in
 2 G.S. 143B-437.56(a).
 3 (2) Semiannual commitment limitations. – Of the amount authorized in
 4 subdivision (1) of this subsection, no more than fifty percent (50%),
 5 excluding roll-over amounts, may be awarded in any single calendar
 6 semiannual period. A roll-over amount is any amount from a previous
 7 semiannual period in the same calendar year that was not awarded as a grant.
 8 The limitation of this subdivision does not apply to a grant awarded to a
 9 high-yield project.

10 (d) Measuring Employment. – For the purposes of subdivision (a)(1) of this section and
 11 G.S. 143B-437.51(5), 143B-437.51(7), and 143B-437.57(a)(11), the Committee may designate
 12 that the increase or maintenance of employment is measured at the level of a division or
 13 another operating unit of a business, rather than at the business level, if both of the following
 14 conditions are met:

- 15 (1) The Committee makes an explicit finding that the designation is necessary to
 16 secure the project in this State.
- 17 (2) The agreement contains terms to ensure that the business does not create
 18 eligible positions by transferring or shifting to the project existing positions
 19 from another project of the business or a related member of the business."

20 SECTION 1.(c) G.S. 143B-437.53 reads as rewritten:

21 "**§ 143B-437.53. Eligible projects.**

22 (a) Minimum Number of Eligible Positions. – A business may apply to the Committee
 23 for a grant for any project that creates the minimum number of eligible positions as set out in
 24 the table below. If the project will be located in more than one development tier area, the
 25 location with the highest development tier area designation determines the minimum number of
 26 eligible positions that must be created.

27 Development Tier Area	Number of Eligible Positions
28 Tier One	10
29 Tier Two	20
30 Tier Three	<u>2050</u>

31"

32 SECTION 1.(d) G.S. 143B-437.55(c) reads as rewritten:

33 "(c) Annual Reports. – The Committee shall publish a report on the Job Development
 34 Investment Grant Program on or before April 30 of each year. The Committee shall submit the
 35 report electronically to the House of Representatives Finance Committee, the Senate Finance
 36 Committee, the House of Representatives Appropriations Subcommittee on Natural and
 37 Economic Resources, the Senate Appropriations Committee on Natural and Economic
 38 Resources, and the Fiscal Research Division. The report shall include the following:

- 39 ...
- 40 (11) A listing of all businesses making an application under this Part and an
 41 explanation of whether each business ultimately located the project in this
 42 State regardless of whether the business was awarded a grant for the project
 43 under this Part.
- 44 (11a) A listing, itemized by development tier, of the number of offers that have
 45 been calculated, estimated, or extended but were not accepted and the total
 46 award value of the offers.

47"

48 SECTION 1.(e) G.S. 143B-437.56 reads as rewritten:

49 "**§ 143B-437.56. Calculation of minimum and maximum grants; factors considered.**

50 (a) Subject to the ~~limitations-provisions of subsection-subsections (a) and (d)~~ of this
 51 section, the amount of the grant awarded in each case shall be a percentage of the withholdings

1 of eligible positions. The percentage shall be no less than ten percent (10%) and no more than
2 seventy-five percent (75%) of the withholdings of the eligible positions for a period of years.
3 The percentage shall be no more than eighty percent (80%) for a development tier one area and
4 no more than seventy-five percent (75%) for any other area. If the project will be located in
5 more than one area designation, the location with the highest area designation determines the
6 maximum percentage to be used. The percentage used to determine the amount of the grant
7 shall be based on criteria developed by the Committee, in consultation with the Attorney
8 General, after considering at least the following:

- 9 (1) The number of eligible positions to be created.
- 10 (2) The expected duration of those positions.
- 11 (3) The type of contribution the business can make to the long-term growth of
12 the State's economy.
- 13 (4) The amount of other financial assistance the project will receive from the
14 State or local governments.
- 15 (5) The total dollar investment the business is making in the project.
- 16 (6) Whether the project utilizes existing infrastructure and resources in the
17 community.
- 18 (7) Whether the project is located in a development zone.
- 19 (8) The number of eligible positions that would be filled by residents of a
20 development zone.
- 21 (9) The extent to which the project will mitigate unemployment in the State and
22 locality.

23 (a1) Notwithstanding the percentage specified by subsection (a) of this section, if the
24 project is a high-yield project, the business has met the investment and job creation
25 requirements, and, for three consecutive years, the business has met all terms of the agreement,
26 the amount of the grant awarded shall be no more than one hundred percent (100%) of the
27 withholdings of eligible positions for each consecutive year the business maintains the
28 minimum job creation requirement and meets all terms of the agreement. A business receiving
29 an enhanced percentage of the withholdings of eligible positions under this subsection that fails
30 to maintain the minimum job creation requirement or meet all terms of the agreement will be
31 disqualified from receiving the enhanced percentage and will have the applicable percentage set
32 forth in subsection (a) of this section applied in the year in which the failure occurs and all
33 remaining years of the grant term.

34 (b) The term of the grant shall not exceed 12 years starting with the first year a grant
35 payment is made, the duration listed in this subsection. The first grant payment must be made
36 within six years after the date on which the grant was awarded. The number of years in the base
37 period for which grant payments may be made shall not exceed five years.

- 38 (1) For high-yield projects in which the business receives the enhanced
39 percentage pursuant to subsection (a1) of this section, 20 years starting with
40 the first year a grant payment is made. If a business is disqualified from the
41 enhanced percentage in one of the first 12 years, the term of the grant shall
42 not exceed 12 years starting with the first year a grant payment is made. If a
43 business is disqualified from receiving the enhanced percentage after the
44 first 12 years, the term of the grant ends in the year the disqualification
45 occurs.

- 46 (2) For all other projects, 12 years starting with the first year a grant payment is
47 made.

48 (c) The grant may be based only on eligible positions created during the base period.

49 (d) For any eligible position that is located in a development tier three area,
50 seventy-five percent (75%) of the annual grant approved for disbursement shall be payable to
51 the business, and twenty-five percent (25%) shall be payable to the Utility Account pursuant to

1 G.S. 143B-437.61. For any eligible position that is located in a development tier two area.
2 ~~eighty five percent (85%) ninety percent (90%)~~ of the annual grant approved for disbursement
3 shall be payable to the business, and ~~fifteen percent (15%) ten percent (10%)~~ shall be payable
4 to the Utility Account pursuant to G.S. 143B-437.61. A position is located in the development
5 tier area that has been assigned to the county in which the project is located at the time the
6 application is filed with the Committee. This subsection does not apply to a high-yield project
7 in years in which the business receives the enhanced percentage pursuant to subsection (a) of
8 this section.

9 (e) A business that is receiving any other grant by operation of State law may not
10 receive an amount as a grant pursuant to this Part that, when combined with any other grants,
11 exceeds ~~seventy five percent (75%)~~ the applicable maximum percentage of the withholdings of
12 the business, as provided in subsections (a) and (a1) of this section, unless the Committee
13 makes an explicit finding that the additional grant is necessary to secure the project.

14 (f) The amount of a grant associated with any specific eligible position, including any
15 amount transferred to the Utility Account pursuant to G.S. 143B-437.61, may not exceed six
16 thousand five hundred dollars (\$6,500) in any year."

17 **SECTION 1.(f)** G.S. 143B-437.57(a) reads as rewritten:

18 "(a) Terms. – Each community economic development agreement shall include at least
19 the following:

20 ...
21 (10) A provision that requires the business to maintain operations at the project
22 location or another location approved by the Committee for at least one
23 hundred fifty percent (150%) of the term of the grant and a provision to
24 ~~permit~~ require the Committee to recapture ~~all or part~~ an appropriate portion
25 of the grant ~~at its discretion~~ if the business does not remain at the site for the
26 required term.

27 (11) A provision that requires the business to maintain employment levels in this
28 State at the greater of the level of the year immediately preceding the base
29 ~~period~~ employment on the date of the application or the level of employment
30 on the date of the award.

31"

32 **SECTION 1.(g)** G.S. 143B-437.62 reads as rewritten:

33 **"§ 143B-437.62. Expiration.**

34 The authority of the Committee to award new grants expires January 1, ~~2016~~ 2019."

35 **SECTION 1.(h)** Section 15.19(a1) of S.L. 2013-360 reads as rewritten:

36 **"SECTION 15.19.(a1)** Notwithstanding G.S. 143B-437.52(c), for the ~~2013-2015 fiscal~~
37 ~~biennium, period from July 1, 2013, to December 31, 2015,~~ the maximum total liability for
38 grants awarded, including amounts transferred to the Utility Account pursuant to
39 G.S. 143B-437.61, is ~~twenty two million five hundred thousand dollars (\$22,500,000) and, for~~
40 ~~the period from July 1, 2015, to December 31, 2015, the maximum total liability for grants~~
41 ~~awarded, including amounts transferred to the Utility Account pursuant to G.S. 143B-437.61, is~~
42 ~~seven million five hundred thousand dollars (\$7,500,000).~~ thirty-five million dollars
43 (\$35,000,000) if no grant is awarded for a high-yield project and is fifty million dollars
44 (\$50,000,000) if a grant is awarded for a high-yield project. No agreement may be entered into
45 that, when considered together with other existing agreements governing grants awarded during
46 an applicable time period provided in this subsection, could cause the State's potential total
47 annual liability for grants awarded in that time period to exceed the designated maximum
48 amount."

49 **SECTION 1.(i)** The Department of Commerce shall study the factors that have
50 contributed to the termination of grants awarded pursuant to Part 2G of Article 10 of Chapter
51 143B of the General Statutes. In conducting the study required by this subsection, the

1 Department shall examine the efforts of other states that have permitted similar economic
2 development programs to incent businesses to create jobs for the purpose of determining best
3 practices for remediating underperformance of participating businesses in order to lower the
4 incidence of community economic development agreements under G.S. 143B-437.57 ending in
5 termination. The Department shall submit the report to the House of Representatives Finance
6 Committee, the Senate Finance Committee, the House of Representatives Committee on
7 Agriculture and Natural and Economic Resources, the Senate Appropriations Committee on
8 Natural and Economic Resources, and the Fiscal Research Division no later than March 1,
9 2016.

10 **SECTION 1.(j)** Subsections (d) and (h) of this section are effective when this act
11 becomes law. The remainder of this section becomes effective July 1, 2015, and applies to
12 awards made under Part 2G of Article 10 of Chapter 143B of the General Statutes on or after
13 that date.

14 **PART II. ONE NC MODIFICATIONS**

15 **SECTION 2.(a)** G.S. 143B-437.72(c) reads as rewritten:

16 "(c) Local Government Grant Agreement. – An agreement between the State and one or
17 more local governments shall contain the following provisions:

18 (1) A commitment on the part of the local government to match the funds
19 allocated by the State. State, as provided in this subdivision. A local match
20 may include cash, fee waivers, in-kind services, the donation of assets, the
21 provision of infrastructure, or a combination of these.

22 a. For a local government in a development tier one area, as defined in
23 G.S. 143B-437.08, the State shall provide no more than three dollars
24 (\$3.00) for every one dollar (\$1.00) provided by the local
25 government.

26 b. For a local government in a development tier two area, as defined in
27 G.S. 143B-437.08, the State shall provide no more than two dollars
28 (\$2.00) for every one dollar (\$1.00) provided by the local
29 government.

30 c. For a local government in a development tier three area, as defined in
31 G.S. 143B-437.08, the State shall provide no more than one dollar
32 (\$1.00) for every one dollar (\$1.00) provided by the local
33 government.

34"

35 **SECTION 2.(b)** This section is effective when this act becomes law.

36 **PART III. PHASE-IN SINGLE SALES FACTOR**

37 **SECTION 3.(a)** Effective for taxable years beginning on or after January 1, 2016,
38 G.S. 105-130.4(i) reads as rewritten:

39 "(i) ~~Apportionable Income.~~ – Except as otherwise provided in this section, all
40 apportionable income of corporations other than public utilities, excluded corporations, and
41 qualified capital intensive corporations shall be apportioned to this State by multiplying the
42 income by a fraction, the numerator of which is the property factor plus the payroll factor plus
43 twice-three times the sales factor, and the denominator of which is four-five. If the sales factor
44 does not exist, the denominator of the fraction is the number of existing factors and if the sales
45 factor exists but the payroll factor or the property factor does not exist, the denominator of the
46 fraction is the number of existing factors plus ~~one-two.~~"

47 **SECTION 3.(b)** Effective for taxable years beginning on or after January 1, 2017,
48 G.S. 105-130.4(i), as amended by subsection (a) of this section, reads as rewritten:
49
50

1 "(i) Apportionable Income. – Except as otherwise provided in this section, all
2 apportionable income of corporations shall be apportioned to this State by multiplying the
3 income by a fraction, the numerator of which is the property factor plus the payroll factor plus
4 ~~three-four~~ times the sales factor, and the denominator of which is ~~five-six~~. If the sales factor
5 does not exist, the denominator of the fraction is the number of existing factors and if the sales
6 factor exists but the payroll factor or the property factor does not exist, the denominator of the
7 fraction is the number of existing factors plus ~~two-three~~."

8 **SECTION 3.(c)** Effective for taxable years beginning on or after January 1, 2018,
9 G.S. 105-130.4(i), as amended by subsection (b) of this section, reads as rewritten:

10 "(i) Apportionable Income. – Except as otherwise provided in this section, all
11 apportionable income of corporations shall be apportioned to this State by multiplying the
12 income by ~~a fraction, the numerator of which is the property factor plus the payroll factor plus~~
13 ~~four times the sales factor, and the denominator of which is six. If the sales factor does not~~
14 ~~exist, the denominator of the fraction is the number of existing factors and if the sales factor~~
15 ~~exists but the payroll factor or the property factor does not exist, the denominator of the~~
16 ~~fraction is the number of existing factors plus three.~~ the sales factor as determined under
17 subsection (l) of this section."

18 **SECTION 3.(d)** Effective for taxable years beginning on or after January 1, 2018,
19 G.S. 105-130.4(a)(4), (a)(6), (j), (k), (r), and (s1) are repealed.

20 **SECTION 3.(e)** Except as otherwise provided, this section is effective when this
21 act becomes law.

22

23 PART IV. DATACENTER INFRASTRUCTURE ACT

24 **SECTION 4.(a)** G.S. 105-164.3 reads as rewritten:

25 "**§ 105-164.3. Definitions.**

26 The following definitions apply in this Article:

27 ...

28 (33c) Qualifying datacenter. – A datacenter that satisfies each of the following
29 conditions:

30 a. The datacenter meets the wage standard and health insurance
31 requirements of G.S. 143B-437.08A.

32 b. The Secretary of Commerce has made a written determination that at
33 least seventy-five million dollars (\$75,000,000) in private funds has
34 been or will be invested by one or more owners, users, or tenants of
35 the datacenter within five years of the date the owner, user, or tenant
36 of the datacenter makes its first real or tangible property investment
37 in the datacenter on or after January 1, 2012. Investments in real or
38 tangible property in the datacenter made prior to January 1, 2012,
39 may not be included in the investment required by this subdivision.

40 (33a)(33d) Real property contractor. – A person that contracts to perform
41 construction, reconstruction, installation, repair, or any other service with
42 respect to real property and to furnish tangible personal property to be
43 installed or applied to real property in connection with the contract and the
44 labor to install or apply the tangible personal property that becomes part of
45 real property. The term includes a general contractor, a subcontractor, or a
46 builder for purposes of G.S. 105-164.4H.

47 (33b)(33e) Related member. – Defined in G.S. 105-130.7A.

48 (33e)(33f) Remote sale. – A sale of tangible personal property or digital property
49 ordered by mail, by telephone, via the Internet, or by another similar method,
50 to a purchaser who is in this State at the time the order is remitted, from a
51 retailer who receives the order in another state and delivers the property or

1 causes it to be delivered to a person in this State. It is presumed that a
2 resident of this State who remits an order was in this State at the time the
3 order was remitted.

4"

5 **SECTION 4.(b)** G.S. 105-164.13 is amended by adding a new subdivision to read:

6 "(55a) Sales of electricity for use at a qualifying datacenter and datacenter support
7 equipment to be located and used at the qualifying datacenter. As used in
8 this subdivision, "datacenter support equipment" is property that is
9 capitalized for tax purposes under the Code and is used for one of the
10 following purposes:

- 11 a. The provision of a service or function included in the business of an
12 owner, user, or tenant of the datacenter.
13 b. The generation, transformation, transmission, distribution, or
14 management of electricity, including exterior substations, generators,
15 transformers, unit substations, uninterruptible power supply systems,
16 batteries, power distribution units, remote power panels, and other
17 capital equipment used for these purposes.
18 c. HVAC and mechanical systems, including chillers, cooling towers,
19 air handlers, pumps, and other capital equipment used for these
20 purposes.
21 d. Hardware and software for distributed and mainframe computers and
22 servers, data storage devices, network connectivity equipment, and
23 peripheral components and equipment.
24 e. To provide related computer engineering or computer science
25 research.

26 If the level of investment required by G.S. 105-164.3(33c) is not timely
27 made, the exemption provided under this subdivision is forfeited. If the level
28 of investment required by G.S. 105-164.3(33c) is timely made but any
29 specific datacenter support equipment is not located and used at the
30 qualifying datacenter, the exemption provided for such datacenter support
31 equipment under this subdivision is forfeited. If the level of investment
32 required by G.S. 105-164.3(33c) is timely made but any portion of electricity
33 is not used at the qualifying datacenter, the exemption provided for such
34 electricity under this subdivision is forfeited. A taxpayer that forfeits an
35 exemption under this subdivision is liable for all past taxes avoided as a
36 result of the forfeited exemption, computed from the date the taxes would
37 have been due if the exemption had not been allowed, plus interest at the rate
38 established under G.S. 105-241.21. If the forfeiture is triggered due to the
39 lack of a timely investment required by G.S. 105-164.3(33c), interest is
40 computed from the date the taxes would have been due if the exemption had
41 not been allowed. For all other forfeitures, interest is computed from the
42 time as of which the datacenter support equipment or electricity was put to a
43 disqualifying use. The past taxes and interest are due 30 days after the date
44 the exemption is forfeited. A taxpayer that fails to pay the past taxes and
45 interest by the due date is subject to the provisions of G.S. 105-236."

46 **SECTION 4.(c)** This section becomes effective October 1, 2015, and applies to
47 sales made on or after that date.

48 **PART V. SALES TAX RELATIVE TO AVIATION**

49 **SECTION 5.1.(a)** G.S. 105-164.3 is amended by adding the following new
50 subdivisions to read:
51

1 **"§ 105-164.3. Definitions.**

2 The following definitions apply in this Article:

3 ...

4 (1h) Aviation gasoline. – Defined in G.S. 105-449.60.

5 ...

6 (16b) Jet fuel. – Defined in G.S. 105-449.60.

7"

8 **SECTION 5.1.(b)** G.S. 105-164.4(a) is amended by adding a new subdivision to
9 read:

10 "(a) A privilege tax is imposed on a retailer engaged in business in the State at the
11 percentage rates of the retailer's net taxable sales or gross receipts, listed in this subsection. The
12 general rate of tax is four and three-quarters percent (4.75%). The percentage rates are as
13 follows:

14 ...

15 (15) The combined general rate applies to the gross receipts derived from the sale
16 of aviation gasoline and jet fuel."

17 **SECTION 5.1.(c)** G.S. 105-164.13 is amended by adding a new subdivision to
18 read:

19 **"§ 105-164.13. Retail sales and use tax.**

20 The sale at retail and the use, storage, or consumption in this State of the following tangible
21 personal property, digital property, and services are specifically exempted from the tax imposed
22 by this Article:

23 ...

24 Motor Fuels Group.

25 ...

26 (11a) Sales of diesel fuel to railroad companies for use in rolling stock other than
27 motor vehicles. The definitions in G.S. 105-333 apply in this subdivision.

28 (11b) Sales of aviation gasoline and jet fuel to an interstate air business for use in a
29 commercial aircraft. For purposes of this subdivision, the term "commercial
30 aircraft" has the same meaning as defined in subdivision (45a) of this
31 subsection. This subdivision expires January 1, 2020.

32"

33 **SECTION 5.1.(d)** Part 8 of Article V of Chapter 105 of the General Statutes is
34 amended by adding a new section to read:

35 **"§ 105-164.44M. Transfer to Division of Aviation.**

36 The net proceeds of the tax collected on aviation gasoline and jet fuel under G.S. 105-164.4
37 must be transferred at the end of each fiscal year to the Highway Fund. This amount is annually
38 appropriated from the Highway Fund to the Division of Aviation of the Department of
39 Transportation for prioritized capital improvements to public airports and time-sensitive
40 aviation capital improvement projects for economic development purposes."

41 **SECTION 5.1.(f)** This section becomes effective January 1, 2016, and applies to
42 sales made on or after that date.

43 **SECTION 5.2.(a)** G.S. 105-164.3, as amended by Section 4 of this act, is amended
44 by adding the following new subdivisions to read:

45 **"§ 105-164.3. Definitions.**

46 The following definitions apply in this Article:

47 ...

48 (33a) Qualified aircraft. – An aircraft with a maximum take-off weight of more
49 than 9,000 pounds but not in excess of 15,000 pounds.

50 (33b) Qualified jet engine. – An engine certified pursuant to Part 33 of Title 14 of
51 the Code of Federal Regulations.

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...."

SECTION 5.2.(b) G.S. 105-164.4(a) reads as rewritten:

"§ 105-164.4. Tax imposed on retailers.

(a) A privilege tax is imposed on a retailer engaged in business in the State at the percentage rates of the retailer's net taxable sales or gross receipts, listed in this subsection. The general rate of tax is four and three-quarters percent (4.75%). The percentage rates are as follows:

(1a) ~~The general rate applies to the sales price of each manufactured home of the following items sold at retail, including all accessories attached to the manufactured home the item when it is delivered to the purchaser-purchaser:~~

a. ~~A manufactured home.~~

b. A modular home. The sale of a modular home to a modular homebuilder is considered a retail sale. A person who sells a modular home at retail is allowed a credit against the tax imposed by this subdivision for sales or use tax paid to another state on tangible personal property incorporated in the modular home. The retail sale of a modular home occurs when a modular home manufacturer sells a modular home to a modular homebuilder or directly to the end user of the modular home.

c. A boat, except that the maximum tax on a boat is one thousand five hundred dollars (\$1,500) per article.

d. An aircraft, except that the maximum tax on these items is two thousand five hundred dollars (\$2,500) per article.

e. A qualified jet engine.

(1b) ~~The rate of three percent (3%) applies to the sales price of each aircraft or boat sold at retail, including all accessories attached to the item when it is delivered to the purchaser. The maximum tax is one thousand five hundred dollars (\$1,500) per article.~~

...

(8) ~~The general rate applies to the sales price of each modular home sold at retail, including all accessories attached to the modular home when it is delivered to the purchaser. The sale of a modular home to a modular homebuilder is considered a retail sale. A person who sells a modular home at retail is allowed a credit against the tax imposed by this subdivision for sales or use tax paid to another state on tangible personal property incorporated in the modular home. The retail sale of a modular home occurs when a modular home manufacturer sells a modular home to a modular homebuilder or directly to the end user of the modular home.~~

...."

SECTION 5.2.(c) G.S. 105-164.4I(b) is amended by adding a new subdivision to

read:

"(b) Exemptions. – The tax imposed by this section does not apply to the sales price of or the gross receipts derived from a service contract applicable to any of the following items:

(1) An item exempt from tax under this Article, other than a motor vehicle exempt from tax under G.S. 105-164.13(32).

(2) A transmission, distribution, or other network asset contained on utility-owned land, right-of-way, or easement.

(3) An item purchased by a professional motorsports racing team for which the team may receive a sales tax refund under G.S. 105-164.14A(5).

(4) An item subject to tax under Article 5F of Chapter 105 of the General Statutes.

1 (5) A qualified aircraft or a qualified jet engine."

2 SECTION 5.2.(d) G.S. 105-164.13 is amended by adding a new subdivision to
3 read:

4 "**§ 105-164.13. Retail sales and use tax.**

5 The sale at retail and the use, storage, or consumption in this State of the following tangible
6 personal property, digital property, and services are specifically exempted from the tax imposed
7 by this Article:

8 ...
9 (45d) Parts and accessories for use in the repair or maintenance of a qualified
10 aircraft or a qualified jet engine.

11"

12 SECTION 5.2.(e) G.S. 105-164.27A is amended by adding a new subsection to
13 read:

14 "(a2) Qualified Jet Engine. – A person who purchases a qualified jet engine may apply to
15 the Secretary for a direct pay permit for the purchase of a qualified jet engine. A direct pay
16 permit-issued for a qualified jet engine does not apply to any purchase other than the purchase
17 of a qualified jet engine. The maximum use tax on a qualified jet engine is two thousand five
18 hundred dollars (\$2,500). A person who purchases a qualified jet engine under a direct pay
19 permit must file a return and pay the tax due monthly to the Secretary."

20 SECTION 5.2.(f) G.S. 105-467(a) reads as rewritten:

21 "(a) Sales Tax. – The sales tax that may be imposed under this Article is limited to a tax
22 at the rate of one percent (1%) of the following:

23 (1) A retailer's net taxable sales and gross receipts that are subject to the general
24 rate of sales tax imposed by the State under G.S. 105-164.4 except the tax
25 does not apply to the sales price of ~~a manufactured home or a modular
26 home~~ an item taxable under G.S. 105-164.4(a)(1a)."

27 SECTION 5.2.(g) This section becomes effective October 1, 2015, and applies to
28 sales made on or after that date.

29
30 **PART VI. FAIR DISTRIBUTION OF SALES TAX REVENUE TO LOCAL**
31 **GOVERNMENTS**

32 SECTION 6.(a) Section 9 of Chapter 1096 of the 1967 Session Laws, as amended,
33 reads as rewritten:

34 "Sec. 9. Distribution. The Secretary of Revenue must ~~divide~~ allocate the net proceeds of the
35 tax collected under this division on items other than food in accordance with G.S. 105-472(a) in
36 the First One Cent (1¢) Local Government Sales and Use Tax Act, Article 39 of Chapter 105 of
37 the General Statutes. The Secretary must divide the amount allocated to Mecklenburg County
38 and its municipalities in accordance with the ad valorem distribution method described in
39 G.S. 105-472(b)(2).The Secretary of Revenue must distribute the taxes levied by Mecklenburg
40 County on food to Mecklenburg County and the municipalities within Mecklenburg County in
41 accordance with G.S. 105-469(a). This amount shall be divided between the county and its
42 municipalities in accordance with the ad valorem distribution method described in
43 G.S. 105-472(b)(2). The net proceeds from the tax levied under this section and distributed to
44 Mecklenburg County must be used as provided in G.S. 105-472(a1).

45 The Secretary of Revenue must reduce the amount distributable to Mecklenburg County
46 under this section by the amount set in G.S. 105-522. This reduction does not affect the amount
47 allocated to municipalities under this section."

48 SECTION 6.(b) G.S. 105-469(a) reads as rewritten:

49 "(a) The Secretary shall collect and administer a tax levied by a county pursuant to this
50 Article. As directed by G.S. 105-164.13B, taxes levied by a county on food are administered as
51 if they were levied by the State under Article 5 of this Chapter. The Secretary must, on a

1 monthly basis, distribute local taxes levied on food to the taxing counties as follows: in
 2 accordance with G.S. 105-472(a). The net proceeds of the local taxes on food distributed to
 3 counties must be used by the taxing counties as provided in G.S. 105-472(a1).

4 (1) ~~The Secretary must allocate one-half of the net proceeds on a per capita~~
 5 ~~basis according to the most recent annual population estimates certified to~~
 6 ~~the Secretary by the State Budget Officer. The Secretary must then adjust the~~
 7 ~~amount allocated to each county as provided in G.S. 105-486(b). The~~
 8 ~~Secretary must include one-half of the amount allocated under this~~
 9 ~~subdivision in the distribution made under Article 40 of this Chapter and~~
 10 ~~must include the remaining one-half in the distribution made under Article~~
 11 ~~42 of this Chapter.~~

12 (2) ~~The Secretary must allocate the remaining net proceeds proportionately to~~
 13 ~~each taxing county based upon the amount of sales tax on food collected in~~
 14 ~~the taxing county in the 1997-1998 fiscal year under Article 39 of this~~
 15 ~~Chapter or under Chapter 1096 of the 1967 Session Laws relative to the total~~
 16 ~~amount of sales tax on food collected in all taxing counties in the 1997-1998~~
 17 ~~fiscal year under Article 39 of this Chapter and under Chapter 1096 of the~~
 18 ~~1967 Session Laws. The Secretary must include the amount allocated under~~
 19 ~~this subdivision in the distribution made under Article 39 of this Chapter."~~

20 SECTION 6.(c) G.S. 105-472 reads as rewritten:

21 "§ 105-472. Disposition and distribution—Allocation, distribution, and use of taxes
 22 collected.

23 (a) County Allocation. – The Secretary shall, on a monthly basis, allocate the net
 24 proceeds of the tax collected under this Article to each taxing county for which the Secretary
 25 ~~collects the tax~~ the net proceeds of the tax collected in that county under this Article. For the
 26 ~~purpose of this section, "net proceeds" means the gross proceeds of the tax collected in each~~
 27 ~~county under this Article less taxes refunded, the cost to the State of collecting and~~
 28 ~~administering the tax in the county as determined by the Secretary, and other deductions that~~
 29 ~~may be charged to the county, as follows:~~

30 (1) Point of collection. – One-half to the taxing counties according to where the
 31 tax is collected. If the Secretary collects local sales or use taxes in a month
 32 and the taxes cannot be identified as being attributable to a particular taxing
 33 county, the Secretary shall allocate the taxes among the taxing counties in
 34 proportion to the amount of taxes collected in each county under this Article
 35 during that month and shall include them in the monthly distribution.
 36 Amounts collected by electronic funds transfer payments are included in the
 37 distribution for the month in which the return that applies to the payment is
 38 received.

39 (2) Per capita. – One-half to the taxing counties according to the most recent
 40 annual population estimates certified to the Secretary by the State Budget
 41 Office.

42 (a1) Use. – The net proceeds of the revenue received by a county from the per capita
 43 allocation must be used by the county for public education and community college purposes.
 44 The remaining net proceeds received by a county may be used for any public purpose.

45 ...

46 (c) Municipality Defined.—Definitions. – As used in this Article, the following
 47 definitions apply:

48 (1) term "municipality" means "city" as Municipality. – The same meaning as
 49 the term "city" defined in G.S. 153A-1.

50 (2) Net proceeds. – The gross proceeds of the tax collected in each county under
 51 this Article less taxes refunded, the cost to the State of collecting and

administering the tax in the county as determined by the Secretary, and other deductions that may be charged to the county.

...."

SECTION 6.(d) G.S. 105-486 reads as rewritten:

"§ 105-486. Distribution and use of additional taxes.

(a) ~~County Allocation.—Allocation and Use.~~ – The Secretary shall, on a monthly basis, allocate the net proceeds of the additional one-half percent (1/2%) sales and use taxes levied under this Article to the taxing counties on a per capita basis according to the most recent annual population estimates certified to the Secretary by the State Budget Officer, in accordance with G.S. 105-472(a). The net proceeds of the tax revenue received by a county under this Article must be used as provided in G.S. 105-472(a1).

(b) ~~Adjustment.~~—The Secretary shall then adjust the amount allocated to each county under subsection (a) by multiplying the amount by the appropriate adjustment factor set out in the table below. If, after applying the adjustment factors, the resulting total of the amounts allocated is greater or lesser than the net proceeds to be distributed, the amount allocated to each county shall be proportionally adjusted to eliminate the excess or shortage.

County	Adjustment Factor
Dare	1.19
Brunswick	1.17
Orange	1.15
Carteret and Durham	1.14
Avery	1.12
Moore	1.11
Transylvania	1.10
Chowan, McDowell, and Richmond	1.09
Pitt and New Hanover	1.07
Beaufort, Perquimans, Buncombe, and Watauga	1.06
Cabarrus, Jackson, and Surry	1.05
Alleghany, Bladen, Robeson, Washington, Craven, Henderson, Onslow, and Vance	1.04
Gaston, Granville, and Martin	1.03
Alamance, Burke, Caldwell, Chatham, Duplin, Edgecombe, Haywood, Swain, and Wilkes	1.02
Hertford, Union, Stokes, Yancey, Halifax, Rockingham, and Cleveland	1.01
Alexander, Anson, Johnston, Northampton, Pasquotank, Person, Polk, and Yadkin	1.00
Catawba, Harnett, Iredell, Pamlico, Pender, Randolph, Stanly, and Tyrrell	0.99
Cherokee, Cumberland, Davidson, Graham, Hyde, Macon, Rutherford, Scotland, and Wilson	0.98
Ashe, Bertie, Franklin, Hoke, Lincoln, Montgomery, and Warren	0.97
Wayne, Clay, Madison, Sampson, Wake, Lee, and Forsyth	0.96
Caswell, Gates, Mitchell, and Greene	0.95
Currituck and Guilford	0.94
Davie and Nash	0.93
Rowan and Camden	0.92
Jones	0.90
Mecklenburg	0.89
Lenoir	0.88
Columbus	0.81

1 (c) Distribution Between Counties and Cities. – The amount allocated to each taxing
2 county shall then be divided among the county and its municipalities in accordance with the
3 method by which the one percent (1%) sales and use taxes levied in that county pursuant to
4 Article 39 of this Chapter or Chapter 1096 of the 1967 Session Laws are distributed.

5 (d) Limitation. – No municipality may receive any funds under this section if it was
6 incorporated with an effective date of on or after January 1, 2000, and is disqualified from
7 receiving funds under G.S. 136-41.2. No municipality may receive any funds under this
8 section, incorporated with an effective date on or after January 1, 2000, unless a majority of the
9 mileage of its streets are open to the public. The previous sentence becomes effective with
10 respect to distribution of funds on or after July 1, 1999."

11 **SECTION 6.(e)** G.S. 105-501(a) reads as rewritten:

12 "(a) ~~Method.—Distribution and Use.~~ – The Secretary must, on a monthly basis, allocate
13 ~~to each taxing county~~ the net proceeds of the additional one-half percent (1/2%) sales and use
14 ~~taxes collected in that county levied under this Article. If the Secretary collects taxes under this~~
15 ~~Article in a month and the taxes cannot be identified as being attributable to a particular taxing~~
16 ~~county, the Secretary must allocate the net proceeds of these taxes among the taxing counties in~~
17 ~~proportion to the amount of taxes collected in each county under this Article in that~~
18 ~~month.~~ Article in accordance with G.S. 105-472(a). The net proceeds of the tax revenue
19 received by a county under this Article must be used as provided in G.S. 105-472(a1).

20 The Secretary must divide and distribute the funds allocated to a taxing county each month
21 under this section between the county and the municipalities located in the county in
22 accordance with the method by which the one percent (1%) sales and use taxes levied in that
23 county pursuant to Article 39 of this Chapter or Chapter 1096 of the 1967 Session Laws are
24 distributed. No municipality may receive any funds under this section if it was incorporated
25 with an effective date of on or after January 1, 2000, and is disqualified from receiving funds
26 under G.S. 136-41.2. No municipality may receive any funds under this section, incorporated
27 with an effective date on or after January 1, 2000, unless a majority of the mileage of its streets
28 are open to the public."

29 **SECTION 6.(f)** G.S. 105-522 reads as rewritten:

30 "**§ 105-522. City hold harmless for repealed local taxes.**

31 (a) Definitions. – The following definitions apply in this section:

32 (1) Amount of sales and use tax revenue allocated under G.S. 105-472 or
33 Chapter 1096 of the 1967 Session Laws. – An allocation to each taxing
34 county of the net proceeds of the tax collected in that county under Article
35 39 of this Chapter or under Chapter 1096 of the 1967 Session Laws. This
36 definition represents an allocation based on one hundred percent (100%)
37 point of collection.

38 (2) Amount of sales and use tax revenue allocated under G.S. 105-486. – An
39 allocation of the net proceeds of the tax collected under Article 40 of this
40 Chapter to the taxing counties on a per capita basis. This definition
41 represents an allocation based on one hundred percent (100%) per capita.

42 (4)(3) Eligible municipality. – A municipality that was incorporated on or before
43 October 1, 2008, and receives a distribution of sales and use taxes under
44 G.S. 105-472.

45 (2)(4) Hold harmless amount. – The sum of the following amounts allocated for
46 distribution to a municipality for a month:

47 a. The amount of sales and use tax revenue allocated under
48 G.S. 105-486. This calculation determines the effect of repealing a
49 one-half percent (1/2%) sales and use tax distributed on a per capita
50 basis.

- 1 b. An amount determined by subtracting twenty-five percent (25%) of
2 the amount of sales and use tax revenue allocated under
3 G.S. 105-472 or Chapter 1096 of the 1967 Session Laws from fifty
4 percent (50%) of the amount of sales and use tax revenue allocated
5 under G.S. 105-486. This calculation determines the effect of
6 distributing a one-quarter percent (.25%) tax on the basis of point of
7 origin instead of on a per capita basis.

8 (5) Net proceeds. – Same meaning as defined in G.S. 105-472.

9 (b) Requirement. – A county is required to hold the eligible municipalities in the county
10 harmless from the repeal of the local sales and use taxes formerly imposed under this Article.
11 The Secretary must add an eligible municipality's hold harmless amount to the amount
12 distributed to the municipality under this Subchapter. To obtain the revenue for the hold
13 harmless distribution, the Secretary must reduce each county's monthly allocation under
14 G.S. 105-472(b) or under Chapter 1096 of the 1967 Session Laws by the hold harmless
15 amounts for the municipalities in that county."

16 **SECTION 6.(g)** G.S. 105-523(b) reads as rewritten:

17 "(b) Definitions. – The following definitions apply in this section:

18 (1) Amount of sales and use tax revenue allocated under G.S. 105-472 or
19 Chapter 1096 of the 1967 Session Laws. – An allocation to each taxing
20 county of the net proceeds of the tax collected in that county under Article
21 39 of this Chapter or under Chapter 1096 of the 1967 Session Laws. This
22 definition represents an allocation based on one hundred percent (100%)
23 point of collection.

24 (2) Amount of sales and use tax revenue allocated under G.S. 105-486. – An
25 allocation of the net proceeds of the tax collected under Article 40 of this
26 Chapter to the taxing counties on a per capita basis. This definition
27 represents an allocation based on one hundred percent (100%) per capita.

28 (+)(3) City hold harmless amount. – The hold harmless amount determined under
29 G.S. 105-522 for the eligible municipalities in a county.

30 (2)(4) Hold harmless threshold. – The amount of a county's Medicaid service costs
31 and Medicare Part D clawback payments assumed by the State under
32 G.S. 108A-54 for the fiscal year, less one hundred twenty-five thousand
33 dollars (\$125,000). A county's Medicaid service costs for fiscal years
34 2008-2009, 2009-2010, and 2010-2011 are determined without regard to the
35 changes made to the Federal Medical Assistance Percentage by section 5001
36 of the American Recovery and Reinvestment Act of 2009.

37 (5) Net proceeds. – Same meaning as defined in G.S. 105-472.

38 (3)(6) Repealed sales tax amount. – The sum of the following amounts allocated
39 for distribution to a county for a month:

40 a. The amount of sales and use tax revenue allocated under
41 G.S. 105-486. This calculation determines the effect of repealing a
42 one-half percent (1/2%) sales and use tax distributed on a per capita
43 basis.

44 b. An amount determined by subtracting twenty-five percent (25%) of
45 the amount of sales and use tax revenue allocated under
46 G.S. 105-472 or Chapter 1096 of the 1967 Session Laws from fifty
47 percent (50%) of the amount of sales and use tax revenue allocated
48 under G.S. 105-486. This calculation determines the effect of
49 distributing a one-quarter percent (.25%) tax on the basis of point of
50 origin instead of on a per capita basis."

51 **SECTION 6.(h)** G.S. 105-487 and G.S. 105-502 are repealed.

1 **SECTION 6.(i)** Except as otherwise provided, this section becomes effective July
2 1, 2016, and applies to sales tax revenues collected on or after that date and distributed to
3 counties and cities on or after September 1, 2016.

4

5 **PART VII. EFFECTIVE DATE**

6 **SECTION 7.** Except as otherwise provided, this act is effective when it becomes
7 law.



HOUSE BILL 117: NC Competes Act

2015-2016 General Assembly

Committee:	Senate Appropriations/Base Budget	Date:	August 10, 2015
Introduced by:	Reps. S. Martin, Jeter, Collins, Steinburg	Prepared by:	Cindy Avrette
Analysis of:	Fifth Edition		Committee Counsel

SUMMARY: *House Bill 117 makes changes to the JDIG program, One NC, and the tax laws to incent economic development in the State. The provisions addressed by the bill have been debated this session in House Bill 117 and in the budget bill, House Bill 97.*

PART I. JDIG MODIFICATIONS

JDIG is a discretionary program of the State that provides funds to incentivize new or expanding business to create jobs in the State. The amount that can be committed in JDIG grants has statutorily been capped at \$15M per calendar year. Under current law, the period is not based on the calendar year but was based on the 2013-15 biennium (with a \$22.5M cap) and a half-year period of 7/1/15 through 12/31/15 (with a \$7.5M cap).

Regarding commitment availability, the bill would (i) collapse the prior biennium with the current half-year period, (ii) add \$5M of additional capacity for the current period (iii) increase the calendar year statutory cap from \$15M to \$20M on an on-going basis, and (iv) extend the program three years, allowing JDIG commitments through 1/1/19.

The amount a business receives via JDIG would be changed two ways: (i) the JDIG award calculation is changed from a flat 10-75% the personal income tax withholdings generated by the eligible created positions to a tiered maximum percentage of withholdings (80% of withholdings if the project is in Tier 1 and 75% for all other areas and (ii) the portion of the award diverted to the Utility Account¹ in tier 2 areas is changed from 15% to 10%.

Minimum criteria for participation in the program would be increased. Job creation requirements would increase from 20 jobs to 50 jobs for tier 3.

The bill would create a component for recruitment of megasites or high-yield projects where a business invests at least \$750M and creates at least 2,000 jobs. Programmatically, when a high-yield project is landed, the annual JDIG commitment cap for that year increases from \$20M to \$35M. If the business meets the job creation and investment requirement and meets all performance metrics for three consecutive years, the business' JDIG award is augmented 3 ways: (a) the basis for calculating the award increases to 100% of the withholdings associated with the created, eligible positions; (b) up to 8 years is added to the 12-year term limitation; and (c) any UA diversion is eliminated. In the event the high-yield project fails to meet performance metrics after receiving the augmented award in any year, the augmented benefits expire and the company cannot, thereafter, regain the augmented benefits.

¹ Utility account is used to assist local governments in tier 1 and 2 counties to create jobs. Can be used for construction of/improvement to new/existing water, sewer, gas, telecom, high-speed broadband, electrical utility distribution lines/equipment, transportation infrastructure for existing/new/proposed buildings. No local match for top 25 most economically distressed counties. 25% match for remainder of eligible counties.

O. Walker Reagan
Director



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House Bill 117

Page 2

The bill would address concerns that Commerce consumed JDIG availability too quickly each calendar year by splitting the single year \$20M basis for commitment caps into 2 equal semiannual installments of \$10M. Within the calendar year, amounts not utilized in a period roll over to the next period.

Final miscellaneous changes to JDIG include (i) adding a pre-requisite finding that the local has appropriately participated in recruit efforts and in incentives offered; (ii) strengthening the recapture provision for failure to maintain operations for 150% of the grant term; (iii) modifying the relevant time period against which increases in employment are measured;² and (iv) adding to the annual reporting requirement a tier-itemized listing of unaccepted offers and their aggregate value and adding a single-time report requiring the Department to study factors contributing to grant termination in view of other states' efforts with the goal of identifying ways to decrease the incidence of terminations.

PART II. ONE NC MODIFICATIONS

The One NC fund is a discretionary fund by the State to provide money to locals to secure commitments for recruitment, expansion, or retention of new or existing businesses. Part 2 of the bill would modify the local match requirement of the One NC Fund to a tiered requirement: 3 State dollars for 1 local dollar for tier 1, 2 State dollars for 1 local dollar for tier 2, and an even local match for tier 3.

PART III. PHASE-IN SINGLE SALES FACTOR

Corporate income and franchise tax apportionment of taxable income for multi-state corporations is based on three factors: property, payroll, sales. The sales factor is double-weighted. Part IV would phase-in single sales factor apportionment (SSF) over three years:

- 2016: three times sales
- 2017: four times sales
- 2018: single sales factor

SSF is an increasing trend among states. More than 21 states currently use SSF. Among the State's neighboring states: SC and GA use SSF; TN just amended its formula to move from double-weighted to triple-weighted sales; and VA uses SSF for manufacturing and retail.

The Senate budget (H97, V7) contained this provision. In addition to phasing-in SSF, the Senate budget made many other changes to the corporate income and franchise tax statutes. Those changes are not included in this Part. The House has not passed legislation this session that would change the general apportionment formula.

PART IV. DATACENTER INFRASTRUCTURE ACT

Under current law, datacenters receive tax benefits for certain purchases if certain conditions are met. They are as follows:

- G.S. 105-187.51C imposes a privilege tax, in lieu of a sales tax, on certain equipment and machinery purchased by an eligible data center. The rate of tax is 1% of the sales price of the equipment and machinery, capped at \$80 per article. To qualify, a taxpayer must invest \$150M in a tier one area datacenter or \$225 million in a tier 2 or 3 area datacenter over a five-year period. The benefit applies to a second datacenter in which \$75M is invested as well.

² Under current law, the business must maintain employment levels at the level of the year immediately preceding the base period. The bill would change the relevant comparison point for employment levels from immediately preceding the base period to the greater of the employment levels at the date of application or date of award.

House Bill 117

Page 3

- G.S. 105-164.13(55) exempts an eligible Internet data center from sales tax on electricity and on certain business property located and used at the data center, if \$250M is invested over a 5-year period.³
- The General Assembly created a sales tax refund for information technology companies in a tier one area for machinery and equipment purchased and placed in service in the tier one area.

Section 4 would create an additional sales tax exemption for datacenter equipment and electricity, similar but broader in scope of equipment covered, if \$75M is invested over a 5-year period. This section becomes effective October 1, 2015. The House passed this identical provision, with a July 1st effective date, in HB 117. The Senate has not considered this provision.

PART V. SALES TAX RELATIVE TO AVIATION

Part V addresses several sales tax issues related to aviation.

Expiring sales tax refund for interstate passenger air carrier with a hub in NC

An interstate passenger air carrier with a hub in the State is allowed a sales tax refund of sales tax paid on fuel in excess of \$2.5 million. The General Assembly enacted the refund provision in 2004, effective January 1, 2005, with a sunset that has been extended several times. The refund tax benefit is repealed for purchases made on or after January 1, 2016.

Section 5.1(c) would exempt aviation gasoline and jet fuel sold to an interstate air business for use in a commercial aircraft. The exemption is effective for sales made on or after January 1, 2016. It expires for sales made on or after January 1, 2020. The Senate has not considered this issue this session. The House extended the refund provision for four years in House Bill 117, V4.

The exemption is broader than the current refund provision. The exemption provided in this bill for fuel mirrors the existing sales tax exemption for tangible personal property sold to an interstate air business that becomes a component part of a commercial aircraft during its maintenance, repair, or overhaul. For purposes of these two exemptions, a commercial aircraft is defined as one that has a certified maximum take-off weight of more than 12,500 pounds and is regularly used to carry for compensation passengers, commercial freight, or individual addressed letters and packages.

FAA policy that revenue from tax on aviation fuel must be used for aviation purposes

On November 7, 2014, the Federal Aviation Administration (FAA) adopted an amendment to its policy on Federal requirements for the use of proceeds from taxes on aviation fuel.⁴ The action confirmed the FAA's long-standing policy that airport operators that have accepted Federal assistance generally may use airport revenue only for airport related purposes.⁵ Failure to do so could result in a loss of federal funds. States must have an action plan as to how it plans to comply with the FAA policy by December 8, 2015; and the State must be in compliance with the policy by December 8, 2017.

North Carolina has included fuel in its State and local sales and use tax base for decades without restricting its use to aviation purposes. Of the State sales tax rate of 4.75%, 3% is grandfathered but the remaining 1.75% must be in compliance with the FAA policy. Of the local sales tax rate, 2% is grandfathered but any local option sales taxes imposed since 1987 are not.

Section 5.1(a) defines aviation gasoline and jet fuel. Section 5.1(b) would impose the combined general rate of tax on the gross receipts derived from aviation gasoline and jet fuel. The combined general rate is

³ To be an eligible Internet data center under G.S. 105-164.13 or an eligible data center under G.S. 105-187.51C, a facility must meet certain use, location, wage, and employee insurance benefits.

⁴ Federal Register at 64 FR 7696 on February 16, 1999 ("Revenue Use Policy")

⁵ Taxes enacted prior to 1987 are grandfathered and are not subject to the use restriction.

House Bill 117

Page 4

a State tax rate of 7.25%.⁶ This change means there will not be a local tax rate on aviation gasoline and jet fuel. All of the revenue derived from the sales tax on aviation gasoline and jet fuel must be transferred to the Highway Fund and is appropriated to the Division of Aviation of the Department of Transportation for prioritized capital improvements to public airports and time-sensitive aviation capital improvement projects for economic development purposes. This change becomes effective January 1, 2016, and appears to satisfy the FAA requirements. This issue has not been addressed to date in either chamber.

Sales tax exemptions for qualified aircraft and qualified jet engines

S.L. 2013-316 expanded the sales tax base to include the sales price of a service contract. A service contract is defined as a warranty agreement, a maintenance agreement, a repair contract, or a similar agreement or contract by which the seller agrees to maintain or repair tangible personal property. Service contracts on the following items are exempt:

- An item exempt from tax under the sales tax Article, other than a motor vehicle exempt from tax.
- A transmission, distribution, or other network asset contained on utility-owned land, right-of-way, or easement.
- An item purchased by a professional motorsports racing team for which the team may receive a sales tax refund under G.S. 105-164.14A(5).
- An item subject to tax under Article 5F of Chapter 105 of the General Statutes

Section 5.2(c) would exempt from sales tax service contracts on a qualified aircraft or qualified jet engine. A qualified aircraft is defined as an aircraft with a maximum take-off weight of more than 9,000 pounds but not in excess of 15,000 pounds; a qualified jet engine is an engine certified under Part 33 of Title 14 of the Code of Federal Regulations. In addition, Section 5.2(d) would exempt parts and accessories for use in the repair or maintenance of a qualified aircraft or a qualified jet engine.

This section becomes effective October 1, 2015. Both the House and the Senate budgets (HB 97, V4 and V7) provided an exemption for service contracts of a qualified aircraft and a qualified jet engine.

Sales tax rate and cap on boats, aircraft, and qualified jet engines

The State sales tax rate on boats and aircraft is 3%, with a cap of \$1,500. There is no local sales tax on boats or aircraft. Section 5.2(b) would increase the rate to the general rate, which is currently 4.75%. It would also increase the cap on the sales tax on aircraft to \$2,500. Section 5.2(f) is a conforming change to remove boats and aircraft from the local sales tax base, even though they would be subject to the State general rate. It also removes qualified jet engines from the local sales tax base.

Under the Streamlined Sales Tax Agreement, a taxing jurisdiction must have uniform tax rates and may not have caps or thresholds. Aircraft and boats are two exceptions to that provision. A qualified jet engine does not fall within one of the exceptions. To afford similar tax treatment for qualified aircraft and qualified jet engines, Section 5.2(e) would allow the purchaser of a qualified jet engine to pay the use tax through a direct pay permit in lieu of the sales tax, and provide that the maximum use tax would be \$2,500.

This section would become effective October 1, 2015. The Senate budget (HB 97, V7) increased the sales tax rate for boats and aircraft; and it increased the cap on aircraft to \$5,000. Neither the House nor the Senate has considered a different tax rate on qualified jet engines.

PART VI. FAIR DISTRIBUTION OF SALES TAX REVENUE TO LOCAL GOVERNMENTS

⁶ The combined general rate is the general rate (4.75%) plus the highest authorized local option sales tax rate available to all counties (2.5%).

House Bill 117

Page 5

In 1971, the General Assembly authorized counties to impose a 1¢ local option sales tax, distributed to the taxing counties based on the point of collection. In 1983, the General Assembly authorized counties to impose a ½¢ local option sales tax, distributed to the taxing counties on a per capita basis. In 1985, the General Assembly authorized counties to impose a second ½¢ local option sales tax, distributed to the taxing counties on a per capita basis. In 2001, the General Assembly authorized counties to impose a third ½¢ local option sales tax, distributed to the taxing counties as follows: ½ point of collection, ½ per capita.

The 50/50 point of collection/per capita distribution of local option sales taxes remained in place until 2007. In 2007, as part of the Medicaid Swap, the third ½¢ local tax rate was reduced to 0 and the State sales tax rate was increased ½¢. Also as part of that swap, the second ½¢ local sales tax distribution among the counties was changed from per capita to point of collection.

Food has always been part of the 2% local sales tax base. In 2003, as part of many sales tax changes the State made to adhere to the Streamlined Sales Tax Agreement, the taxation of food was moved to the State level for administrative purposes and the following distribution formula was adopted:

- ½ of the net proceeds are distributed on a per capita basis.
- ½ of the net proceeds are distributed proportionately to each taxing county based upon the amount of sales tax on food collected in the taxing county in the 1997-1998 fiscal year.

Section 6 provides that all of the local sale tax revenues under Articles 39, 40, and 42, including the net proceeds from the sales tax on food, are distributed the same: 50% on a point of collection and 50% on a per capita basis. Section 6(h) removes the current restrictions on how the two ½¢ local option sales taxes must be used: 30% for public school capital outlay and 60% for public school capital outlay, respectively. Section 6(c) replaces this use provision with a similar, but more expansive use provision: the net proceeds of the revenue received by a county on a per capita basis must be used for public education and community college purposes. Section 6(d) removes the adjustment factor that has been applied to the per capita distributions since the 1990s.

This section becomes effective July 1, 2016, and applies to sales tax revenues collected on or after that date and distributed to counties and cities on or after September 1, 2016. The Senate budget bill (H97, V7) would have phased the 75% point of collection/25% per capita local sales tax distribution to 20% point of collection/80% per capita over five years.



GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2015

Legislative Fiscal Note

BILL NUMBER: House Bill 117 (Fifth Edition)

SHORT TITLE: NC Competes Act.

SPONSOR(S): Representatives S. Martin, Jeter, Collins, and Steinburg

FISCAL IMPACT					
(\$ in millions)					
	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> No Estimate Available		
State Impact	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20
General Fund Revenues:					
Single Sales Factor	(\$7.5)	(\$19.0)	(\$42.8)	(\$69.9)	(\$73.0)
Datacenter Infrastructure Act	(\$3.0)	(\$4.0)	(\$4.0)	(\$4.0)	(\$4.0)
Sales tax on boats/aircraft	\$3.5	\$4.8	\$4.9	\$5.1	\$5.2
Sales Tax Relative to Aviation	(\$7.5)	(\$15.0)	(\$15.0)	(\$15.0)	(\$15.0)
Maximum liability \$780M through FY 2030-31: Potential liability based on program experience ranges from \$243.7M to \$640.5M. See Assumptions and Methodology & Attachments					
General Fund Expenditures (JDIG):					
Potential \$3M through FY 2029-30. See Assumptions and Methodology & Attachment					
Special Fund Revenues (JDIG):					
See Assumptions and Methodology & Attachments					
NET STATE IMPACT					
See Assumptions and Methodology & Attachments					
Local Impact					
Revenues:					
	(\$3.5)	(\$7.0)	(\$7.0)	(\$7.0)	(\$7.0)
NET LOCAL IMPACT					
	(\$3.5)	(\$7.0)	(\$7.0)	(\$7.0)	(\$7.0)
PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED:					
Department of Commerce. Department of Revenue					
EFFECTIVE DATE: When the bill becomes law.					
TECHNICAL CONSIDERATIONS:					
None					

BILL SUMMARY:

House Bill 117, 5th Edition, would do the following: (i) increase the amount Commerce could commit in JDIG awards, (ii) modify and extend the JDIG program, (iii) modify local government match requirements for One NC (iv) phase in single sales factor apportionment over three years, (v) enact a sales tax exemption on sales of datacenter equipment and electricity located and used at the datacenter for datacenters investing at least \$75M within a 5-year period, (vi) exempt from sales tax the sale of jet fuel for commercial aviation, (vii) change the sales tax rate on airplanes and boats from 3% with a \$1,500 cap to 4.75% with a \$2,500 cap, and (viii) change the distribution of local option sales tax revenue under Articles 29, 40, and 42 from 75% point of delivery and 25% per capita, with adjustment factors, to 50% per capita and 50% point of delivery with no adjustment factors.

ASSUMPTIONS AND METHODOLOGY:

PART I. JDIG MODIFICATIONS

BACKGROUND:

Current Program Description: The current Job Development Investment Grant (JDIG) program provides a discretionary incentive offering sustained annual grants directly to new and expanding businesses statewide. The amount of the grant is calculated using a percentage (between 10 and 75%) of the personal income tax withholdings generated by the new employees hired by the business. Grant payments to a business occur only after the Department of Revenue verifies that the company has created jobs and generated withholdings pursuant to the JDIG agreement so as to be entitled to a disbursement. A JDIG agreement may be up to 12 years and is a binding obligation of the State; the General Assembly annually appropriates funds necessary to pay existing JDIG obligations (awards already committed), an amount determined by Commerce's yearly April 1 funding study. A portion of JDIG payments to projects located in Tier 2 and 3 counties (15% and 25%, respectively) are redirected and allocated to the Utility Account for economic infrastructure grants to local governments in Tier 1 and 2 counties that are reasonably anticipated to create jobs.

Liability Cap: Current General Statutes require that the total amount paid out in any single grant year to all companies awarded a grant in the same calendar year (CY) cannot exceed \$15 million; this cap translates to a maximum potential liability of \$180 million over the maximum contract term of 12 years for a grant, for all businesses awarded a grant in the same calendar year.¹ Each new calendar year affords the JDIG program with a fresh award-making capacity (i.e. liability cap) from which to award new grants. In the event Commerce does not fully commit a year's liability cap, it may not be awarded in a subsequent year. Similarly, if a company whose award was granted under a prior year's liability cap withdraws or is terminated from the program, Commerce may not re-award that forgone portion of the liability cap.

Disbursement: Before funds are disbursed to the company the Department of Revenue certifies the company's reported withholdings and the absence of overdue tax debts.

Disbursements have consistently been less than the maximum due to a few factors (discussed in more detail under section titled "*Expenditures B. Potential Liability Based on Program Experience*"):

1. Commerce award practices: Given the gradual "ramp up" of new jobs by each company, the fact that most companies do not receive a full 12-year grant term, and that in several years of a grant cohort the annual maximum cap is not reached, the actual State liability is typically less than the maximum.

¹ The General Assembly has occasionally increased the calendar year liability cap; the highest was an increase to \$30 million in 2006. The standard statutory threshold is \$15 million. However, in the 2013 Appropriation Act, the cap was modified to be \$22.5 million for the FY 2013-15 Biennium and \$7.5 million for July 1, 2015 to December 31, 2015. The authority to award new grants expires January 1, 2016.

2. Company performance: Businesses are often not eligible for the full amount initially awarded to them due to failure to achieve 100% of the performance requirements.

Clawbacks: A clawback is a requirement that all or part of an economic development incentive be returned or forfeited if the recipient business does not fulfill its responsibilities under the incentive law, contract, or both. For JDIG, a business must maintain operations at the project location for at least 150% of the term of the grant. Commerce is required to publish a report on clawbacks twice a year; as of April 2015, 9 JDIG awards had been clawed-back.

Annual Appropriations: General Fund appropriations pay for existing award commitments made under prior years' liability cap authority. To determine the amount needed to pay awards under contract in the following fiscal year's budget, the Department of Commerce submits an annual funding study by April 1 to the General Assembly and the Fiscal Research Division; this study also includes the maximum liability associated with active grants through their full terms (Commerce's 2015 Funding Study indicated a maximum liability of nearly \$814 million through CY 2027).

Commerce's funding study does not include future costs associated with awards yet to be made, or those that are authorized under the program's liability caps but which had not been awarded at the time of the study. For example, Commerce's 2015 Funding Study does not take into account the liability associated with the \$7.5 million cap Commerce is authorized to use for the time period of July 1, 2015 through December 31, 2015; maximum total liability for that cap is \$90 million (\$7.5 million per year for 12 years).

Commerce determines the estimate for the following fiscal year's JDIG payments by accounting for metrics (job creation, average wage, and capital investment) recorded in companies' annual reports, which outline performance during the prior calendar year and are due to Commerce by March 1. Prior to FY 2013-14, the annual recurring appropriation for the JDIG program was \$27.4 million. However, due to Commerce's projected growth of JDIG obligations, the recurring appropriation was subsequently set at ~\$63 million. Based on Commerce's 2015 Funding Study, both the House and Senate budgets adjust funding for JDIG recipients over the 2015-17 Biennium (payments continue for existing obligations through 2027; future grants to be made under the program will increase obligations):

JDIG		
Appropriation	FY 2015-16	FY 2016-17
Recurring	63,045,357	63,045,357
Recurring	-	8,682,769
Nonrecurring	(5,229,142)	-
TOTAL	57,816,215	71,728,126

JDIG Fees: Application & Annual Reporting Fees: Companies applying for a JDIG must pay a fee of \$10,000 (application fees were raised from \$5,000 in 2013). Award recipients also submit performance reports by March 1, along with a reporting fee of the greater of \$2,500 or 0.03% of an amount equal to the grant less the maximum amount to be transferred to the Utility Fund (the fee was changed from \$1,500 in 2013). These fees are deposited into a special fund, used to support expenditures for Commerce administration of the program.

REVENUES & EXPENDITURES

REVENUES: GENERAL FUND & SPECIAL FUND

A. GENERAL FUND: Any projected increases in General Fund revenue due to future JDIG grants have not been included in this analysis because the exact revenue is unknown for two reasons:

1. The State provides a JDIG payment to a company based on the amount of personal income tax withholdings new employees will remit to the Department of Revenue. However, all or some part of withholdings may be refunded when these new employees file their tax returns.
2. Often the State expends additional General Funds to attract a JDIG recipient to North Carolina (e.g. other State incentives, tax credits, and workforce grants). While Commerce *models* a cost-benefit analysis for each JDIG, to ensure that an awarded grant will provide a positive net effect on the State's General Fund *over the course of a grant's term*, the exact revenue impact on an annual fiscal year basis cannot be determined.

B. SPECIAL FUND

This analysis assumes a \$5M cap increase will yield 6 JDIG applications and a \$20M cap will yield 25 JDIG applications. Both scenarios will generate an additional 11 years of subsequent annual reports per award at the minimum amount of \$2,500 per report. Cumulative JDIG modifications yield \$3,037,500 in special fund revenues through FY 2029-30. (See Attachment A)

Section 1.(h) increases the liability cap within the existing program by \$5 million, yielding \$225,000 in special fund revenue through FY 2026-27. This amount consists of the following: a) 6 JDIG applications will yield \$60,000 (\$10,000 per application), and b) 6 annual reports at a minimum of \$2,500 will yield \$15,000 per year over the course of 11 years, accruing to \$165,000.

Section 1.(b) & (g) increases the calendar year cap to \$20M and extends the program by three years, yielding \$2.8 million in special fund revenue through FY 2029-30. This amount is determined by applying the methodology outlined in Section 1.(h), above, while accounting for an increased number of applications (25 per year), annual reports and the three year extension.

EXPENDITURES: MAXIMUM LIABILITY & POTENTIAL LIABILITY BASED ON PROGRAM

EXPERIENCE: In the following section, two analyses are provided, one which provides for maximum liability and one that is based on program experience.

The analyses do not project a fiscal impact for the awarding of any high-yield projects. North Carolina has never successfully recruited such a project, defined as one that creates 2,000 jobs and invests \$750M. Further, any State securing such a project is a very rare occurrence.

Nor do the analyses address the following aspects of the bill, whose fiscal impacts are unknown:

- 1) Semiannual commitment limitations of the liability cap;
- 2) Modifications to the allowable grant amount as determined by project location (maximum of 80% withholdings for projects located in a tier one county).

A. MAXIMUM LIABILITY: If the maximum allowable amount is awarded in each grant year, companies achieve full performance, and the first payment is made during the subsequent first full fiscal year after the original award year, then cumulative JDIG modifications amount to a maximum potential liability of \$780 million through FY 2030-31. (See Attachment B)

Section 1.(h) increases the liability cap within the existing program by \$5 million. Rather than having a FY 2013-15 Biennium cap of \$22.5 million and a \$7.5 million cap for the last six months of CY 2015, there would be one \$35 million cap for the 30 month time period (July 1, 2013 to December 31, 2015). This cap increase translates to an additional maximum potential liability of \$60 million over a 12-year grant period (\$5 million per year for 12 years).

Section 1.(b) & (g) increases the calendar year cap to \$20M and extends the program by three years (i.e. authority to grant new awards moves from January 1, 2016 to January 1, 2019). The total amount paid out in any single grant year to all companies awarded a grant in the same calendar year cannot exceed \$20 million; this cap translates to a maximum potential liability of \$240 million over a 12-year grant period for all businesses awarded a grant in the same calendar year. Multiplying \$240 million by three years yields a potential liability of \$720 million.

B. POTENTIAL LIABILITY BASED ON PROGRAM EXPERIENCE: Based on program experience, the State could expect to pay anywhere from \$243.7 million to \$640.5 million through FY 2030-31. This range is based on the following assumptions:

For the low-end projection:

- a) Commerce awards 69% of maximum liability (commensurate with average of last 5 calendar years' experience); and
- b) Companies perform at 45% (commensurate with historical program average). (See Attachment C)

For the high-end projection:

- a) Commerce awards 89% of maximum liability (commensurate with CY 2013 practice); and
- b) Companies perform proportionate to maximum pre-recession experience (92%). (See Attachment D)

Commerce Cap Utilization: Given the gradual "ramp up" of new jobs by each company, the fact that most companies do not receive a full 12-year grant term, and that in several years of a grant cohort the annual maximum cap is not reached, the actual State liability is typically less than the

maximum. Over the past five years, the ratio of awards committed by Commerce to the authorized maximum liability has ranged from a low of 56% to a high of 89%, as depicted in the table below:

Time Frame	Authorized Cap (M)	Maximum Liability (M)	Commerce Awards (M)	% Utilized	\$ Unutilized (M)
CY 2009	\$15	\$180	\$120	67%	\$60
CY 2010	\$15	\$180	\$105	58%	\$75
CY 2011	\$15	\$180	\$101	56%	\$79
CY 2012	\$15	\$180	\$135	75%	\$45
CY 2013	\$15	\$180	\$161	89%	\$19

Company Performance: In addition, companies are often not eligible for the full amount initially awarded to them due to failure to achieve 100% of the performance requirements. For example, companies forgo a year's grant payments for failure to achieve 80% compliance with the minimum requirements, based on a weighted average of performance factors, and may receive a pro-rated payment for compliance between 80% and 100%. At certain points of non-compliance, a company may lose its grant entirely. Of the 201 grants that have been awarded through calendar year 2014, 73 awards (36%) with an associated value of \$409 million have been terminated or withdrawn, as shown in the table below:

JDIG Awards 2003-2014		
Award Year	Terminated/Withdrawn	Total Grant Amount
2003	4	\$30,227,331
2004	10	\$51,525,141
2005	9	\$41,030,000
2006	13	\$58,612,000
2007	11	\$72,166,000
2008	11	\$93,979,975
2009	4	\$13,956,000
2010	3	\$15,290,000
2011	7	\$25,095,000
2012	0	\$0
2013	1	\$7,138,000
Grand Total	73	\$409,019,447

Given this context, disbursements have consistently been less than the maximum liability.

The ratio of payment to liability has ranged from a low of 32% to a high of 86% for all JDIGs assessed and compensated for a particular year of performance. Further, performance by companies in one grant year cohort within one year of a grant term ranges from a low of 6% to a high of 92%.

JDIG Awards 2003-2012										
Grant Year Awarded	Performance Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
	Ratio of Payment to Liability									
2003	36%	80%	85%	67%	64%	41%	44%	36%	23%	23%
2004		92%	90%	88%	84%	69%	53%	53%	52%	53%
2005			40%	39%	45%	25%	28%	21%	29%	27%
2006				57%	74%	70%	45%	44%	27%	63%
2007					40%	29%	15%	6%	32%	34%
2008						30%	10%	12%	10%	16%
2009							40%	43%	67%	63%
2010								19%	67%	77%
2011									39%	48%
2012										45%
Average	36%	82%	86%	74%	72%	55%	37%	32%	36%	47%

Overall performance has averaged 45%, but it is unlikely that companies receiving awards in an improving economy will replicate the performance of JDIG recipients during the Great Recession. Commerce's most recent annual JDIG report, submitted September 2014, noted that for performance in calendar year 2012, payments were made to active grantees (which excludes terminated or withdrawn awards) for 83% of total liability.

Ultimately, the exact fiscal impact of JDIG modifications is unknown due to the following variables:

- a) the extent to which Commerce utilizes the maximum liability cap authority,
- b) how well a company will perform in any particular year of an agreement, and
- c) the impact a "normal" business cycle will have on the program; experience to-date has been through the Great Recession.

PART II. ONE NC MODIFICATIONS

The bill modifies the local government match requirement for the program; there will be no fiscal impact to the State.

PART III. PHASE-IN SINGLE SALES FACTOR

Under current law, most multistate corporations calculate an apportionment percentage that is based on the percentage of property, payroll, and sales in the State. The apportionment percentage is used to divide income for purposes of taxation among the states where a corporation does business. The calculation is done by adding the property factor + payroll factor + two times the sales factor and dividing the sum by four. The corporation multiplies its income by that percentage to determine the amount of income subject to tax. Additionally, the corporate franchise tax base is apportioned based on this percentage, and pass-through entities with out of state ownership are required to apportion income for personal income tax purposes based on this percentage.

The bill increases the weight of the sales factor in the general apportionment calculation from two times to three times for the 2016 tax year, to four times for the 2017 tax year, and to 100% sales factor for the 2018 tax year and thereafter. The proposed calculation would be done in 2016 by adding the property factor + payroll factor + three times the sales factor and dividing the sum by five. For 2017, the calculation would be done by adding the property factor + payroll factor + four times the sales factor and dividing the sum by six. For 2018, the apportionment calculation would be based entirely on the sales factor.

The estimate is based on an analysis of tax return data. The fiscal impact was calculated based on the change in franchise and income tax liability that would have occurred had corporations used three times the sales factor in the formula instead of twice the sales factor for 2016, four times the sales factor in 2017, and the sales factor entirely for 2018 and thereafter. The result was adjusted to account for the 4% corporate tax rate in effect starting in 2016, for the 3% corporate tax rate forecasted to be in effect for 2017, and to account for fiscal impact resulting from pass through entities that are required to apportion. Timing adjustments were made to adjust for the difference in the calendar year and the State's fiscal year

PART IV. DATACENTER INFRASTRUCTURE ACT

Background

The North Carolina General Statutes exempt from State and local sales tax electricity and eligible business property sold to or used by eligible computing datacenters (G.S. 105-164.13(55)). An eligible datacenter is defined in G.S. 105-164.3(8e) as a datacenter that satisfies the following conditions:

- a. The facility is used primarily or is to be used primarily by a business engaged in software publishing... included in industry 511210 of NAICS or an Internet activity included in industry 519130 of NAICS.
- b. The facility is comprised of a structure or series of structures located or to be located on a single parcel of land or on contiguous parcels of land that are commonly owned or owned by affiliation with the operator of that facility.
- c. The facility is located or to be located in a county that was designated, at the time of application for the written determination required under sub-subdivision d. of this subdivision, either an enterprise tier one, two, or three area or a development tier one or two area pursuant to G.S. 105-129.3 or G.S. 143B-437.08, regardless of any subsequent change in county enterprise or development tier status.
- d. The Secretary of Commerce determined that at least \$250 million in private funds has been or will be invested in real property or eligible business property, or a combination of both, at the facility within five years after the commencement of construction of the facility.

The Department of Revenue estimates that under the current exemption summarized above, an estimated \$13.5 million in sales tax revenue was foregone in FY 2014-15, although neither the Fiscal Research Division (FRD) nor the Department of Revenue can know how many of the eligible datacenters would have located in other states but for this sales tax exemption.

Proposal

The bill proposes that “sales of electricity for use at a qualifying datacenter and datacenter support equipment to be located and used at the qualifying datacenter” be exempt from North Carolina State and local sales taxes. A qualifying datacenter is defined in the bill as property that is capitalized for tax purposes and is used for at least one of several purposes outlined in the bill, including for hardware and software for distributed and mainframe computers and servers, data storage devices, network connectivity equipment, and peripheral components and equipment. Also, to qualify, the datacenter must meet specified wage standards and health insurance requirements, and the Secretary of Commerce must determine that at least \$75 million in private funds has been or will be invested by one or more owners, users, or tenants of the datacenter within five years [of the date the owner, user, or tenant of the datacenter makes its first real or tangible property investment in the datacenter on or after January 1, 2012].

Potential Cost

If a corporation establishes a new qualifying datacenter that meets bill’s specifications, the proposed sales tax exemption would reduce State and local sales tax revenue from levels that might otherwise be achieved.

Though not identical, the proposed exemption with a \$75 million spending threshold is similar in scope to the current exemption with a \$250 million spending threshold. FRD believes that in many instances, a qualifying datacenter under the new language that spent over \$250 million within 5 years would also be likely to meet the criteria of a “eligible datacenter” currently in statute. Consequently, in most instances, FRD considers the cost of the bill language to be the exemption’s cost for datacenters spending between \$75 million and \$250 million within the specified time period.

However, there is not sufficient information available to estimate the number of qualifying datacenters that might locate in North Carolina if the bill becomes law. More significantly, there is not adequate data and evidence to allow FRD to determine whether any new qualifying datacenter in North Carolina would have located in the State without the proposed bill language. Therefore, no estimate is available.

FRD has contacted corporations and industry groups associated with datacenter development and has received some information on potential expenditures that would be tax exempt under the proposed bill. The information is proprietary and was provided on a confidential/ background basis. Fiscal Research continues to seek additional similar information from corporation within the datacenter industry; if enough information is obtained, FRD can aggregate the data and update this memorandum with more specific per-datacenter cost estimates.

PART V. SALES TAX RELATIVE TO AVIATION

Part V would exempt from sales tax the sale of fuel for commercial aviation. Based on industry estimates for jet fuel consumption, the fiscal impact of the exemption would be \$15 million annually for the General Fund and \$7 million for local governments. This estimate assumes an average price of \$3 per gallon and an apportionment percentage of 25%. The apportionment percentage is based on the number of miles flown in North Carolina vs. other states and determines the percentage of fuel on which NC tax is paid. A local tax rate of 2.25% is used to determine the local impact.

The tax on non-commercial jet fuel would be taxed at the combined general rate of 7.25%. All of the revenue from this tax would be appropriated to the Division of Aviation of the Department of Transportation for prioritized capital improvements to public airports and time-sensitive capital improvement projects for economic development purposes.

Part V would also exempt from sales tax service contracts on a qualifying aircraft or qualifying jet engine. A qualifying aircraft is defined as an aircraft with a maximum take-off weight of more than 9,000 lbs. but not in excess of 15,000 lbs. In addition, the bill exempts parts used in the repair or maintenance of a qualifying aircraft or a qualified jet engine. There is only one known manufacturer of qualifying jets in North Carolina. The impact is unknown, but is expected to be minimal.

Part V would increase the sales tax rate on boats and aircraft from 3% to 4.75%. The sales tax on boats would continue to be capped at \$1,500. The bill would increase the sales tax cap on aircraft from \$1,500 to \$2,500. The estimate is based on an analysis of historical tax return data provided by the Department of Revenue. Timing adjustments were made to account for the October 1 effective date.

SOURCES OF DATA: Department of Commerce; North Carolina Department of Revenue Biennial Tax Expenditure Report, 2013; Moody's Analytics; Airlines for America

TECHNICAL CONSIDERATIONS: None

FISCAL RESEARCH DIVISION: (919) 733-4910

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2015

Legislative Fiscal Note

Attachment A

Fiscal Analysis of Changes to the Job Development Investment Grant (JDIG) Program
Special Fund Revenue

Special Fund Revenue - Fees associated with new applications (\$10,000) and annual grantee reports (greater of \$2,500 or .03% of total grant award less portion transferred to the Utility Account)

Assumption- Every \$5M cap increase will yield 6 JDIG applications; a \$20M cap will yield 25 JDIG applications. Both scenarios will generate an associated 11 years of annual reporting.
(Between 2009 and 2013, an average of 19 awards were made annually under the calendar year cap of \$15M).

Part I - Section 1.(h) Provide additional \$5M liability cap authority for current time period (July 1, 2013 to Dec 31, 2015)

Part I - Section 1.(b) Increase Maximum Calendar Year Cap from \$15M to \$20M

Part I - Section 1.(g) Extend the Sunset Date 3 Years (From January 1, 2016 to January 1, 2019)

Part I - Section 1.(h) - Provide additional \$5M liability cap authority for current time period (July 1, 2013 to Dec 31, 2015) (Increase of \$5,000,000 per year for 12 years)

Grant Year	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
Additional Annual Amount	\$ 60,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000
Cumulative Amount	\$ 60,000	\$ 75,000	\$ 90,000	\$ 105,000	\$ 120,000	\$ 135,000	\$ 150,000	\$ 165,000	\$ 180,000	\$ 195,000	\$ 210,000	\$ 225,000

Part I - Section 1.(b) & (g) - Increase Cap to \$20M & Extend the Sunset Date by 3 Years

Grant Year	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
2016 Awards		\$ 250,000	\$ 62,500	\$ 62,500	\$ 62,500	\$ 62,500	\$ 62,500	\$ 62,500	\$ 62,500	\$ 62,500	\$ 62,500	\$ 62,500	\$ 62,500		
2017 Awards			\$ 250,000	\$ 62,500	\$ 62,500	\$ 62,500	\$ 62,500	\$ 62,500	\$ 62,500	\$ 62,500	\$ 62,500	\$ 62,500	\$ 62,500	\$ 62,500	
2018 Awards				\$ 250,000	\$ 62,500	\$ 62,500	\$ 62,500	\$ 62,500	\$ 62,500	\$ 62,500	\$ 62,500	\$ 62,500	\$ 62,500	\$ 62,500	\$ 62,500
Cumulative Amount	\$ -	\$ 250,000	\$ 562,500	\$ 937,500	\$ 1,125,000	\$ 1,312,500	\$ 1,500,000	\$ 1,687,500	\$ 1,875,000	\$ 2,062,500	\$ 2,250,000	\$ 2,437,500	\$ 2,625,000	\$ 2,750,000	\$ 2,812,500

Total Potential Special Fund Revenue **\$ 3,037,500**

Attachment B

Fiscal Analysis of Changes to the Job Development Investment Grant (JDIG) Program
Maximum Liability

Part I - Section 1 (h) Provide additional \$5M liability cap authority for current time period (July 1, 2013 to Dec 31, 2015)

Part I - Section 1 (b) Increase Maximum Calendar Year Cap from \$15M to \$20M

Part I - Section 1 (g) Extend the Sunset Date 3 Years (From January 1, 2016 to January 1, 2019)

Part I - Section 1.(h) - Provide additional \$5M liability cap authority for current time period (July 1, 2013 to Dec 31, 2015) (Increase of \$5,000,000 per year for 12 years) *

Grant Year	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
Additional Annual Amount	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000
Cumulative Amount	\$ 5,000,000	\$ 10,000,000	\$ 15,000,000	\$ 20,000,000	\$ 25,000,000	\$ 30,000,000	\$ 35,000,000	\$ 40,000,000	\$ 45,000,000	\$ 50,000,000	\$ 55,000,000	\$ 60,000,000

* Assumes the additional maximum amount of \$15,000,000 will be awarded and that first payments will begin in 2016-17.

Part I - Section 1.(b) & (g) - Increase Cap to \$20M & Extend the Sunset Date by 3 Years**

Grant Year	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31
2016 Awards		\$ 20,000,000	\$ 20,000,000	\$ 20,000,000	\$ 20,000,000	\$ 20,000,000	\$ 20,000,000	\$ 20,000,000	\$ 20,000,000	\$ 20,000,000	\$ 20,000,000	\$ 20,000,000	\$ 20,000,000		
2017 Awards			\$ 20,000,000	\$ 20,000,000	\$ 20,000,000	\$ 20,000,000	\$ 20,000,000	\$ 20,000,000	\$ 20,000,000	\$ 20,000,000	\$ 20,000,000	\$ 20,000,000	\$ 20,000,000	\$ 20,000,000	
2018 Awards				\$ 20,000,000	\$ 20,000,000	\$ 20,000,000	\$ 20,000,000	\$ 20,000,000	\$ 20,000,000	\$ 20,000,000	\$ 20,000,000	\$ 20,000,000	\$ 20,000,000	\$ 20,000,000	\$ 20,000,000
Cumulative Amount	\$ -	\$ 20,000,000	\$ 60,000,000	\$ 120,000,000	\$ 180,000,000	\$ 240,000,000	\$ 300,000,000	\$ 360,000,000	\$ 420,000,000	\$ 480,000,000	\$ 540,000,000	\$ 600,000,000	\$ 660,000,000	\$ 700,000,000	\$ 720,000,000

** Estimate based on maximum cap of \$20M (cap for a year in which no grants are awarded for a high-yield project) allowing for payments to be made up to 12 years following the first year of payment; assuming first payment is made during the subsequent full fiscal year after the award year.

Total Maximum Liability Impact **\$780,000,000**

Attachment C

Fiscal Analysis of Changes to the Job Development Investment Grant (JDIG) Program
 Program Experience: Feasible Low-End Cost Projection

Part I - Section 1.(h) Provide additional \$5M liability cap authority for current time period (July 1, 2013 to Dec 31, 2015)
 Part I - Section 1.(b) Increase Maximum Calendar Year Cap from \$15M to \$20M
 Part I - Section 1.(g) Extend the Sunset Date 3 Years (From January 1, 2016 to January 1, 2019)

Part I - Section 1.(h) - Provide additional \$5M liability cap authority for current time period (July 1, 2013 to Dec 31, 2015) (Increase of \$5,000,000 per year for 12 years) *

Grant Year	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
IF												
a) Commerce awards 69% of the \$60M maximum liability (commensurate with average of last 5 calendar years' experience);												
	\$ 2,833,333	\$ 3,333,333	\$ 3,833,333	\$ 4,333,333	\$ 4,500,000	\$ 4,500,000	\$ 4,500,000	\$ 4,333,333	\$ 3,333,333	\$ 2,833,333	\$ 1,666,667	\$ 1,666,667
AND												
b) Companies perform at 45% (commensurate with historical program												
	\$ 1,275,000	\$ 1,500,000	\$ 1,725,000	\$ 1,950,000	\$ 2,025,000	\$ 2,025,000	\$ 2,025,000	\$ 1,950,000	\$ 1,500,000	\$ 1,275,000	\$ 750,000	\$ 750,000
Cumulative Amount	\$ 1,275,000	\$ 2,775,000	\$ 4,500,000	\$ 6,449,999	\$ 8,474,999	\$ 10,499,999	\$ 12,524,999	\$ 14,474,999	\$ 15,974,999	\$ 17,249,999	\$ 17,999,999	\$ 18,749,999

Part I - Section 1.(b) & (g) - Increase Cap to \$20M & Extend the Sunset Date by 3 Years

Grant Year	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
IF												
a) Commerce awards 69% of the \$240M maximum liability (commensurate with average of last 5 calendar years' experience);												
	\$ 11,333,333	\$ 13,333,333	\$ 15,333,333	\$ 17,333,333	\$ 18,000,000	\$ 18,000,000	\$ 18,000,000	\$ 17,333,333	\$ 13,333,333	\$ 11,333,333	\$ 6,666,667	\$ 6,666,667
AND												
b) Companies perform at 45% (commensurate with historical program average)												
	\$ 5,100,000	\$ 6,000,000	\$ 6,900,000	\$ 7,800,000	\$ 8,100,000	\$ 8,100,000	\$ 8,100,000	\$ 7,800,000	\$ 6,000,000	\$ 5,100,000	\$ 3,000,000	\$ 3,000,000

Grant Year	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31
2016 Awards		\$ 5,100,000	\$ 6,000,000	\$ 6,900,000	\$ 7,800,000	\$ 8,100,000	\$ 8,100,000	\$ 8,100,000	\$ 7,800,000	\$ 6,000,000	\$ 5,100,000	\$ 3,000,000	\$ 3,000,000		
2017 Awards			\$ 5,100,000	\$ 6,000,000	\$ 6,900,000	\$ 7,800,000	\$ 8,100,000	\$ 8,100,000	\$ 8,100,000	\$ 7,800,000	\$ 6,000,000	\$ 5,100,000	\$ 3,000,000	\$ 3,000,000	
2018 Awards				\$ 5,100,000	\$ 6,000,000	\$ 6,900,000	\$ 7,800,000	\$ 8,100,000	\$ 8,100,000	\$ 8,100,000	\$ 7,800,000	\$ 6,000,000	\$ 5,100,000	\$ 3,000,000	\$ 3,000,000
Cumulative Amount	\$ -	\$ 5,100,000	\$ 16,200,000	\$ 34,199,999	\$ 54,899,999	\$ 77,699,998	\$ 101,699,998	\$ 125,999,998	\$ 149,999,998	\$ 171,899,998	\$ 190,799,997	\$ 204,899,997	\$ 215,999,997	\$ 221,999,998	\$ 224,999,998

Total Min Impact Based on Program Experience \$ 243,749,997

Attachment D

Fiscal Analysis of Changes to the Job Development Investment Grant (JDIG) Program
 Program Experience: Feasible High-End Cost Projection

Part I - Section 1.(h) Provide additional \$5M liability cap authority for current time period (July 1, 2013 to Dec 31, 2015)
 Part I - Section 1.(b) Increase Maximum Calendar Year Cap from \$15M to \$20M
 Part I - Section 1.(g) Extend the Sunset Date 3 Years (From January 1, 2016 to January 1, 2019)

Part I - Section 1.(h) - Provide additional \$5M liability cap authority for current time period (July 1, 2013 to Dec 31, 2015) (Increase of \$5,000,000 per year for 12 years) *

Grant Year	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
IF												
a) Commerce awards 89% of \$60M maximum liability (commensurate with CY 2013 practice);	\$ 3,105,333	\$ 4,512,000	\$ 4,800,333	\$ 4,989,667	\$ 4,998,667	\$ 4,998,667	\$ 4,951,000	\$ 4,851,000	\$ 4,643,333	\$ 4,097,333	\$ 3,828,333	\$ 3,773,667
AND												
b) Companies perform commensurate with maximum pre-recession experience (92%)	\$ 2,856,906	\$ 4,151,040	\$ 4,416,306	\$ 4,590,494	\$ 4,598,774	\$ 4,598,774	\$ 4,554,920	\$ 4,462,920	\$ 4,271,866	\$ 3,769,546	\$ 3,522,066	\$ 3,471,774
Cumulative Amount	\$ 2,856,906	\$ 7,007,946	\$ 11,424,253	\$ 16,014,746	\$ 20,613,520	\$ 25,212,294	\$ 29,767,214	\$ 34,230,134	\$ 38,502,000	\$ 42,271,546	\$ 45,793,613	\$ 49,265,386

Part I - Section 1.(b) & (g) - Increase Cap to \$20M & Extend the Sunset Date by 3 Years

Grant Year	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
IF												
a) Commerce awards 88% of \$240M maximum liability (commensurate with CY 2013 practice);	\$ 12,421,333	\$ 18,048,000	\$ 19,201,333	\$ 19,958,667	\$ 19,994,667	\$ 19,994,667	\$ 19,804,000	\$ 19,404,000	\$ 18,573,333	\$ 16,389,333	\$ 15,313,333	\$ 15,094,667
AND												
b) Companies perform commensurate with maximum pre-recession experience (92%)	\$ 11,427,626	\$ 16,604,160	\$ 17,665,226	\$ 18,361,974	\$ 18,395,094	\$ 18,395,094	\$ 18,219,680	\$ 17,851,680	\$ 17,087,466	\$ 15,078,186	\$ 14,088,266	\$ 13,887,094

Grant Year	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31
2016 Awards		\$ 11,427,626	\$ 16,604,160	\$ 17,665,226	\$ 18,361,974	\$ 18,395,094	\$ 18,395,094	\$ 18,219,680	\$ 17,851,680	\$ 17,087,466	\$ 15,078,186	\$ 14,088,266	\$ 13,887,094		
2017 Awards			\$ 11,427,626	\$ 16,604,160	\$ 17,665,226	\$ 18,361,974	\$ 18,395,094	\$ 18,395,094	\$ 18,219,680	\$ 17,851,680	\$ 17,087,466	\$ 15,078,186	\$ 14,088,266	\$ 13,887,094	
2018 Awards				\$ 11,427,626	\$ 16,604,160	\$ 17,665,226	\$ 18,361,974	\$ 18,395,094	\$ 18,395,094	\$ 18,219,680	\$ 17,851,680	\$ 17,087,466	\$ 15,078,186	\$ 14,088,266	\$ 13,887,094
Cumulative Amount	\$ -	\$ 11,427,626	\$ 39,459,413	\$ 85,156,425	\$ 137,787,785	\$ 192,210,079	\$ 247,362,240	\$ 302,372,107	\$ 356,838,561	\$ 409,997,387	\$ 460,014,720	\$ 506,268,639	\$ 549,322,185	\$ 577,297,545	\$ 591,184,639

Total Max Impact Base on Program Experience \$ 640,460,025

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2015

Legislative Fiscal Note

PREPARED BY: Rodney Bizzell, Denise Canada, Aubrey Incorvaia, and Jonathan Tart

APPROVED BY:

Mark Trogdon, Director
Fiscal Research Division

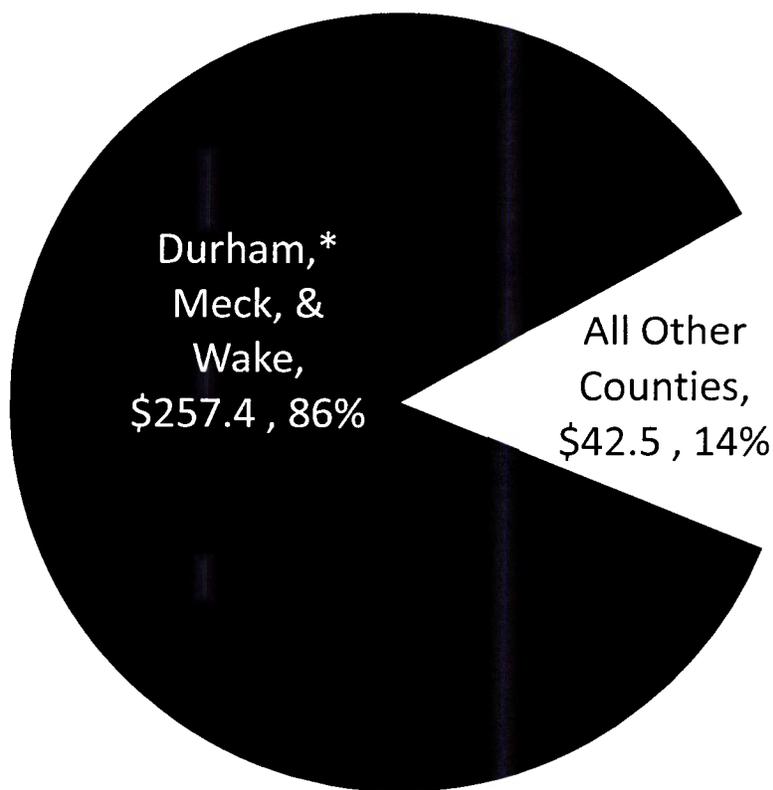
DATE: August 10, 2015



Signed Copy Located in the NCGA Principal Clerk's Offices



2013-2014 JDIG Awards to Companies
\$299.9M
(\$ in Millions)



*Durham County benefitted from two awards that cover multiple counties (General Electric & Syngenta); this chart accounts for Durham's portion by evenly dividing the company award among all benefitting counties.



GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2015

H

4

HOUSE BILL 372
Committee Substitute Favorable 6/11/15
Committee Substitute #2 Favorable 6/18/15
Senate Health Care Committee Substitute Adopted 8/6/15

Short Title: Medicaid Transformation/HIE/PrimaryCare/Funds. (Public)

Sponsors:

Referred to:

March 30, 2015

A BILL TO BE ENTITLED

1 AN ACT TO TRANSFORM AND REORGANIZE NORTH CAROLINA'S MEDICAID AND
2 NC HEALTH CHOICE PROGRAMS, TO PROVIDE FUNDS FOR THE OVERSIGHT
3 AND ADMINISTRATION OF THE STATEWIDE HEALTH INFORMATION
4 EXCHANGE NETWORK, TO INCREASE MEDICAID RATES TO PRIMARY CARE
5 PHYSICIANS, AND TO DISCONTINUE MEDICAID PRIMARY CARE CASE
6 MANAGEMENT.
7

8 The General Assembly of North Carolina enacts:
9

10 **MEDICAID TRANSFORMATION AND REORGANIZATION**

11 **SECTION 1.(a)** Intent and Goals. – It is the intent of the General Assembly to
12 transform the State's current Medicaid program to a program that provides budget predictability
13 for the taxpayers of this State while ensuring quality care to those in need. The new Medicaid
14 program shall be designed to achieve the following goals:

- 15 (1) Ensure budget predictability through shared risk and accountability.
- 16 (2) Ensure balanced quality, patient satisfaction, and financial measures.
- 17 (3) Ensure efficient and cost-effective administrative systems and structures.
- 18 (4) Ensure a sustainable delivery system.

19 **SECTION 1.(b)** Structure of Delivery System. – The transformed Medicaid
20 program described in subsection (a) of this section shall be organized according to the
21 following principles and parameters:

- 22 (1) The Department of Medicaid (DOM), created in subsection (h) of this
23 section, shall have full budget and regulatory authority to manage the State's
24 Medicaid and NC Health Choice programs, except the General Assembly
25 shall determine eligibility categories and income thresholds.
- 26 (2) Among its initial tasks, the DOM shall:
 - 27 a. Determine the structural and financial qualifications required for
28 Medicaid managed care organizations (MCOs), which is defined to
29 include both commercial insurers and provider-led entities (PLEs). A
30 PLE is defined as any of the following: a provider; an entity with the
31 primary purpose of owning or operating one or more providers; or a
32 business entity in which providers hold a controlling ownership
33 interest. The majority of the members of a PLE's governing board



- 1 shall be composed of providers as defined in G.S. 108C-2 or entities
2 composed of providers.
- 3 b. Designate at least five and no more than eight regions within the
4 State. Regions must be composed of whole, contiguous counties, and
5 every county in the State must be assigned to a region.
- 6 (3) The DOM shall enter into contractual relationships with commercial insurers
7 and PLEs for the delivery of all Medicaid health care items and services. All
8 contracts shall be the result of a request for proposals (RFP) issued by the
9 DOM and the submission of competitive bids by commercial insurers and
10 PLEs. The governing principles and minimum terms and conditions of the
11 RFPs, bids, and contracts are described in subsection (d) of this section.
- 12 (4) The number and nature of the contracts required under subdivision (3) of this
13 subsection shall be as follows:
- 14 a. Three contracts between the DOM and any combination of individual
15 commercial insurers and individual PLEs. Each of these contracts
16 shall provide statewide coverage for all Medicaid health care items
17 and services (statewide contracts).
- 18 b. Up to 12 contracts between the DOM and individual PLEs for
19 coverage of specified regions (regional contracts). Regional contracts
20 shall be in addition to the three statewide contracts required under
21 sub-subdivision a. of this subdivision. Each regional contract shall
22 provide coverage throughout the entire region for all Medicaid health
23 care items and services. A PLE may bid on more than one region.
24 The DOM shall have full discretion to enter into one, two, or no
25 regional contracts in any region.
- 26 (5) As a result of the contracts entered into by the DOM under subdivision (3) of
27 this subsection, a recipient shall have at least three, but no more than five
28 enrollment choices for the provision of all Medicaid health care items and
29 services. The DOM shall provide for annual open enrollment periods and
30 shall determine the process for assigning recipients who do not select a
31 commercial insurer or PLE during the enrollment period.

32 **SECTION 1.(c)** Time Line. – The following milestones for Medicaid
33 transformation shall occur no later than the following dates:

- 34 (1) When this act becomes law. –
- 35 a. The Department of Medicaid is created pursuant to subsection (h) of
36 this section.
- 37 b. The Joint Legislative Oversight Committee on Medicaid (LOC on
38 Medicaid) is created pursuant to subsection (l) of this section to
39 oversee the Medicaid and NC Health Choice programs.
- 40 (2) December 1, 2015. – The Department of Health and Human Services
41 (DHHS) shall establish the Medicaid stabilization team pursuant to
42 subsection (g) of this section.
- 43 (3) January 1, 2016. –
- 44 a. The DOM is designated as the single State agency for the
45 administration of Medicaid and NC Health Choice.
- 46 b. The DHHS and the DOM shall enter into agreements necessary for
47 the DOM to supervise the DHHS's administration of the Medicaid
48 and NC Health Choice programs.
- 49 (4) May 1, 2016. –

- 1 a. The DOM shall submit requests for waivers and State Plan
2 amendments to the Centers for Medicare and Medicaid Services
3 (CMS) necessary to implement Medicaid transformation.
4 b. The DOM shall report recommended statutory changes to the North
5 Carolina General Statutes to the LOC on Medicaid.

- 6 (5) Twelve months after CMS approval of all necessary waivers and State Plan
7 amendments. – Capitated full-risk contracts begin.

8 **SECTION 1.(d)** Requests for Proposals; Bids; Terms and Conditions of Contracts.

9 – The following shall be components of the initial RFPs, responsive bids to the initial RFPs,
10 and the initial contracts that are required under subsection (b) of this section.

- 11 (1) An RFP may solicit bids for a statewide contract, a regional contract, or both
12 and may propose variable contract durations.
13 (2) RFPs must require at least all of the following:
14 a. Full-risk capitation for all Medicaid health care items and services.
15 b. Coverage for all program aid categories except the dual eligible
16 categories.
17 c. All bidders meet solvency requirements established by the
18 Department of Insurance pursuant to subsection (k1) of this section.
19 d. All bidders meet the same standards and metrics for risk, outcomes,
20 and quality.
21 e. All bidders establish appropriate networks of providers to deliver
22 services.
23 f. All bidders subcontract with existing LME/MCOs for behavioral
24 health services through the end date of the first contract entered into
25 pursuant to this subsection at a capitation rate that is no less than the
26 most recently negotiated rate for the then current scope of benefits
27 paid to LME/MCOs.
28 g. All bidders agree not to limit providers' ability to contract with other
29 commercial insurers and PLEs.
30 h. All bidders must connect to the Health Information Exchange
31 Network or any successor information technology entity or
32 architecture specified by the DOM in order to ensure effective
33 systems and connectivity to support clinical coordination of care,
34 exchange of information, and the availability of data to the DOM to
35 manage the Medicaid and NC Health Choice program for the State.
36 i. All bidders ensure that their contracts with providers include
37 value-based payment systems that support the achievement of overall
38 performance, quality, and outcome measures.
39 (3) All bids must respond to the requirements of subdivision (2) of this
40 subsection and must also include at least all of the following:
41 a. For statewide contracts, a description of how the commercial insurer
42 or PLE will ensure access to appropriate care throughout the State.
43 b. For regional contracts, a description of how the PLE will ensure
44 access to appropriate care throughout the region.
45 c. Proposed competitive medical loss ratios.
46 d. Proposed full-risk capitated rates based on Centers for Medicare and
47 Medicaid Services (CMS) actuarial soundness and industry standards
48 as well as risk-adjusted rate ranges using claims data from fiscal year
49 2014-2015. Actuarial calculations must include utilization
50 assumptions consistent with industry and local standards.

- 1 e. Methods to ensure program integrity against provider fraud, waste,
2 and abuse at all levels.
- 3 (4) In addition to the requirements of subdivisions (1) through (3) of this
4 subsection, each contract must provide for all of the following:
- 5 a. Negotiated full-risk capitated rates, including a portion that is at risk
6 for achievement of quality and outcome measures.
- 7 b. Negotiated competitive medical loss ratios.
- 8 c. Compliance by the commercial insurer or PLE with all CMS
9 requirements for the Medicaid and NC Health Choice programs.
- 10 d. Defined measures and goals for risk adjusted health outcomes,
11 quality of care, patient satisfaction, access, and cost. Each component
12 must be measured and monitored continually and reported at set
13 intervals as determined by the DOM. Each component shall be
14 subject to specific accountability measures, including penalties. The
15 DOM may use organizations such as National Committee for Quality
16 Assurance (NCQA), Physician Consortium for Performance
17 Improvement (PCPI), Healthcare Effectiveness Data and Information
18 Set (HEDIS), or any others necessary to develop effective measures
19 for outcomes and quality.
- 20 e. Acceptance of full responsibility by the commercial insurer or PLE
21 for all grievance and appeals.
- 22 f. Ability of the commercial insurer or PLE to exclude providers from
23 networks based on economic or quality standards.
- 24 g. Ability of the commercial insurer or PLE to terminate the capitation
25 rate required under sub-subdivision f. of subdivision (2) of this
26 subsection if termination of the rate is mutually agreed to by the
27 LME/MCO.
- 28 h. Agreement that covered benefits will not be reduced from the
29 covered services in effect on the date the contract is awarded except
30 in instances where the DOM reduces a covered service for all
31 recipients and for all contracts.
- 32 i. A rate floor for primary care and specialty care services set by the
33 DOM to ensure recipients have appropriate access to these services.
- 34 j. Agreement that the commercial insurer or PLE will pay LME/MCOs
35 the capitation rate required by sub-subdivision f. of subdivision (2)
36 of this subsection within 30 days after the commercial insurer or PLE
37 receives funds for the capitation from the DOM.
- 38 k. A requirement that the commercial insurer or PLE must keep the
39 cost growth for its enrollees at least two percentage (2%) points
40 below national Medicaid spending growth as documented and
41 projected in the annual report prepared for CMS by the Office of the
42 Actuary for nonexpansion states.
- 43 l. A requirement that the commercial insurer or PLE participate in the
44 existing preferred drug list program maintained by DHHS as required
45 by Section 10.66 of S.L. 2009-451 and maximize the recovery and
46 collection of drug rebates.

47 **SECTION 1.(e)** Monthly Progress Report. – Beginning February 1, 2016, and
48 monthly thereafter until January 1, 2019, the DOM shall report to the LOC on Medicaid and the
49 Fiscal Research Division on the State's progress toward completing Medicaid transformation.
50 The May 1, 2016, report shall contain proposed changes to the North Carolina General Statutes
51 that are necessary to implement Medicaid transformation.

1 **SECTION 1.(f)** Maintain Funding Mechanisms. – In developing the waivers and
2 State Plan amendments necessary to implement this section, the DOM shall work with the
3 Centers for Medicare and Medicaid Services (CMS) to attempt to preserve existing levels of
4 funding generated from Medicaid-specific funding streams, such as assessments, to the extent
5 that the levels of funding may be preserved. If such Medicaid-specific funding cannot be
6 maintained as currently implemented, then the DOM shall advise the LOC on Medicaid created
7 in subsection (l) of this section of any modifications necessary to maintain as much revenue as
8 possible within the context of Medicaid transformation. If such Medicaid-specific funding
9 streams cannot be preserved through the transformation process or if revenue would decrease, it
10 is the intent of the General Assembly to modify such funding streams so that any supplemental
11 payments to providers are more closely aligned to improving health outcomes and achieving
12 overall Medicaid goals.

13 **SECTION 1.(g)** DHHS Role in Medicaid Transformation. – During Medicaid
14 transformation, the Department of Health and Human Services, Division of Medical Assistance
15 (DMA), shall cooperate with the DOM to ensure a smooth transition of the Medicaid and NC
16 Health Choice programs and shall perform all of the following functions:

- 17 (1) The DHHS and the DOM shall enter into agreements necessary for the DOM
18 to supervise the DHHS's administration of the Medicaid and NC Health
19 Choice programs until the transformed Medicaid program is completed.
- 20 (2) The Department of Health and Human Services, Office of the Secretary,
21 (Office of the Secretary) shall organize a Medicaid stabilization team to do
22 the following:
 - 23 a. Maintain the Medicaid and NC Health Choice programs until
24 Medicaid transformation has been completed.
 - 25 b. Work with the DOM during the transition.
 - 26 c. Develop strategies to successfully complete the requirements of
27 sub-subdivisions a. and b. of this subdivision.
 - 28 d. Make recommendations to the LOC on Medicaid on any additional
29 authorization or funding necessary to successfully complete the
30 requirements of sub-subdivisions a. and b. of this subdivision.
 - 31 e. With assistance from the Office of State Human Resources, conduct
32 interviews and meetings with designated essential employees of the
33 DMA to explain the transition process, including options for the
34 employees and the bonus payment system established under this
35 subsection.
 - 36 f. No later than December 1, 2015, report to the LOC on Medicaid on
37 the plan to communicate to employees, as required by
38 sub-subdivision e. of this subdivision.
- 39 (3) The Office of the Secretary shall identify the key managers, leaders, and
40 decision makers to be part of the stabilization team and, no later than
41 December 1, 2015, shall submit a list of these people and their roles to the
42 DOM and the LOC on Medicaid.
- 43 (4) No later than December 1, 2015, the Secretary of Health and Human
44 Services (Secretary) shall identify and designate "essential positions"
45 throughout the DHHS without which the Medicaid and NC Health Choice
46 programs could not operate on a day-to-day basis. Such positions designated
47 by the Secretary may include any position, whether subject to or exempt
48 from the North Carolina Human Resources Act or whether supervisory or
49 nonsupervisory, as long as the position is essential to the operation of
50 Medicaid or NC Health Choice. Because the designation is based on the
51 functions to be performed and because of the nature of the bonuses provided

1 under this subsection, the designation of a position as essential may not be
2 revoked, and the Secretary may designate both open and filled positions.

3 (5) In order to encourage employees to remain in their positions working on
4 Medicaid and NC Health Choice within the DHHS, employees serving in
5 positions designated as essential positions under this subsection shall be
6 eligible for the following benefits:

7 a. Effective November 1, 2015, any employee working in a designated
8 essential position within the DMA shall receive a bonus at each pay
9 period that is equal to five percent (5%) of the employee's earnings
10 for that period.

11 b. Effective November 1, 2015, any employee working in a designated
12 essential position within the DHHS, but outside of the DMA, whose
13 salary is paid with federal Medicaid funds shall also receive a five
14 percent (5%) bonus, paid in the same manner as bonuses are paid
15 under sub-subdivision a. of this subdivision. If such an employee
16 working outside of the DMA does not work full-time on Medicaid
17 issues, then the amount of the bonus shall be calculated by first
18 multiplying the employee's earnings for that period by the percentage
19 of the employee's time spent on Medicaid issues and then multiplying
20 that product by five percent (5%).

21 c. Any employee who received bonus payments under sub-subdivisions
22 a. or b. of this subdivision who is still employed within the DMA or
23 within the DHHS as of October 31, 2017, or who is employed within
24 the DOM, shall receive a final bonus payment equal to the sum of all
25 the bonus payments that the employee had received since November
26 1, 2015, under sub-subdivision a. of this subdivision. No employee
27 departing before October 31, 2017, shall be eligible to receive any
28 portion of such a final bonus payment, and no property right is
29 created by this subsection for employees that depart before October
30 31, 2017.

31 d. The bonus payments paid under this subsection are made
32 notwithstanding G.S. 126-4(2) or any other provision of law.
33 Notwithstanding G.S. 135-1(7a), bonus payments paid under this
34 subsection shall not count as "compensation" for purposes of the
35 Retirement System for Teachers and State Employees, nor shall the
36 DHHS be required to make payments to the Retirement System
37 based on the amounts paid as bonuses. Additionally, bonus payments
38 paid under this subsection shall not count as "compensation" or
39 "salary" for calculating severance payments under G.S. 126-8.5 or
40 calculating unemployment benefits.

41 (6) The DHHS shall not enter into any new contracts, or renew or extend any
42 contracts that existed prior to the effective date of this subsection, related to
43 the Medicaid or NC Health Choice programs without the express prior
44 approval of the DOM. The DHHS and the DMA shall ensure that any
45 Medicaid-related or NC Health Choice-related State contract entered into
46 after the effective date of this act contains a clause that allows the DHHS or
47 the DMA to terminate the contract without cause upon 30 days' notice. Any
48 contract signed by the DHHS or the DMA after the effective date of this act
49 that lacks such a termination clause shall, nonetheless, be deemed to include
50 such a clause and shall be cancellable without cause upon 30 days' notice.
51

1. Be developed at a frequency of no less than every five years with the input of stakeholders.
 2. Identify key opportunities and challenges facing the organization.
 3. Identify the Department's strengths and weaknesses to address these opportunities and challenges.
 4. Identify key goals for the Department for this time period, consistent with the reform goals identified by the General Assembly.
 5. Identify output and outcome performance measures to quantify the Department's progress toward these goals.
 6. Identify strategies to reach these goals.
 7. Be used as a guide for units within the Department to establish unit-specific operational plans at the same frequency.
- c. Performance management system, including quantitative indicators for goals and objectives, which shall do the following:
1. Be developed and implemented within the first year of the creation of the Department and updated no less than annually thereafter with available data.
 2. Establish quantitative performance measures focusing on the quality and efficiency of service delivery and administration, using a nationally recognized quality improvement effort allowing comparison of North Carolina to other states as those developed by, but not limited to, the federal Medicaid Quality Measurement Program and the Baldrige Quality Program.
 3. Establish measurable objectives for each goal identified in the strategic plan, and performance updated annually.
 4. Establish, for each objective, benchmark activities, including an estimated date of completion, the area for which efforts are attempting a change, a quantitative indicator of success for the area, and quarterly milestones allowing Department managers and employees to monitor progress throughout the year.
 5. Establish mechanisms for obtaining data necessary for the collection and public distribution of performance information.
- d. Program and policy changes.
- e. Operational budget and assumptions.
- (8) Establish and adjust all program components, except for eligibility, of the Medicaid and NC Health Choice programs within the appropriated and allocated budget.
 - (9) Adopt rules related to the Medicaid and NC Health Choice programs.
 - (10) Develop midyear budget correction plans and strategies and then take midyear budget corrective actions necessary to keep the Medicaid and NC Health Choice programs within budget.
 - (11) Approve or disapprove and oversee all expenditures to be charged to or allocated to the Medicaid and NC Health Choice programs by other State departments or agencies.
 - (12) Develop and present to the Joint Legislative Oversight Committee on Medicaid and the Office of State Budget and Management by January 1 of

1 each year, beginning in 2017, the following information for the Medicaid
2 and NC Health Choice programs:

- 3 a. A detailed four-year forecast of expected changes to enrollment
4 growth and enrollment mix.
5 b. What program changes will be made by the Department in order to
6 stay within the existing budget for the programs based on the next
7 fiscal year's forecasted enrollment growth and enrollment mix.
8 c. The cost to maintain the current level of services based on the next
9 fiscal year's forecasted enrollment growth and enrollment mix.

10 (13) Secure and pay for the services of the State Auditor's Office to conduct
11 annual audits of the financial accounts of the Department.

12 (14) Publish the Annual Medicaid Report, which shall contain, at a minimum, the
13 following:

14 a. Details on the Department's performance over the prior four years on
15 the following:

16 1. The identified quantitative measures from its strategic plan
17 and performance management system.

18 2. A comparison of the identified quantitative measures from its
19 strategic plan and performance management system and other
20 states participating in the quality improvement effort.

21 b. Annual audited financial statements.

22 (15) Publish in an electronic format, and update on at least a monthly basis, at
23 least the following information about the Medicaid and NC Health Choice
24 programs:

25 a. Enrollment by program aid category by county.

26 b. Per member per month spending by category of service.

27 c. Spending and receipts by fund along with a detailed variance
28 analysis.

29 d. A comparison of the above figures to the amounts forecasted and
30 budgeted for the corresponding time period.

31 (b) Pursuant to G.S. 108E-2-1, the General Assembly retains the authority to determine
32 the eligibility categories and income thresholds for the Medicaid and NC Health Choice
33 programs.

34 **"§ 143B-1410. Variations from certain State laws.**

35 Although generally subject to the laws of this State, the following exemptions, limitations,
36 and modifications apply to the Department of Medicaid and the Secretary of the Department of
37 Medicaid, notwithstanding any other provision of law:

38 (1) Employees of the Department shall not be subject to the North Carolina
39 Human Resources Act, except as provided in G.S. 126-5(c1)(31).

40 (2) The Secretary may retain private legal counsel and is not subject to
41 G.S. 114-2.3 or G.S. 147-17(a) through (c).

42 (3) The Department's employment contracts offered pursuant to
43 G.S. 143B-1405(a)(2) are not subject to review and approval by the Office
44 of State Human Resources.

45 (4) If the Secretary establishes alternative procedures for the review and
46 approval of contracts, then the Department is exempt from State contract
47 review and approval requirements but may still choose to utilize the State
48 contract review and approval procedures for particular contracts.

49 **"§ 143B-1415. Cooling-off period for certain Department employees.**

50 (a) Ineligible Vendors. – The Secretary of the Department of Medicaid shall not
51 contract for goods or services with a vendor that employs or contracts with a person who is a

1 former Medicaid or NC Health Choice employee and uses that person in the administration of a
2 contract with the Department.

3 (b) Vendor Certification. – The Secretary shall require each vendor submitting a bid or
4 contract to certify that the vendor will not use a former Medicaid or NC Health Choice
5 employee in the administration of a contract with the Department in violation of the provisions
6 of subsection (a) of this section. Any person who submits a certification required by this
7 subsection knowing the certification to be false shall be guilty of a Class I felony.

8 (c) A violation of the provisions of this section shall void the contract.

9 (d) Definitions. – As used in this section, the following terms mean:

10 (1) Administration of a contract. – Oversight of the performance of a contract,
11 authority to make decisions regarding a contract, interpretation of a contract,
12 or participation in the development of specifications or terms of a contract or
13 in the preparation or award of a contract.

14 (2) Former Medicaid or NC Health Choice employee. – A person who, for any
15 period within the preceding six months, was employed as an employee or
16 contract employee of the Department, in the six months immediately
17 preceding termination of State employment, participated personally in either
18 the award or management of a Department contract with the vendor, or made
19 regulatory or licensing decisions that directly applied to the vendor.

20 **§ 143B-1420. Medicaid Reserve Account.**

21 (a) The Medicaid Reserve Account is established as a nonreverting reserve in the
22 General Fund. The purpose of the Medicaid Reserve Account is to provide for unexpected
23 budgetary shortfalls within the Medicaid and NC Health Choice programs that result from
24 program expenditures in excess of the amount appropriated for the Medicaid and NC Health
25 Choice programs by the General Assembly and which continue to exist after the Health
26 Benefits Authority makes its best efforts to control costs through midyear budget corrections
27 under G.S. 143B-1410(a)(10).

28 (b) The Medicaid Reserve Account shall have the following minimum and maximum
29 target balances:

30 (1) Minimum target. – Five percent (5%) of a given fiscal year's General Fund
31 appropriations for capitation payments for both the Medicaid and NC Health
32 Choice programs.

33 (2) Maximum target. – Twelve percent (12%) of a given fiscal year's General
34 Fund appropriations for capitation payments for both the Medicaid and NC
35 Health Choice programs.

36 (c) Notwithstanding G.S. 143C-1-2(b), any funds appropriated to the Department for
37 the Medicaid or NC Health Choice programs and that remain unencumbered at the end of a
38 fiscal year shall, rather than revert to the General Fund, be credited to the Medicaid Reserve
39 Account. Any funds to be deposited in the Medicaid Reserve Account that would cause the
40 fund balance to exceed the maximum target balance for the Medicaid Reserve Account shall
41 instead be credited to the General Fund.

42 (d) Medicaid Reserve Account funds may be disbursed by the Secretary to manage
43 budgetary shortfalls in the Medicaid and NC Health Choice programs only after all of the
44 following occur:

45 (1) The Secretary certifies that there is a projected Medicaid shortfall in the
46 current fiscal year.

47 (2) The Secretary has already made midyear budget corrections under
48 G.S. 143B-1410(a)(10), but those midyear budget corrections have not
49 achieved the projected budget savings.

50 (3) The Secretary reports to the Joint Legislative Commission on Governmental
51 Operations on its intent to disburse Medicaid Reserve Account funds. The

1 report shall include a detailed analysis of receipts, payments, claims, and
2 transfers, including an identification of and explanation of the recurring and
3 nonrecurring components of the shortfall.

4 (e) Medicaid Reserve Account funds may be disbursed in accordance with subsection
5 (d) of this section even if it results in the fund balance falling below the minimum target
6 balance for the Medicaid Reserve Account."

7 **SECTION 1.(j)** Transfer of Rules. – Effective January 1, 2016, all rules and
8 policies exempted from rule making related to the Medicaid and NC Health Choice programs
9 shall transfer to the Department of Medicaid. In its May 1, 2016, report to the Joint Legislative
10 Oversight Committee on Medicaid, the Department shall include recommendations for
11 additional exemptions from the rule-making requirements and contested case provisions in
12 Chapter 150B of the General Statutes.

13 **SECTION 1.(k)** Legal Actions. – For any legal action involving the Medicaid or
14 NC Health Choice programs in which the Division of Medical Assistance or the Department of
15 Health and Human Services is named as a party, the Department of Medicaid may be joined as
16 a party by reason of transfer of interest upon motion of any party pursuant to Rule 25(d) of the
17 North Carolina Rules of Civil Procedure. This subsection shall not be construed to limit any
18 other opportunities for joinder or intervention that are otherwise allowed under the North
19 Carolina Rules of Civil Procedure or elsewhere under law.

20 **SECTION 1.(k1)** The Commissioner of Insurance shall establish solvency
21 requirements for MCOs and PLEs that contract with the Department pursuant to this section.
22 The same requirements shall apply to and may be based on existing requirements for similarly
23 situated regulated entities. The Commissioner shall consult with the Secretary of the
24 Department of Medicaid in developing the requirements. The Commissioner shall make
25 recommendations, including any statutory changes, to the Joint Legislative Oversight
26 Committee on Medicaid by May 1, 2016.

27 **SECTION 1.(l)** Legislative Oversight of Medicaid. – Chapter 120 of the General
28 Statutes is amended by adding the following new Article:

29 "Article 23B.

30 "Joint Legislative Oversight Committee on Medicaid.

31 **"§ 120-209. Creation and membership of Joint Legislative Oversight Committee on**
32 **Medicaid.**

33 (a) The Joint Legislative Oversight Committee on Medicaid is established. The
34 Committee consists of 14 members as follows:

35 (1) Seven members of the Senate appointed by the President Pro Tempore of the
36 Senate, at least two of whom are members of the minority party.

37 (2) Seven members of the House of Representatives appointed by the Speaker of
38 the House of Representatives, at least two of whom are members of the
39 minority party.

40 (b) Terms on the Committee are for two years and begin on the convening of the
41 General Assembly in each odd-numbered year except initial appointments begin on the date of
42 appointment. Members may complete a term of service on the Committee even if they do not
43 seek reelection or are not reelected to the General Assembly, but resignation or removal from
44 service in the General Assembly constitutes resignation or removal from service on the
45 Committee.

46 (c) A member continues to serve until a successor is appointed. A vacancy shall be
47 filled within 30 days by the officer who made the original appointment.

48 **"§ 120-209.1. Purpose and powers of Committee.**

49 (a) The Joint Legislative Oversight Committee on Medicaid shall examine budgeting,
50 financing, administrative, and operational issues related to the Medicaid and NC Health Choice
51 programs and to the Department of Medicaid.

1 (b) The Committee may make periodic reports to the General Assembly on matters for
 2 which it may report to a regular session of the General Assembly.

3 **"§ 120-209.2. Organization of Committee.**

4 (a) The President Pro Tempore of the Senate and the Speaker of the House of
 5 Representatives shall each designate a cochair of the Joint Legislative Oversight Committee on
 6 Medicaid. The Committee shall meet upon the joint call of the cochairs.

7 (b) A quorum of the Committee is eight members. No action may be taken except by a
 8 majority vote at a meeting at which a quorum is present.

9 (c) Members of the Committee receive subsistence and travel expenses, as provided in
 10 G.S. 120-3.1. The Committee may contract for consultants or hire employees in accordance
 11 with G.S. 120-32.02. The Legislative Services Commission, through the Legislative Services
 12 Officer, shall assign professional staff to assist the Committee in its work. Upon the direction
 13 of the Legislative Services Commission, the Directors of Legislative Assistants of the Senate
 14 and of the House of Representatives shall assign clerical staff to the Committee. The expenses
 15 for clerical employees shall be borne by the Committee.

16 (d) The Committee cochairs may establish subcommittees for the purpose of examining
 17 issues relating to its Committee charge.

18 **"§ 120-209.3. Additional powers.**

19 The Joint Legislative Oversight Committee on Medicaid, while in discharge of official
 20 duties, shall have access to any paper or document and may compel the attendance of any State
 21 official or employee before the Committee or secure any evidence under G.S. 120-19. In
 22 addition, G.S. 120-19.1 through G.S. 120-19.4 shall apply to the proceedings of the Committee
 23 as if it were a joint committee of the General Assembly.

24 **"§ 120-209.4. Reports to Committee.**

25 Whenever the Department of Medicaid is required by law to report to the General
 26 Assembly or to any of its permanent, study, or oversight committees or subcommittees, the
 27 Department shall transmit a copy of the report to the cochairs of the Joint Legislative Oversight
 28 Committee on Medicaid."

29 **SECTION 1.(m)** G.S. 120-208.1(a)(2)b. is repealed.

30 **SECTION 1.(n)** Recodification; Technical and Conforming Changes. – The
 31 Revisor of Statutes shall recodify existing law related to Medicaid and NC Health Choice,
 32 including Parts 6, 6A, 7, and 8 of Article 2, Article 5, and Article 7 of Chapter 108A of the
 33 General Statutes, as well as Chapters 108C and 108D of the General Statutes, into a new
 34 Chapter 108E of the General Statutes to be entitled "Medicaid and NC Health Choice Health
 35 Benefit Programs" and to have the following structure:

36 Article 1. Administration of the Medicaid and NC Health Choice Programs

37 Part 1. Establishment of the Medicaid Program

38 Part 2. Establishment of the NC Health Choice Program

39 Part 3. Administration by County Departments of Social Services

40 Article 2. Medicaid and NC Health Choice Eligibility

41 Part 1. In General

42 Part 2. Eligibility for Medicaid

43 Part 3. Eligibility for NC Health Choice

44 Article 3. Medicaid and NC Health Choice Benefits and Cost-Sharing

45 Part 1. In General

46 Part 2. Medicaid Benefits and Cost-Sharing

47 Part 3. NC Health Choice Benefits and Cost-Sharing

48 Article 4. Medicaid and NC Health Choice Provider Requirements

49 Part 1. Provider Enrollment

50 Part 2. Provider Reimbursement and Recovery

51 Part 3. Hospital Assessment Act

1 Part 4. Other

2 Article 5. Third-Party Liability

3 Part 1. In General

4 Part 2. Subrogation

5 Part 3. Insurance

6 Part 4. Estate Recovery

7 Article 6. Fraud and Criminal Activity

8 Article 7. Appeals

9 Part 1. Eligibility Appeals for Medicaid and NC Health Choice

10 Part 2. Benefit Appeals for Medicaid

11 Subpart 1. Generally

12 Subpart 2. Medicaid Managed Care for Behavioral Health Services
13 Appeals

14 Part 3. Benefit Reviews for NC Health Choice

15 Part 4. Provider Appeals

16 When recodifying, the Revisor is authorized to change all references to the North Carolina
17 Department of Health and Human Services or to the Division of Medical Assistance to instead
18 be references to the Department of Medicaid and references to the Secretary of the Department
19 of Health and Human Services to the Secretary of the Department of Medicaid. The Revisor
20 may separate subsections of existing statutory sections into new sections and, when necessary
21 to organize relevant law into its proper place in the above structure, may rearrange sentences
22 that currently appear within subsections. The Revisor may modify statutory citations
23 throughout the General Statutes, as appropriate, and may modify any references to statutory
24 Divisions, such as "Chapter," "Article," "Part," "section," or "subsection." Within Articles 4
25 and 5 of Chapter 108A of the General Statutes, the Revisor of Statutes shall append to each
26 reference to the North Carolina Department of Health and Human Services or to the Secretary
27 of the Department the language "and, with respect to Medicaid and NC Health Choice, the
28 Department of Medicaid." The Revisor of Statutes may conform names and titles changed by
29 this subsection, and may correct statutory references as required by this subsection, throughout
30 the General Statutes. In making the changes authorized by this subsection, the Revisor may also
31 adjust subject and verb agreement and the placement of conjunctions. The Revisor shall consult
32 with the Department of Health and Human Services and the Department of Medicaid on this
33 recodification.

34 **SECTION 1.(o)** G.S. 108A-1 reads as rewritten:

35 **"§ 108A-1. Creation.**

36 Every county shall have a board of social services or a consolidated human services board
37 created pursuant to G.S. 153A-77(b) which shall establish county policies for the programs
38 established by this Chapter in conformity with the rules and regulations of the Social Services
39 Commission and under the supervision of the Department of Health and Human Services.
40 Provided, however, county policies for the program of medical assistance shall be established
41 in conformity with the rules and regulations of the ~~Department of Health and Human~~
42 ~~Services~~ Department of Medicaid"

43 **SECTION 1.(p)** G.S. 108A-54.1A reads as rewritten:

44 **"§ 108A-54.1A. Amendments to Medicaid State Plan and Medicaid Waivers.**

45 (a) ~~No provision in the Medicaid State Plan or in a Medicaid Waiver may expand or~~
46 ~~otherwise alter the scope or purpose of the Medicaid program from that authorized by law~~
47 ~~enacted by the General Assembly. For purposes of this section, the term "amendments to the~~
48 ~~State Plan" includes State Plan amendments, Waivers, and Waiver amendments.~~The
49 Department of Medicaid is expressly authorized and required to take any and all necessary
50 action to amend the State Plan and waivers in order to keep the program within the certified
51 budget.

- 1 (b) ~~The Department may submit amendments to the State Plan only as required under~~
2 ~~any of the following circumstances:~~
- 3 (1) ~~A law enacted by the General Assembly directs the Department to submit an~~
4 ~~amendment to the State Plan.~~
- 5 (2) ~~A law enacted by the General Assembly makes a change to the Medicaid~~
6 ~~Program that requires approval by the federal government.~~
- 7 (3) ~~A change in federal law, including regulatory law, or a change in the~~
8 ~~interpretation of federal law by the federal government requires an~~
9 ~~amendment to the State Plan.~~
- 10 (4) ~~A change made by the Department to the Medicaid Program requires an~~
11 ~~amendment to the State Plan, if the change was within the authority granted~~
12 ~~to the Department by State law.~~
- 13 (5) ~~An amendment to the State Plan is required in response to an order of a court~~
14 ~~of competent jurisdiction.~~
- 15 (6) ~~An amendment to the State Plan is required to ensure continued federal~~
16 ~~financial participation.~~
- 17 (c) ~~Amendments to the State Plan submitted to the federal government for approval~~
18 ~~shall contain only those changes that are allowed by the authority for submitting an amendment~~
19 ~~to the State Plan in subsection (b) of this section.~~
- 20 (d) ~~No fewer than 10 days prior to submitting an amendment to the State Plan to the~~
21 ~~federal government, the Department shall post the amendment on its Web site and notify the~~
22 ~~members of the Joint Legislative Oversight Committee on the Health Benefits Authority and~~
23 ~~the Fiscal Research Division that the amendment has been posted. This requirement shall not~~
24 ~~apply to draft or proposed amendments submitted to the federal government for comments but~~
25 ~~not submitted for approval. The amendment shall remain posted on the Department's Web site~~
26 ~~at least until the plan has been approved, rejected, or withdrawn. If the authority for submitting~~
27 ~~the amendment to the State Plan is pursuant to subdivision (3), (4), (5), or (6) of subsection (b)~~
28 ~~of this section, then, prior to submitting an amendment to the federal government, the~~
29 ~~Department shall submit to the General Assembly members receiving notice under this~~
30 ~~subsection and to the Fiscal Research Division an explanation of the amendment, the need for~~
31 ~~the amendment, and the federal time limits required for implementation of the amendment.~~
- 32 (e) ~~The Department shall submit an amendment to the State Plan to the federal~~
33 ~~government by a date sufficient to provide the federal government adequate time to review and~~
34 ~~approve the amendment so the amendment may be effective by the date required by the~~
35 ~~directing authority in subsection (b) of this section. Additionally, if a change is made to the~~
36 ~~Medicaid program by the General Assembly and that change requires an amendment to the~~
37 ~~State Plan, then the amendment shall be submitted at least 90 days prior to the effective date of~~
38 ~~the change as provided in the legislation.~~
- 39 (f) ~~Any public notice required under 42 C.F.R. 447.205 shall, in addition to any other~~
40 ~~posting requirements under federal law, be posted on the Department's Web site. Upon posting~~
41 ~~such a public notice, the Department shall notify the members of the Joint Legislative~~
42 ~~Oversight Committee on the Health Benefits Authority and the Fiscal Research Division that~~
43 ~~the public notice has been posted. Public notices shall remain posted on the Department's Web~~
44 ~~site."~~

45 **SECTION 1.(q)** G.S. 108A-54.2(d) is repealed.

46 **SECTION 1.(r)** Part 1 of Article 2 of Chapter 108E of the General Statutes,
47 created by the recodification process described in subsection (n) of this section, shall include
48 the following two new sections:

49 **"§ 108E-2-1. General Assembly sets eligibility categories.**

50 Eligibility categories and income thresholds are set by the General Assembly, and the
51 Department of Medicaid shall not alter the eligibility categories and income thresholds from

1 those authorized by the General Assembly. The Department is expressly authorized to adopt
2 temporary and permanent rules regarding eligibility requirements and determinations, to the
3 extent that they do not conflict with parameters set by the General Assembly.

4 **"§ 108E-2-2. Counties determine eligibility.**

5 Counties determine eligibility in accordance with Chapter 108A of the General Statutes."

6 **SECTION 1.(s)** G.S. 126-5(c1) is amended by adding a new subdivision to read:
7 **"§ 126-5. Employees subject to Chapter; exemptions.**

8 ...
9 (c1) Except as to the provisions of Articles 6 and 7 of this Chapter, the provisions of this
10 Chapter shall not apply to:

11 ...
12 (31) Employees of the Department of Medicaid."

13 **SECTION 1.(t)** G.S. 143B-153 reads as rewritten:

14 **"§ 143B-153. Social Services Commission – creation, powers and duties.**

15 There is hereby created the Social Services Commission of the Department of Health and
16 Human Services with the power and duty to adopt rules and regulations to be followed in the
17 conduct of the State's social service programs with the power and duty to adopt, amend, and
18 rescind rules and regulations under and not inconsistent with the laws of the State necessary to
19 carry out the provisions and purposes of this Article. Provided, however, the ~~Department of~~
20 ~~Health and Human Services~~Department of Medicaid shall have the power and duty to adopt
21 rules and regulations to be followed in the conduct of the State's medical assistance program.

22 ..."

23 **SECTION 1.(u)** G.S. 150B-1 reads as rewritten:

24 **"§ 150B-1. Policy and scope.**

25 ...
26 (d) Exemptions from Rule Making. – Article 2A of this Chapter does not apply to the
27 following:

28 ...

29 (9) ~~The Department of Health and Human Services~~Department of Medicaid in
30 adopting new or amending existing medical coverage policies for the State
31 Medicaid and NC Health Choice programs pursuant to G.S. 108A-54.2.

32 ...

33 (20) ~~The Department of Health and Human Services~~Department of Medicaid in
34 implementing, operating, or overseeing new 1915(b)/(c) Medicaid Waiver
35 programs or amendments to existing 1915(b)/(c) Medicaid Waiver
36 programs.

37 ...

38 (22) ~~The Department of Health and Human Services~~Department of Medicaid
39 with respect to the content of State Plans, State Plan Amendments, and
40 Waivers approved by the Centers for Medicare and Medicaid Services
41 (CMS) for the North Carolina Medicaid Program and the NC Health Choice
42 program.

43 ...

44 (e) Exemptions From Contested Case Provisions. – The contested case provisions of
45 this Chapter apply to all agencies and all proceedings not expressly exempted from the Chapter.
46 The contested case provisions of this Chapter do not apply to the following:

47 ...

48 (17) ~~The Department of Health and Human Services~~Department of Medicaid
49 with respect to the review of North Carolina Health Choice Program
50 determinations regarding delay, denial, reduction, suspension, or termination

1 of health services, in whole or in part, including a determination about the
2 type or level of services.

3"

4 **SECTION 1.(v)** Appropriation. – The sum of five million dollars (\$5,000,000) in
5 recurring funds for the 2015-2016 and the 2016-2017 fiscal years are appropriated from the
6 General Fund to the Department of Health and Human Services, Division of Medical
7 Assistance, to accomplish the Medicaid transformation required by this section. These funds
8 shall provide a State match for an estimated five million dollars (\$5,000,000) in federal funds
9 beginning in the 2015-2016 fiscal year. Upon request of the Department of Medicaid, but no
10 later than January 1, 2016, the Department shall transfer these funds to the Department of
11 Medicaid to be used for Medicaid transformation.

12 **SECTION 1.(w)** Effective Date. – Subsections (n) through (u) of this section
13 become effective January 1, 2016. The remainder of this section is effective when this act
14 becomes law.

15 16 **FUNDS FOR OVERSIGHT AND ADMINISTRATION OF STATEWIDE HEALTH** 17 **INFORMATION EXCHANGE NETWORK**

18 **SECTION 2.(a)** It is the intent of the General Assembly to do all of the following
19 with respect to health information exchange:

- 20 (1) Establish a successor HIE Network to which (i) all Medicaid providers shall
21 be connected by October 1, 2017, and (ii) all other entities that receive State
22 funds for the provision of health services shall be connected by January 1,
23 2018.
- 24 (2) Establish (i) a State-controlled Health Information Exchange Authority to
25 oversee and administer the successor HIE Network and (ii) a Health
26 Information Exchange Advisory Board to provide consultation to the
27 Authority on matters pertaining to administration and operation of the HIE
28 Network and on statewide health information exchange, generally.
- 29 (3) Have the successor HIE Network gradually become and remain one hundred
30 percent (100%) receipt-supported by establishing reasonable participation
31 fees approved by the General Assembly and by drawing down available
32 matching funds whenever possible.

33 **SECTION 2.(b)** In order to achieve the objectives described in subsection (a) of
34 this section, the sum of eight million dollars (\$8,000,000) in recurring funds is appropriated to
35 the Department of Health and Human Services, Division of Central Management and Support,
36 for the 2015-2016 fiscal year and for the 2016-2017 fiscal year to continue efforts toward the
37 implementation of a statewide health information exchange network. These funds shall be
38 transferred to the Office of Information Technology Services. By 30 days after the effective
39 date of this section, the Secretary of the Department of Health and Human Services and the
40 State Chief Information Officer (State CIO) shall enter into a written memorandum of
41 understanding pursuant to which the State CIO will have sole authority to direct the
42 expenditure of these funds until (i) the North Carolina Health Information Exchange Authority
43 (Authority) is established and the State CIO has appointed an Authority Director and (ii) the
44 North Carolina Health Information Exchange Advisory Board (Advisory Board) is established
45 with members appointed pursuant to Article 29B of Chapter 90 of the General Statutes, as
46 enacted by subsection (d) of this section. The State CIO shall use these transferred funds to
47 accomplish the following:

- 48 (1) Beginning immediately upon receipt of the transferred funds, facilitate the
49 following:
50 a. Establishment of the successor HIE Network described in subsection
51 (a) of this section.

1 **"§ 90-414.1. Title.**

2 This act shall be known and may be cited as the "Statewide Health Information Exchange
3 Act."

4 **"§ 90-414.2. Purpose.**

5 This Article is intended to improve the quality of health care delivery within this State by
6 facilitating and regulating the use of a voluntary, statewide health information exchange
7 network for the secure electronic transmission of individually identifiable health information
8 among health care providers, health plans, and health care clearinghouses in a manner that is
9 consistent with the Health Insurance Portability and Accountability Act, Privacy Rule and
10 Security Rule, 45 C.F.R. §§ 160, 164.

11 **"§ 90-414.3. Definitions.**

12 The following definitions apply in this Article:

- 13 (1) Business associate. – As defined in 45 C.F.R. § 160.103.
- 14 (2) Business associate contract. – The documentation required by 45 C.F.R. §
15 164.502(e)(2) that meets the applicable requirements of 45 C.F.R. §
16 164.504(e).
- 17 (3) Covered entity. – Any entity described in 45 C.F.R. § 160.103 or any other
18 facility or practitioner licensed by the State to provide health care services.
- 19 (4) Disclose or disclosure. – The release, transfer, provision of access to, or
20 divulging in any other manner an individual's protected health information
21 through the HIE Network.
- 22 (5) Emergency medical condition. – A medical condition manifesting itself by
23 acute symptoms of sufficient severity, including severe pain, such that the
24 absence of immediate medical attention could reasonably be expected to
25 result in (i) placing an individual's health in serious jeopardy, (ii) serious
26 impairment of an individual's bodily functions, or (iii) serious dysfunction of
27 any bodily organ or part of an individual.
- 28 (6) GDAC. – The North Carolina Government Data Analytics Center.
- 29 (7) Health Benefits Authority. – The Authority established under Article 14 of
30 Chapter 143B of the General Statutes to operate the Medicaid and NC
31 Health Choice programs.
- 32 (8) HIE Network. – The voluntary, statewide health information exchange
33 network overseen and administered by the Authority.
- 34 (9) HIPAA. – The Health Insurance Portability and Accountability Act of 1996,
35 P.L. 104-191, as amended.
- 36 (10) Individual. – As defined in 45 C.F.R. § 160.103.
- 37 (11) North Carolina Health Information Exchange Advisory Board or Advisory
38 Board. – The Advisory Board established under G.S. 90-414.6.
- 39 (12) North Carolina Health Information Exchange Authority or Authority. – The
40 entity established pursuant to G.S. 90-414.5.
- 41 (13) Opt out. – An individual's affirmative decision to disallow his or her
42 protected health information maintained by or on behalf of one or more
43 specific covered entities from being disclosed to other covered entities
44 through the HIE Network.
- 45 (14) Protected health information. – As defined in 45 C.F.R. § 160.103.
- 46 (15) Public health purposes. – The public health activities and purposes described
47 in 45 C.F.R. § 164.512(b).
- 48 (16) Qualified organization. – An entity designated by the Authority to contract
49 with covered entities on behalf of the Authority to facilitate the participation
50 of such covered entities in the HIE Network.

1 (17) Research purposes. – Research that meets the standard described in 45
2 C.F.R. § 164.512(i).

3 (18) State CIO. – The State Chief Information Officer.

4 **"§ 90-414.4. Required participation in HIE Network for some providers.**

5 (a) The General Assembly makes the following findings:

6 (1) That controlling escalating health care costs of the Medicaid program and
7 other State-funded health services is of significant importance to the State,
8 its taxpayers, its Medicaid recipients, and other recipients of State-funded
9 health services.

10 (2) That the Health Benefits Authority needs timely access to claims and clinical
11 information in order to assess performance, improve health care outcomes,
12 pinpoint medical expense trends, identify beneficiary health risks, and
13 evaluate how the State is spending money on Medicaid and other
14 State-funded health services.

15 (3) That making this clinical information available through the HIE Network
16 will improve care coordination within and across health systems, increase
17 care quality, enable more effective population health management, reduce
18 duplication of medical services, augment syndromic surveillance, allow
19 more accurate measurement of care services and outcomes, increase strategic
20 knowledge about the health of the population, and facilitate health care cost
21 containment.

22 (b) As a condition of receiving State funds, including Medicaid funds, the following
23 entities shall connect to the HIE Network and submit individual patient demographic and
24 clinical data on services paid for with State funds, including Medicaid funds, based on the
25 findings set forth in subsection (a) of this section and notwithstanding the voluntary nature of
26 the HIE Network under G.S. 90-414.2:

27 (1) Each hospital, as defined in G.S. 131E-76(3), that has an electronic health
28 record system.

29 (2) Each Medicaid provider.

30 (3) Each provider that receives State funds for the provision of health services.

31 (c) The Authority shall give the Health Benefits Authority real-time access to data and
32 information disclosed through the HIE Network. At the request of the Director of the Fiscal
33 Research, Bill Drafting, Research, or Program Evaluation Division of the General Assembly
34 for data and information disclosed through the HIE Network or for a consolidation or analysis
35 of the data and information disclosed through the HIE Network, the Authority shall provide the
36 professional staff of these Divisions with data and information responsive to the Director's
37 request. Prior to providing the General Assembly's staff with any data or information disclosed
38 through the HIE Network or with any compilation or analysis of data or information disclosed
39 through the HIE Network, the Authority shall redact any personal identifying information in a
40 manner consistent with the standards specified for de-identification of health information under
41 the HIPAA Privacy Rule, 45 C.F.R. § 164.15, as amended.

42 **"§ 90-414.4A. State ownership of data disclosed through HIE Network.**

43 Any data disclosed through the HIE Network pursuant to G.S. 90-414.4 or any other
44 provision of this Article shall be and will remain the sole property of the State. Any data or
45 product derived from the data disclosed to the HIE Network pursuant to G.S. 90-414.4 or any
46 other provision of this Article, including a consolidation or analysis of the data, shall be and
47 will remain the sole property of the State. The Authority shall not allow proprietary information
48 it receives pursuant to G.S. 90-414.4 or any other provision of this Article to be used by any
49 person or entity for commercial purposes.

50 **"§ 90-414.5. North Carolina Health Information Exchange Authority.**

1 (a) Creation. – There is hereby established the North Carolina Health Information
2 Exchange Authority to oversee and administer the HIE Network in accordance with this
3 Article. The Authority shall be located within the Office of Information Technology Services
4 and shall be under the supervision, direction, and control of the State CIO. The State CIO shall
5 employ an Authority Director and may delegate to the Authority Director all powers and duties
6 associated with the daily operation of the Authority, its staff, and the performance of the
7 powers and duties set forth in subsection (b) of this section. In making this delegation,
8 however, the State CIO maintains the responsibility for the performance of these powers and
9 duties.

10 (b) Powers and Duties. – The Authority has the following powers and duties:

11 (1) Oversee and administer the HIE Network in a manner that ensures all of the
12 following:

13 a. Compliance with this Article.

14 b. Compliance with HIPAA and any rules adopted under HIPAA,
15 including the Privacy Rule and Security Rule.

16 c. Compliance with the terms of any business associate contract the
17 Authority or qualified organization enters into with a covered entity
18 participating in the HIE Network.

19 d. Notice to the patient by the provider on the initial visit about the HIE
20 Network, including information and education about the right of
21 individuals on a continuing basis to opt out or rescind a decision to
22 opt out.

23 e. Opportunity for all individuals to exercise on a continuing basis the
24 right to opt out or rescind a decision to opt out.

25 f. Nondiscriminatory treatment by covered entities of individuals who
26 exercise the right to opt out.

27 (2) Employ staff necessary to carry out the provisions of this Article and
28 determine the compensation, duties, and other terms and conditions of
29 employment of hired staff.

30 (3) Enter into contracts pertaining to the oversight and administration of the HIE
31 Network, including contracts of a consulting or advisory nature.
32 G.S. 143-64.20 does not apply to this subdivision.

33 (4) Establish fees approved by the General Assembly for participation in the
34 HIE Network.

35 (5) Following consultation with the Advisory Board, develop and enter into
36 written participation agreements with covered entities that utilize the HIE
37 Network. The participation agreements shall specify the terms and
38 conditions governing participation in the HIE Network. The agreement shall
39 also require compliance with policies developed by the Authority pursuant to
40 this Article or pursuant to applicable laws of the state of residence for
41 entities located outside of North Carolina. In lieu of entering into a
42 participation agreement directly with covered entities, the Authority may
43 enter into participation agreements with qualified organizations, which in
44 turn enter into participation agreements with covered entities.

45 (6) Add, remove, disclose, and access protected health information through the
46 HIE Network in accordance with this Article.

47 (7) Following consultation with the Advisory Board, enter into a business
48 associate contract with each of the covered entities participating in the HIE
49 Network. In lieu of entering into a business associate contract directly with
50 covered entities, the Authority may enter into business associate contracts

1 with qualified organizations, which in turn may enter into business associate
2 contracts with covered entities.

3 (8) Following consultation with the Advisory Board, grant user rights to the HIE
4 Network to business associates of covered entities participating in the HIE
5 Network (i) at the request of the covered entities and (ii) at the discretion of
6 the Authority upon consideration of the business associates' legitimate need
7 for utilizing the HIE Network and privacy and security concerns.

8 (9) Facilitate and promote use of the HIE Network by covered entities.

9 (10) Periodically monitor compliance with this Article by covered entities
10 participating in the HIE Network.

11 (11) Collect clinical health data from all Medicaid providers and other providers
12 that receive State funds for the provision of health services in order to ensure
13 the efficient delivery of Medicaid and other health services and to improve
14 patient outcomes and measure performance.

15 (12) Collaborate with the State CIO to ensure that resources available through the
16 GDAC are properly leveraged, assigned, or deployed to support the work of
17 the Authority. The duty to collaborate under this subdivision includes
18 collaboration on data hosting and development, implementation, operation,
19 and maintenance of the HIE Network.

20 (13) Initiate or direct expansion of existing public-private partnerships within the
21 GDAC as necessary to meet the requirements, duties, and obligations of the
22 Authority. Notwithstanding any other provision of law and subject to the
23 availability of funds, the State CIO, at the request of the Authority, shall
24 assist and facilitate expansion of existing contracts related to the HIE
25 Network, provided that such request is made in writing by the Authority to
26 the State CIO with reference to specific requirements set forth in this Article.

27 (14) In consultation with the Advisory Board, develop a strategic plan for
28 achieving statewide participation in the HIE Network by all hospitals and
29 health care providers licensed in this State.

30 (15) In consultation with the Advisory Board, define the following with respect to
31 operation of the HIE Network:

32 a. Business policy.

33 b. Protocols for data integrity, data sharing, data security, HIPAA
34 compliance, and business intelligence as defined in
35 G.S. 143B-426.38A. To the extent permitted by HIPAA, protocols
36 for data sharing shall allow for the disclosure of data for academic
37 research.

38 c. Qualitative and quantitative performance measures.

39 d. An operational budget and assumptions.

40 (16) Annually report to the Joint Legislative Oversight Committees on the Health
41 Benefits Authority and Information Technology on the following:

42 a. The operation of the HIE Network.

43 b. Any efforts or progress in expanding participation in the HIE
44 Network.

45 c. Health care trends based on information disclosed through the HIE
46 Network.

47 **"§ 90-414.6. North Carolina Health Information Exchange Advisory Board.**

48 (a) Creation and Membership. – There is hereby established the North Carolina Health
49 Information Exchange Advisory Board within the Office of Information Technology Services.
50 The Advisory Board shall consist of the following nine members:

- 1 (1) The following three members appointed by the President Pro Tempore of the
2 Senate:
- 3 a. A licensed physician in good standing and actively practicing in this
4 State.
- 5 b. A patient representative.
- 6 c. An individual with technical expertise in health data analytics.
- 7 (2) The following three members appointed by the Speaker of the House of
8 Representatives:
- 9 a. A representative of a critical access hospital.
- 10 b. A representative of a federally qualified health center.
- 11 c. An individual with technical expertise in health information
12 technology.
- 13 (3) The following three ex officio, nonvoting members:
- 14 a. The State Chief Information Officer or a designee.
- 15 b. The Program Manager of GDAC or a designee.
- 16 c. The Chief Executive Officer of the Health Benefits Authority or a
17 designee.
- 18 (b) Chairperson. – A chairperson shall be elected from among the members. The
19 chairperson shall organize and direct the work of the Advisory Board.
- 20 (c) Administrative Support. – The Office of Information Technology Services shall
21 provide necessary clerical and administrative support to the Advisory Board.
- 22 (d) Meetings. – The Advisory Board shall meet at least quarterly and at the call of the
23 chairperson. A majority of the Advisory Board constitutes a quorum for the transaction of
24 business.
- 25 (e) Terms. – In order to stagger terms, in making initial appointments, the President Pro
26 Tempore of the Senate shall designate two of the members appointed under subdivision (1) of
27 subsection (a) of this section to serve for a one-year period from the date of appointment and,
28 the Speaker of the House of Representatives shall designate two members appointed under
29 subdivision (2) of subsection (a) of this section to serve for a one-year period from the date of
30 appointment. The remaining voting members shall serve two-year periods. Future appointees
31 who are voting members shall serve terms of two years, with staggered terms based on this
32 subsection. Voting members may serve up to two consecutive terms, not including the
33 abbreviated two-year terms that establish staggered terms or terms of less than two years that
34 result from the filling of a vacancy. Ex officio, nonvoting members are not subject to these term
35 limits. A vacancy other than by expiration of a term shall be filled by the appointing authority.
- 36 (f) Expenses. – Members of the Advisory Board who are State officers or employees
37 shall receive no compensation for serving on the Advisory Board but may be reimbursed for
38 their expenses in accordance with G.S. 138-6. Members of the Advisory Board who are
39 full-time salaried public officers or employees other than State officers or employees shall
40 receive no compensation for serving on the Advisory Board but may be reimbursed for their
41 expenses in accordance with G.S. 138-5(b). All other members of the Advisory Board may
42 receive compensation and reimbursement for expenses in accordance with G.S. 138-5.
- 43 (g) Duties. – The Advisory Board shall provide consultation to the Authority with
44 respect to the advancement, administration, and operation of the HIE Network and on matters
45 pertaining to health information exchange, generally. In carrying out its responsibilities, the
46 Advisory Board may form committees of the Advisory Board to examine particular issues
47 related to the advancement, administration, or operation of the HIE Network.
- 48 **"§ 90-414.7. Participation by covered entities.**
- 49 (a) Each covered entity that elects to participate in the HIE Network shall enter into a
50 business associate contract and a written participation agreement with the Authority or

1 qualified organization prior to disclosing or accessing any protected health information through
2 the HIE Network.

3 (b) Each covered entity that elects to participate in the HIE Network may authorize its
4 business associates to disclose or access protected health information on behalf of the covered
5 entity through the HIE Network in accordance with this Article and at the discretion of the
6 Authority, as provided in G.S. 90-414.5(b)(8).

7 (c) Notwithstanding any State law or regulation to the contrary, each covered entity that
8 elects to participate in the HIE Network may disclose an individual's protected health
9 information through the HIE Network (i) to other covered entities for any purpose permitted by
10 HIPAA, unless the individual has exercised the right to opt out, and (ii) in order to facilitate the
11 provision of emergency medical treatment to the individual, subject to the requirements set
12 forth in G.S. 90-414.8(e).

13 (d) Any health care provider who relies in good faith upon any information provided
14 through the Authority or through a qualified organization in the health care provider's treatment
15 of a patient shall not incur criminal or civil liability for damages caused by the inaccurate or
16 incomplete nature of this information.

17 **"§ 90-414.8. Continuing right to opt out; effect of opt out; exception for emergency**
18 **medical treatment.**

19 (a) Each individual has the right on a continuing basis to opt out or rescind a decision to
20 opt out.

21 (b) The Authority or its designee shall enforce an individual's decision to opt out or
22 rescind an opt out prospectively from the date the Authority or its designee receives notice of
23 the individual's decision to opt out or rescind an opt out in the manner prescribed by the
24 Authority. An individual's decision to opt out or rescind an opt out does not affect any
25 disclosures made by the Authority or covered entities through the HIE Network prior to receipt
26 by the Authority or its designee of the individual's notice to opt out or rescind an opt out.

27 (c) A covered entity may not deny treatment or benefits to an individual because of the
28 individual's decision to opt out. However, nothing in this Article is intended to restrict a
29 treating physician from otherwise appropriately terminating a relationship with a patient in
30 accordance with applicable law and professional ethical standards.

31 (d) Except as otherwise permitted in subsection (e) of this section and
32 G.S. 90-414.9(a)(3), the protected health information of an individual who has exercised the
33 right to opt out may not be disclosed to covered entities through the HIE Network for any
34 purpose.

35 (e) The protected health information of an individual who has exercised the right to opt
36 out may be disclosed through the HIE Network in order to facilitate the provision of emergency
37 medical treatment to the individual if all of the following criteria are met:

38 (1) The reasonably apparent circumstances indicate to the treating health care
39 provider that (i) the individual has an emergency medical condition, (ii) a
40 meaningful discussion with the individual about whether to rescind a
41 previous decision to opt out is impractical due to the nature of the
42 individual's emergency medical condition, and (iii) information available
43 through the HIE Network could assist in the diagnosis or treatment of the
44 individual's emergency medical condition.

45 (2) The disclosure through the HIE Network is limited to the covered entities
46 providing diagnosis and treatment of the individual's emergency medical
47 condition.

48 (3) The circumstances and extent of the disclosure through the HIE Network is
49 recorded electronically in a manner that permits the Authority or its designee
50 to periodically audit compliance with this subsection.

51 **"§ 90-414.9. Construction and applicability.**

1 (a) Nothing in this Article shall be construed to do any of the following:

2 (1) Impair any rights conferred upon an individual under HIPAA, including all
3 of the following rights related to an individual's protected health
4 information:

5 a. The right to receive a notice of privacy practices.

6 b. The right to request restriction of use and disclosure.

7 c. The right of access to inspect and obtain copies.

8 d. The right to request amendment.

9 e. The right to request confidential forms of communication.

10 f. The right to receive an accounting of disclosures.

11 (2) Authorize the disclosure of protected health information through the HIE
12 Network to the extent that the disclosure is restricted by federal laws or
13 regulations, including the federal drug and alcohol confidentiality
14 regulations set forth in 42 C.F.R. Part 2.

15 (3) Restrict the disclosure of protected health information through the HIE
16 Network for public health purposes or research purposes, so long as
17 disclosure is permitted by both HIPAA and State law.

18 (4) Prohibit the Authority or any covered entity participating in the HIE
19 Network from maintaining in the Authority's or qualified organization's
20 computer system a copy of the protected health information of an individual
21 who has exercised the right to opt out, as long as the Authority or the
22 qualified organization does not access, use, or disclose the individual's
23 protected health information for any purpose other than for necessary system
24 maintenance or as required by federal or State law.

25 (b) This Article applies only to disclosures of protected health information made
26 through the HIE Network, including disclosures made within qualified organizations. It does
27 not apply to the use or disclosure of protected health information in any context outside of the
28 HIE Network, including the redisclosure of protected health information obtained through the
29 HIE Network.

30 **"§ 90-414.10. Penalties and remedies.**

31 A covered entity that discloses protected health information in violation of this Article is
32 subject to the following:

33 (1) Any civil penalty or criminal penalty, or both, that may be imposed on the
34 covered entity pursuant to the Health Information Technology for Economic
35 and Clinical Health (HITECH) Act, P.L. 111-5, Div. A, Title XIII, section
36 13001, as amended, and any regulations adopted under the HITECH Act.

37 (2) Any civil remedy under the HITECH Act or any regulations adopted under
38 the HITECH Act that is available to the Attorney General or to an individual
39 who has been harmed by a violation of this Article, including damages,
40 penalties, attorneys' fees, and costs.

41 (3) Disciplinary action by the respective licensing board or regulatory agency
42 with jurisdiction over the covered entity.

43 (4) Any penalty authorized under Article 2A of Chapter 75 of the General
44 Statutes if the violation of this Article is also a violation of Article 2A of
45 Chapter 75 of the General Statutes.

46 (5) Any other civil or administrative remedy available to a plaintiff by State or
47 federal law or equity."

48 **SECTION 2.(e)** G.S. 126-5(c1) is amended by adding a new subdivision to read:

49 **"§ 126-5. Employees subject to Chapter; exemptions.**

50 ...

1 (c1) Except as to the provisions of Articles 6 and 7 of this Chapter, the provisions of this
2 Chapter shall not apply to:

3 ...

4 (32) Employees of the North Carolina Health Information Exchange Authority."

5 **SECTION 2.(f)** Article 29A of Chapter 90 of the General Statutes is repealed.

6 **SECTION 2.(g)** Subsections (d) and (e) of this section become effective October 1,
7 2015. Subsection (f) of this section becomes effective on the date the State Chief Information
8 Officer notifies the Revisor of Statutes that all contracts pertaining to the HIE Network
9 established under Article 29A of Chapter 90 of the General Statutes (i) between the State and
10 the NC HIE, as defined in G.S. 90-413.3, and (ii) between the NC HIE and any third parties
11 have been terminated or assigned to the North Carolina Health Information Exchange Authority
12 established under Article 29B of Chapter 90 of the General Statutes, as enacted by subsection
13 (d) of this section. The remainder of this section becomes effective July 1, 2015.

15 **INCREASE RATES TO PRIMARY CARE PHYSICIANS AND DISCONTINUE** 16 **PRIMARY CARE CASE MANAGEMENT**

17 **SECTION 3.(a)** Effective May 1, 2016, the current Medicaid and Health Choice
18 primary care case management (PCCM) program is discontinued. The Department of Health
19 and Human Services shall not renew or extend the contract for PCCM services with North
20 Carolina Community Care Networks, Inc. (NCCCN), beyond April 30, 2016.

21 **SECTION 3.(b)** The Department of Health and Human Services shall take all
22 actions necessary to discontinue the current Medicaid and Health Choice PCCM program as
23 implemented by NCCCN. As soon as reasonably possible, but no later than February 1, 2016,
24 the Department shall submit to the Centers for Medicare and Medicaid Services (CMS) a
25 Medicaid State plan amendment eliminating the PCCM program. If CMS has not approved the
26 State plan amendment by May 1, 2016, the Department of Health and Human Services
27 nevertheless shall discontinue all payments related to the PCCM program beginning May 1,
28 2016, unless and until CMS denies the State plan amendment.

29 **SECTION 3.(c)** This section shall not be construed to prohibit the Department of
30 Health and Human Services from developing or utilizing contracts for managed care other than
31 PCCM after May 1, 2016.

32 **SECTION 3.(d)** Effective May 1, 2016, G.S. 108A-70.21(b) reads as rewritten:

33 "(b) Benefits. – All health benefits changes of the Program shall meet the coverage
34 requirements set forth in this subsection. Except as otherwise provided for eligibility, fees,
35 deductibles, copayments, and other cost sharing charges, health benefits coverage provided to
36 children eligible under the Program shall be equivalent to coverage provided for dependents
37 under North Carolina Medicaid Program except for the following:

38 ...

39 No benefits are to be provided for services and materials under this subsection that do not
40 meet the standards accepted by the American Dental Association.

41 ~~The Department shall provide services to children enrolled in the NC Health Choice~~
42 ~~Program through Community Care of North Carolina (CCNC) and shall pay Community Care~~
43 ~~of North Carolina providers the per member, per month fees as allowed under Medicaid."~~

44 **SECTION 3.(e)** Effective May 1, 2016, the rates paid to primary care physicians
45 shall be one hundred percent (100%) of Medicare rates. For purposes of this section, the term
46 primary care physicians refers to those physicians for whom the Affordable Care Act required
47 payment at one hundred percent (100%) of the Medicare rate until January 1, 2015, and all
48 OB/GYN physicians.

49 **SECTION 3.(f)** The General Assembly finds that the discontinuation of the PCCM
50 program and the NCCCN contract as required by this section will save a recurring sum of ten
51 million eight hundred twenty-five thousand dollars (\$10,825,000) in fiscal year 2015-2016 and

1 sixty-four million nine hundred fifty thousand dollars (\$64,950,000) in fiscal year 2016-2017.
2 As a result of these savings, appropriations are made as follows: the recurring sum of eight
3 million four hundred thirty-four thousand three hundred thirteen dollars (\$8,434,313) in fiscal
4 year 2015-2016 and fifty million six hundred five thousand eight hundred eighty dollars
5 (\$50,605,880) in fiscal year 2016-2017 is appropriated to the Department of Health and Human
6 Services, Division of Medical Assistance, to pay for the increased Medicaid rates required by
7 subsection (e) of this section, and the recurring sum of two million one hundred fifty-eight
8 thousand three hundred thirty-three dollars (\$2,158,333) in fiscal year 2015-2016 and twelve
9 million nine hundred fifty thousand dollars (\$12,950,000) in fiscal year 2016-2017 is
10 appropriated to the Department of Health and Human Services, Division of Medical Assistance,
11 to directly fund local health departments' continued services related to the Care Coordination
12 for Children (CC4C) program, which was previously funded through the contract with
13 NCCCN.

14 **SECTION 3.(g)** This section is effective when this act becomes law.

15 **SECTION 4.** Except as otherwise provided, this act is effective when it becomes
16 law.



HOUSE BILL 372: Medicaid Transformation/HIE/PrimaryCare/Funds

2015-2016 General Assembly

Committee:	Senate Appropriations/Base Budget	Date:	August 7, 2015
Introduced by:	Reps. Dollar, Lambeth, B. Brown, Jones	Prepared by:	Jennifer Hillman*
Analysis of:	Fourth Edition		Staff Attorney

SUMMARY: House Bill 372 would change the operational structure and administrative oversight for the Medicaid and NC Health Choice programs, enact the Statewide Health Information Exchange (HIE) Act, and provide for the discontinuation of the Medicaid primary care case management (PCCM) program. The new Medicaid and Health Choice programs would feature: full-risk capitated payments to commercial insurers and provider-led entities (PLEs); management by a newly created Department of Medicaid; and oversight by a newly created Joint Legislative Oversight Committee. The HIE Act would require participation from specified providers and create both an HIE Authority and an HIE Advisory Board. The current Medicaid PCCM program would be discontinued to provide funding for increased Medicaid rates to primary care physicians.

CURRENT LAW: Section 1 pertains to the Medicaid Transformation and Reorganization, Section 2 pertains to the Statewide Health Information Exchange, and Section 3 pertains to Medicaid Primary Care Case Management. The various Sections of the bill have been outlined below.

Medicaid Transformation - Section 1 of the bill addresses the plan for Medicaid transformation. The plan features full-risk capitated contracts with commercial insurers and provider-led entities, which would be responsible for the provision of all services to all Medicaid and Health Choice beneficiaries except dual eligibles. A newly-created independent agency, the Department of Medicaid (DOM), would oversee the transition and would become the single state agency responsible for the programs on January 1, 2016. The Department of Health and Human Services (DHHS) would continue to operate the current Medicaid and Health Choice programs until the transition to capitated payments is complete.

Section 1(a) outlines the intent and goals of the transformation. **Section 1(b)** outlines the structure of the delivery system which requires contracts with Medicaid managed care organizations (MCOs), which is defined to include commercial insurers and provider-led entities (PLEs). **Section 1(c)** provides a timeline for the transformation. **Section 1(d)** outlines the following components: Requests for Proposals (RFP); bid submission; terms and conditions of contracts. **Section 1(e)** requires a monthly progress report, from February 1, 2016 through January 1, 2019, to a newly created Joint Legislative Oversight Committee on Medicaid (LOC on Medicaid). **Section 1(f)** requires working with the Centers for Medicare and Medicaid Services (CMS) to preserve existing funding streams, such as assessments, with a goal of ensuring that funding streams are more closely aligned to improving health outcomes and achieving Medicaid goals. **Section 1(g)** outlines the role of the Department of Health and Human Services (DHHS) in the transformation including: agreements for supervision of the program's administration during the transition; organization and identification of a stabilization team; identification and designation of "essential positions" necessary for day-to-day operation and the provision of certain benefits for those employees; and a prohibition on DHHS from entering into contracts without approval by the new DOM. **Sections 1(h)** pertains to the creation of a new cabinet-level department to administer

O. Walker Reagan
Director



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Research Division
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House Bill 372

Page 2

and operate the Medicaid and NC Health Choice programs and provides for the transfer of all functions, powers, duties, obligations and services vested in the DHHS Division of Medical Assistance (DMA) to the new DOM. **Section 1(i)** amends Chapter 143B of the General Statutes to create a new Article 14 to create the new Department of Medicaid (DOM). The new Article creates the DOM, outlines the powers and duties of the Secretary of Medicaid, provides for variations from certain State laws, specifies the cooling off period for certain employees, and establishes a Medicaid Reserve Account. **Section 1(j)** provides that effective January 1, 2016, all rules and policies exempted from rule making related to Medicaid and NC Health Choice programs will transfer to the DOM and that a May 1, 2016 report to the LOC on Medicaid must include recommendations for additional rule-making requirements under Chapter 150B of the General Statutes. **Sections 1(k) and (k1)** pertain to legal actions involving Medicaid and NC Health Choice programs and provide that the Commissioner of Insurance shall establish solvency requirements for the MCOs and PLEs referenced in this bill. **Section 1(l)** establishes a Joint Legislative Oversight Committee on Medicaid consisting of 14 members charged with examining the budgeting, financing, administrative, and operational issues related to Medicaid and NC Health Choice Programs. **Section 1(m)** makes a conforming change for the newly created LOC on Medicaid to amend G.S. 120-208.1(a)(2)b removing oversight of "Medical Assistance" from the purview of the Joint Legislative Oversight Committee on Health and Human Services. **Section 1(n)** directs the Revisor of Statutes to recodify existing law to reflect the structure reflected by the changes in this bill. **Section 1(o)** amends G.S. 108A-1 to make changes conforming to this bill. **Section 1(p)** amends G.S. 108A-54.1A to provide that the DOM is authorized and required to take any and all necessary action to amend the Medicaid State Plan and waivers in order to keep the program within the certified budget. **Section 1(q)** repeals G.S. 108A-54.2(d) which currently imposes limitations on DHHS's ability to change medical policy unless directed by the General Assembly. **Section 1(r)** creates G.S. 108E-2-1 to provide that the General Assembly sets eligibility categories and income thresholds and G.S. 108E-2-2 to provide that counties determine eligibility in accordance with Chapter 108A. **Section 1(s)** amends G.S. 126-5 to exempt employees of the DOM from all but Article 6 (Equal Employment and Compensation Opportunity, Assisting in Obtaining State Employment) and Article 7 (Privacy of State Employee Personnel Records) of the State Human Resources Act. **Sections 1(t) and (u)** amend G.S. 143B-153 and G.S. 150B-1 to make conforming changes utilizing the DOM name. **Section 1(v)** appropriates \$5,000,000 in recurring funds for the 2015-16 and 2016-17 fiscal years to accomplish the transformation. The funds provide a State match for \$5,000,000 in federal funds. **Section 1(w)** provides Section 1(n) through Section 1(u) become effective January 1, 2016 and the remainder of Section 1 is effective when it becomes law.

The following chart compares key features of the Fourth Edition of the bill to the Third Edition:

	<u>Fourth Edition (Senate)</u>	<u>Third Edition (House)</u>
Who conducts reform?	New Department of Medicaid (DOM) <i>**an independent agency, headed by a Secretary appointed by the Governor and confirmed by the General Assembly</i>	Existing Department of Health and Human Services <i>**advised by newly created Quality Assurance Advisory Committee</i>
Basic goal	"...transform the State's current Medicaid program to a system that provides budget predictability for the taxpayers of this State while ensuring quality care to those in need."	Same
Payment structure	Full-risk capitated health plans	Same

House Bill 372

Page 3

	<u>Fourth Edition (Senate)</u>	<u>Third Edition (House)</u>
Who can contract for payment?	Provider-led entities (PLEs) and commercial insurers	Provider-led entities (PLEs) only
Geographical coverage of contracts	3 statewide contracts and up to 12 regional contracts in 5-8 regions to be set by the new DOM	Individual contracts must cover at least 30,000 lives and may cover less than the entire State; contracts in aggregate must cover entire State
Covered populations	All Medicaid beneficiaries except dual-eligible categories	90% of all Medicaid beneficiaries statewide; excludes dual eligibles
Covered services	All services, except LME/MCO services will be a pass-through contract during the initial contract period; no primary care case management	All services except LME/MCO services, dental, and drugs/pharmacy; builds on existing enhanced primary care medical home model
Timeline for implementation	Full implementation 12 months after approval of the plan by the federal government, with submission of documents to the federal government required by May 1, 2016	Full implementation of capitated payments within 5 years of enactment (approx. 2020); Performance and quality goals must be met within 6 years of enactment (approx. 2021)
Legislative Oversight	New Legislative Oversight Committee on Medicaid	same

Statewide Health Information Exchange - Section 2 of the bill addresses the plan for the Statewide Health Information Exchange (HIE) Network. **Section 2(a)** provides the intent of the General Assembly with regard to the HIE. **Section 2(b)** appropriates \$8,000,000 in recurring funds for the 2015-16 and 2016-17 fiscal years to continue efforts toward the implementation of a statewide health information exchange network. The Secretary of DHHS and the State Chief Information Officer (CIO) must enter into a memorandum of understanding (MOU) so that the State CIO will have sole authority to direct the expenditure of funds appropriated to DHHS for the statewide health information exchange until such time as (i) the NC HIE Authority is established and the State CIO has appointed an Authority Director, and the NC HIE Advisory Board is established. **Section 2(c)** directs that once the HIE Authority Director has been hired and Advisory Board members have been appointed, the HIE Authority will assume responsibility for the funds appropriated to DHHS and can expend the funds for specified tasks, including facilitating the termination of or assignment to the Authority of all contracts pertaining the State's existing HIE Network by December 31, 2015. **Section 2(d)** amends Chapter 90 of the General Statutes to add a new Article 29B. Statewide Health Information Exchange Act. The new Act mirrors the NC Health Information Exchange Act, but expands mandatory participation in the successor HIE Network beyond just hospitals with electronic health record systems to Medicaid providers and all providers that receive State funds for the provision of health services. Receipt of State funds, including Medicaid funds, is conditioned upon these entities fulfilling the mandatory participation requirements. The Statewide Health Information Exchange Act includes the following components: purpose; definitions; required participation in the HIE Network for some providers; State ownership of data disclosed through HIE Network; creation of the NC HIE Authority; creation of the NC HIE Advisory Board; participation by covered entities; right to opt out, effect of opt out, exception for emergency medical treatment; construction and applicability; penalties and remedies. **Section 2(e)** amends G.S. 126-5 to exempt employees of the North Carolina Health Information Exchange Authority from all but

House Bill 372

Page 4

Article 6 (Equal Employment and Compensation Opportunity, Assisting in Obtaining State Employment) and Article 7 (Privacy of State Employee Personnel Records) of the NC Human Resources Act. **Section 2(f)** repeals Article 29A of Chapter 90 which is the current North Carolina Health Information Exchange Act. **Section 2(g)** sets out the effective dates for Section 2. It provides that Section 2(d) and Section 2(e) become effective October 1, 2015. Section 2(f) becomes effective on the date the State CIO notifies the Revisor of Statutes that all contracts pertaining to the HIE Network (i) between the State and the NC HIE and (ii) between the NC HIE and any third parties have been terminated or assigned to the NC HIE Authority. The remainder of the section becomes effective July 1, 2015.

Medicaid Primary Care Case Management - **Section 3** of the bill addresses the current Medicaid and NC Health Choice primary care case management (PCCM) program. **Section 3(a)** directs the discontinuation of the PCCM program effective May 1, 2016 and prohibits renewal of the current contract for PCCM with North Carolina Community Care Networks, Inc, (NCCCN) beyond April 30, 2016. **Section 3(b)** directs DHHS to submit a State Plan amendment to the federal government no later than February 1, 2016 to discontinue the PCCM program and directs DHHS to discontinue payments related to the PCCM program effective May 1, 2016 unless and until the state plan amendment is denied. **Section 3(c)** clarifies that DHHS may develop or utilize contracts for managed care other than PCCM after May 1, 2016. **Section 3(d)** makes a conforming change to G.S. 108A-70.21(b) governing NC Health Choice. **Section 3(e)** increases the Medicaid rate paid to primary care physicians to 100% of Medicare rates effective May 1, 2016. **Section 3(f)** makes findings regarding savings to the Medicaid program related to discontinuing the PCCM program and the NCCCN contract and appropriates funds to be used to increase rates to primary care physicians and to directly fund local health departments' continued services related to the Care Coordination for Children (CC4C) program, previously funded through the contract with NCCCN.

EFFECTIVE DATE: The effective dates have been provided within the summary. Except as otherwise provided, this act is effective would become when it becomes law.

**Theresa Matula, Senate Health Committee Staff, and Joyce Jones, Staff Attorney with the Legislative Drafting Division, substantially contributed to this summary.*



NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
House Bill 372

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

H372-AMM-91 [v.2]

Page 1 of 2

Amends Title [NO]
Fourth Edition

Date _____, 2015

Senator _____

1 moves to amend the bill on page 7, by adding the following at the end of line 20:

2 "In case of death, incapacity, resignation, removal by the Governor, or vacancy for any other
3 reason while the General Assembly is in session, the Governor shall submit the name of a
4 successor Secretary to the President of the Senate and the Speaker of the House of
5 Representatives within four weeks after the vacancy occurs. In case of death, incapacity,
6 resignation, removal by the Governor, or vacancy for any other reason while the General
7 Assembly is not in session, the Governor shall appoint a Secretary to serve on an interim basis
8 pending confirmation by the General Assembly.";
9

10 and on page 11, by inserting the following between lines 6 and 7:

11 "SECTION 1.(i1) G.S. 20-79.5 reads as rewritten:

12 **"§ 20-79.5. Special registration plates for elected and appointed State government**
13 **officials.**

14 (a) Plates. – The State government officials listed in this section are eligible for a
15 special registration plate under G.S. 20-79.4. The plate shall bear the number designated in the
16 following table for the position held by the official.

Position	Number on Plate
Governor	1
Lieutenant Governor	2
...	
<u>Secretary of Medicaid</u>	<u>22</u>
Governor's Staff	<u>22-23-29</u>
...."	

24 SECTION 1.(i2) G.S. 126-5(d)(1) is amended by adding a new sub-subdivision to
25 read:

26 "(d) (1) Exempt Positions in Cabinet Department. – Subject to the provisions of this
27 Chapter, which is known as the North Carolina Human Resources Act, the
28 Governor may designate a total of 1,500 exempt positions throughout the
29 following departments and offices:

30 ...
31 n. Department of Medicaid."

32 SECTION 1.(i3) G.S. 143B-2 reads as rewritten:



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NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
House Bill 372

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

H372-AMM-91 [v.2]

Page 2 of 2

1 **"§ 143B-2. Interim applicability of the Executive Organization Act of 1973.**
2 The Executive Organization Act of 1973 shall be applicable only to the following named
3 departments:

4 ...
5 (11) Department of Medicaid."

6 **SECTION 1.(i4)** G.S. 143B-6 is amended by adding a new subdivision to read:

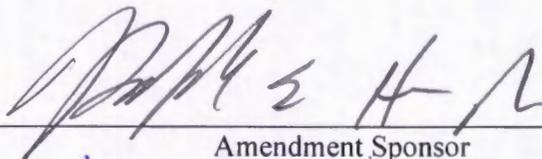
7 **"§ 143B-6. Principal departments.**

8 In addition to the principal departments enumerated in the Executive Organization Act of
9 1971, all executive and administrative powers, duties, and functions not including those of the
10 General Assembly and its agencies, the General Court of Justice and the administrative
11 agencies created pursuant to Article IV of the Constitution of North Carolina, and higher
12 education previously vested by law in the several State agencies, are vested in the following
13 principal departments:

14 ...
15 (12) Department of Medicaid."

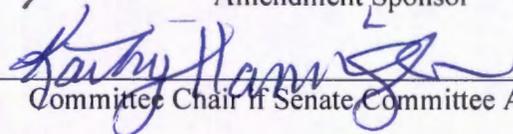
16

SIGNED



Amendment Sponsor

SIGNED



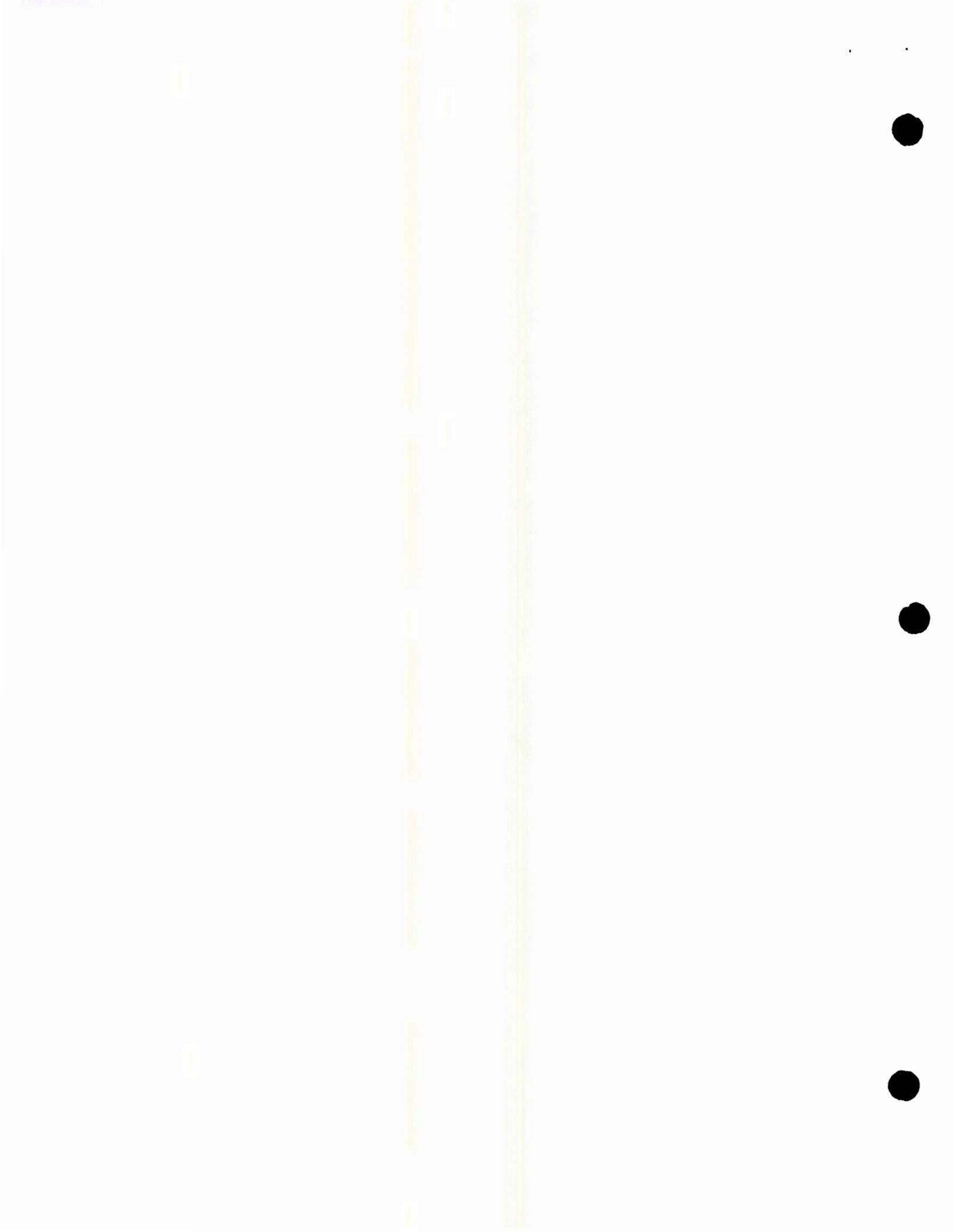
Committee Chair If Senate Committee Amendment

ADOPTED _____

FAILED _____

TABLED _____

"



**NORTH CAROLINA GENERAL ASSEMBLY
SENATE**

APPROPRIATIONS/BASE BUDGET COMMITTEE REPORT

**Senator Brown, Co-Chair
Senator Harrington, Co-Chair
Senator B. Jackson, Co-Chair**

Monday, August 10, 2015

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

FAVORABLE

HB 117 (SCS#1)	NC Competes Act.	
	Draft Number:	None
	Sequential Referral:	None
	Recommended Referral:	None
	Long Title Amended:	No

**UNFAVORABLE AS TO SENATE COMMITTEE SUBSTITUTE BILL NO. 1, BUT
FAVORABLE AS TO SENATE COMMITTEE SUBSTITUTE BILL NO. 2**

HB 372 (SCS#1)	Medicaid Transformation/HIE/PrimaryCare/Funds.	
	Draft Number:	H372-PCS30416-MM-24
	Sequential Referral:	None
	Recommended Referral:	None
	Long Title Amended:	No

TOTAL REPORTED: 2

Senator Philip Berger will handle HB 117
Senator Ralph Hise will handle HB 372



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VISITOR REGISTRATION SHEET

SENATE APPROPRIATIONS/BASE BUDGET

August 10, 2015

Name of Committee

Date

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David Collins	SEANC
Flint Benson	SEANC
Adam Prodenoe	NCAST
Mark Ezzell	APNC
David Heien	NC Center for Nonprofits
Annaliese Dolph	DL
Drew Moretz	UNCEA
Julie White	NEMMC
Bruce Mhdworf	NC SBA
William D. Jones	MWC LLC
Alex Bowen	CCS



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Tony McQueen	Wilmington
Matt Gross	NCPA
NICHOLE KARIM	NAMI NC
Andy Chase	KMA
Amanda Hnaker	TSS
Sarah McQuillan	SSG-NC
Lee T. Agan	NC PCSA
Marye Tolman	NCAE
Willie Madigan	TRK
Russell Beck	MARURY



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Monte Legu	NMRS
Stef Holstrom	NCACC
Ruqon Mewald	WM
Fay Galal	WM
Dennis Joffe	WM
Carla	The Center for Global...
Skye David	KLG
Alex Miller	KLG
Hugh Johnson	NCACC
Johanna Reese	NCACC



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August 10, 2015

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Elizabeth Zindel	GSX
Ashley Burgess	FSP
Trey Suttler	DMA
Christine Craig	WakeMed
Joanna Spurr	NCLM
Dicole Fisher	HHR
Alan Stolar	DHS
Rose Williams	AT&T NCLM
Julie Maynard	GM: Assoc.
Andy Edr	NIRMA
J. Chen	CS



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August 10, 2015

Name of Committee

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David Eford	NC Dept. of Commerce
John Harmani	" "
Susan Flatwood	NC DOC
Emily [Signature]	NC DOC
[Signature]	BP
Lexi Arthur	NCRMA
Elizabeth Robinson	NCRMA
Valerie Procopio	LOLC
Yann Onorio	LOLC
ANDY WALSH	SA
Keith Weatherly	NC DOT
TJ Bugbee	NP



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August 10, 2015

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Bobby Walston	NCDOT - Aviation
Chuck Greene	AT&T
Sarah Hardin	CTZ
Tommy Sevier	MWA
Mig Bailey	Electric Cities
Lisa Martin	Cap Advantage
Maen Gardner	GSK
IDE LANIER	CARDINAL
Tracy Kimbrell	Parker Poe
Sally Saff	NR
Cory Harro	NCITA



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August 10, 2015

Name of Committee

Date

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NAME	FIRM OR AGENCY AND ADDRESS
Kayla	Kayla from firm
Tom Killian	Nelson Mullins
Bruce Thompson	PRICKER AOE
David Baum	Trouman Sanders
John Bone	Bone & ASSO
Doug LaRocca	NLSTA
Mac Boxley	NI Forest Analysis
John McKenna	MFOA
John Hande	MFS
Chris Dilla	WAKO
Rob Lammey	PLA



* See back side

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SENATE APPROPRIATIONS/BASE BUDGET

August 10, 2015

Name of Committee

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Joy Hiller	NCDATICS
Mary Murphy	NCCCS
Kevin Burke	UWC
Donna Clark	WPA DC
Carson Davis	NVA
[Signature]	Misc
Mark Brason	Rmc
Katherine Costay	JLF
Raymond J. Minto	Gov's Office
Fred Steen II	Gov's office
Nathan Batts	NCBA
Michael Houser Derek Carlton	THCG Law Office of [Signature]

Name
Kei Molton

Firm/Agency
R.M.#

Patel, Young

SHIFTR

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August 10, 2015

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Matthew McConnell	Carolinas HealthCare Sys.
Ryan Blackledge	Cone Health
Isabel Villa-Graa	Isabel Villa-Graa
Cody Thomas	Focus Carolina
Wendy Kelly	Focus Carolina
Erica Nelson	NCHA
Trent Womble	PHHS
Tim Kent	NC BEER & WINE
Daniel VanLiere	Vivant Health
Steve Metcalf	In Policy
Chris McEwen	BSI



Senate Committee on Appropriations/Base Budget
Thursday, August 27, 2015 at 8:30 AM
Room 643 of the Legislative Office Building

MINUTES

The Senate Committee on Appropriations/Base Budget met at 8:32 AM on August 27, 2015 in Room 643 of the Legislative Office Building. 18 members were present.

Senator Brent Jackson, Chair, presided. Senator Jackson recognized the Sergeant at Arms' staff and the Senate Pages.

Chairman Jackson asked for a motion to adopt the Proposed Committee Substitute for HB 18 for discussion purposes (Attachment #3). Senator Apodaca made the motion. He then called upon Senator Brown to present an overview of HB 18: Proposed Committee Substitute:

AN ACT AUTHORIZING THE DIRECTOR OF THE BUDGET TO CONTINUE EXPENDITURES FOR THE OPERATION OF GOVERNMENT AT THE LEVEL IN EFFECT ON JUNE 30, 2015, UNTIL SEPTEMBER 18, 2015

Senator Brown then began going over the highlights of HB 18. Several Senators asked questions and Senator Brown and staff answered them.

Following discussions by members, Senator Apodaca moved for a motion:

Unfavorable to the bill, favorable as to the Senate committee substitute.

Attachments (5)

1. Agenda
2. Committee Report
3. Minutes
4. PCS for HB 18 *see summary RB*
5. Visitor Log

The meeting adjourned at 8:53 AM.

**SEE ATTACHMENT 3
FOR SIGNED MINUTES**



Ross Barnhardt Committee Clerk



**Senate Committee on Appropriations/Base Budget
Thursday, August 27, 2015, 8:30 AM
643 Legislative Office Building**

AGENDA

Welcome and Opening Remarks

Senator Brent Jackson, Presiding

Introduction of Pages

Bills

BILL NO.	SHORT TITLE	SPONSOR
HB 18	Planning Year for CIHSs.	Representative S. Martin Representative Horn Representative Shepard Representative Hanes

Adjournment



**NORTH CAROLINA GENERAL ASSEMBLY
SENATE**

APPROPRIATIONS/BASE BUDGET COMMITTEE REPORT

**Senator Brown, Co-Chair
Senator Harrington, Co-Chair
Senator B. Jackson, Co-Chair**

Thursday, August 27, 2015

Senator B. Jackson,
submits the following with recommendations as to passage:

**UNFAVORABLE AS TO COMMITTEE SUBSTITUTE BILL NO. 1, BUT FAVORABLE AS TO
SENATE COMMITTEE SUBSTITUTE BILL**

HB 18 (CS#1)	Planning Year for CIHSs.	
	Draft Number:	H18-PCS10437-MD-15
	Sequential Referral:	None
	Recommended Referral:	None
	Long Title Amended:	Yes

TOTAL REPORTED: 1

Senator Harry Brown will handle HB 18



* C M R 5 7 8 - V - 1 *



Senate Committee on Appropriations/Base Budget
Thursday, August 27, 2015 at 8:30 AM
Room 643 of the Legislative Office Building

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**AN ACT AUTHORIZING THE DIRECTOR OF THE BUDGET TO CONTINUE
EXPENDITURES FOR THE OPERATION OF GOVERNMENT AT THE LEVEL IN
EFFECT ON JUNE 30, 2015, UNTIL SEPTEMBER 18, 2015**

Senator Brown then began going over the highlights of HB 18. Several Senators asked questions and Senator Brown and staff answered them.

Following discussions by members, Senator Apodaca moved for a motion:

Unfavorable to the bill, favorable as to the Senate committee substitute.

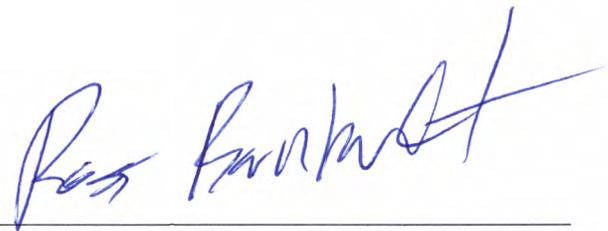
Attachments (5)

1. Agenda
2. Committee Report
3. Minutes
4. PCS for HB 18 *and summary* ^{RB}
5. Visitor Log

The meeting adjourned at 8:53 AM.



Senator Brent Jackson, Chair
Presiding



Ross Barnhardt Committee Clerk







HOUSE BILL 18: Continuing Budget Authority

2015-2016 General Assembly

Committee: Senate Appropriations/Base Budget

Introduced by:

Analysis of: PCS to Second Edition
H18-PCS10437-MD-15

Date: August 27, 2015

Prepared by: Ben Stanley
Committee Counsel

SUMMARY: *The proposed committee substitute (PCS) would extend the temporary authority to fund State operations until September 18, 2015.*

CURRENT LAW: S.L. 2015-133 and S.L. 2015-214 provide the Director of the Budget with the authority to continue to allocate funds for current operations of State departments, institutions, and agencies and appropriates funds for this purpose. This authority currently expires on August 31, 2015.

BILL ANALYSIS: Section 1 of the bill would extend this authority through September 18, 2015 at 11:59 PM.

EFFECTIVE DATE: This act is effective when it becomes law.

Kory Goldsmith
Director



* H 1 8 - S M M D - 1 2 C S M D - 1 5 - V 3 *

Legislative Drafting
(919) 733-6660





VISITOR REGISTRATION SHEET

SENATE APPROPRIATIONS/BASE BUDGET

08-27, 2015

Name of Committee

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

Jenna B. Clark	UNEG.
Rachel E. Beach	NCDPI
Rebecca Garland	
Math Gross	NCR
Miller Nichols	Jordan Price
Flint Benson	SEANC
Jonathan Kappeler	UNCGA
Tom West	NCICH
Bill Gulbr	in the office
Ken Melton	K.M.A
Chry Byrd	NCMS



VISITOR REGISTRATION SHEET

SENATE APPROPRIATIONS/BASE BUDGET

08 - 27 , 2015

Name of Committee

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

Ed Sledge	CSP
Jennifer Hargwood	UCDOL
Sarah Kounce	UCDOL
Tom Morris	NCAOC
Tim Mc	EW
Lexi Arthur	NCRMA
Elizabeth Robinson	NCRMA
Andy Ellen	NCRMA
Adam Prodanov	NCRSA
Ph Hellewell	NCSBA
Trent Wamble	DHHS





**Senate Committee on Appropriations/Base Budget
Tuesday, September 29, 2015 at 7:40 PM
Room 1027/1128 of the Legislative Building**

MINUTES

The Senate Committee on Appropriations/Base Budget met at 7:49 PM on September 29th, 2015 in Room 1027/1128 of the Legislative Building. 18 members were present.

Senator Kathy Harington, Chair, presided. Senator Harington recognized the Sergeant at Arms' staff.

Chairman Harington asked for a motion to adopt HB 259 for discussion purposes (Attachment #4). Senator Apodaca made the motion. Chairman Harington then called upon Senator Brown to present an overview of HB 259:

AN ACT MAKING TECHNICAL, CONFORMING, AND OTHER MODIFICATIONS TO THE CURRENT OPERATIONS AND CAPITAL IMPROVEMENTS APPROPRIATIONS ACT OF 2015.

Senator Brown then began going over the highlights of HB 259. Several Senators asked questions and Senator Brown and staff answered them. Senator Brown then offered an amendment, which passed after Senator Tucker made the motion to accept. Senator Apodaca offered a second amendment and Senator Tillman made the motion to accept. Amendment 2 passed as well.

The amendments and their actions follow:

AMDf-87 [v.2]	Brown	Adopted
AMK-70 [v.3]	Apodaca	Adopted

Following discussions by members, Senator Apodaca moved for a motion:

Bill favorable as amended with amendments unengrossed

Attachments (5)

1. Agenda
2. Committee Report
3. Minutes
4. HB 259
5. List of Amendments and Action Taken
6. Visitor Log



The meeting adjourned at 8:08 PM.

**SEE ATTACHMENT 3
FOR SIGNED MINUTES**

Ross Barnhardt Committee Clerk



**Senate Committee on Appropriations/Base Budget
Tuesday, September 29, 2015, 7:40 PM
1027/1128 Legislative Building**

AGENDA

Welcome and Opening Remarks

Bills

BILL NO.	SHORT TITLE	SPONSOR
HB 259	General Government Technical Corrections.-AB	Representative Cleveland Representative R. Brown Representative Riddell

Adjournment



**NORTH CAROLINA GENERAL ASSEMBLY
SENATE**

APPROPRIATIONS/BASE BUDGET COMMITTEE REPORT

**Senator Brown, Co-Chair
Senator Harrington, Co-Chair
Senator B. Jackson, Co-Chair**

Tuesday, September 29, 2015

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

FAVORABLE AS AMENDED WITH UNENGROSSED AMENDMENTS

HB 259	General Government Technical Corrections.-AB
	Draft Number: None
	Sequential Referral: None
	Recommended Referral: None
	Long Title Amended: No

TOTAL REPORTED: 1

Senator Harry Brown will handle HB 259





**Senate Committee on Appropriations/Base Budget
Tuesday, September 29, 2015 at 7:40 PM
Room 1027/1128 of the Legislative Building**

MINUTES

The Senate Committee on Appropriations/Base Budget met at 7:49 PM on September 29th, 2015 in Room 1027/1128 of the Legislative Building. 18 members were present.

Senator Kathy Harington, Chair, presided. Senator Harington recognized the Sergeant at Arms' staff.

Chairman Harington asked for a motion to adopt HB 259 for discussion purposes (Attachment #4). Senator Apodaca made the motion. Chairman Harington then called upon Senator Brown to present an overview of HB 259:

AN ACT MAKING TECHNICAL, CONFORMING, AND OTHER MODIFICATIONS TO THE CURRENT OPERATIONS AND CAPITAL IMPROVEMENTS APPROPRIATIONS ACT OF 2015.

Senator Brown then began going over the highlights of HB 259. Several Senators asked questions and Senator Brown and staff answered them. Senator Brown then offered an amendment, which passed after Senator Tucker made the motion to accept. Senator Apodaca offered a second amendment and Senator Tillman made the motion to accept. Amendment 2 passed as well.

The amendments and their actions follow:

AMDf-87 [v.2]	Brown	Adopted
AMK-70 [v.3]	Apodaca	Adopted

Following discussions by members, Senator Apodaca moved for a motion:

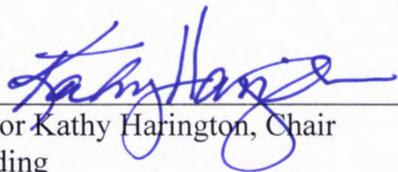
Bill favorable as amended with amendments unengrossed

Attachments (5)

1. Agenda
2. Committee Report
3. Minutes
4. HB 259
5. List of Amendments and Action Taken
6. Visitor Log



The meeting adjourned at 8:08 PM.



Senator Kathy Harington, Chair
Presiding



Ross Barnhardt Committee Clerk





12



**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2015**

H

1

HOUSE BILL 259

Short Title: General Government Technical Corrections.-AB (Public)

Sponsors: Representatives Cleveland, R. Brown, and Riddell (Primary Sponsors).
For a complete list of Sponsors, refer to the North Carolina General Assembly Web Site.

Referred to: Appropriations.

March 18, 2015

A BILL TO BE ENTITLED

AN ACT TO MAKE TWO TECHNICAL CORRECTIONS RELATED TO GENERAL
GOVERNMENT.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 143B-131.7 is repealed.

SECTION 2. Section 36.10 of S.L. 2014-100 reads as rewritten:

"SECTION 36.10. The General Assembly authorizes USS North Carolina Battleship hull and cofferdam repairs to be funded at a maximum cost of thirteen million dollars (\$13,000,000) in accordance with this section. The sum of three million dollars (\$3,000,000) of the proceeds of bonds issued pursuant to Section 36.12(f)(7) of this act shall be used for this project. The remainder of the project shall be funded with receipts or from other non-General Fund sources available to the Department of Cultural Resources, and those funds are hereby appropriated for that purpose."

SECTION 3. This act is effective when it becomes law.







NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
House Bill 259

ADOPTED

Committee
AMENDMENT NO. 1
(to be filled in by
Principal Clerk)

H259-AMDF-87 [v.2]

CHANGES TITLE

Page 1 of 22

Amends Title [YES]
First Edition

Date 9.29, 2015

Senator Brown

1 moves to amend the bill on page 1, lines 1-14, by deleting the lines and substituting the
2 following:

3 "A BILL TO BE ENTITLED
4 AN ACT MAKING TECHNICAL, CONFORMING, AND OTHER MODIFICATIONS TO
5 THE CURRENT OPERATIONS AND CAPITAL IMPROVEMENTS
6 APPROPRIATIONS ACT OF 2015.

7 The General Assembly of North Carolina enacts:

8
9 **PART I. GENERAL AND SALARY PROVISIONS**

10
11 **SECTION 1.1.** Section 2.2.(f) of S.L. 2015-241 reads as rewritten:

12 "**SECTION 2.2.(f)** Notwithstanding any other provision of law to the contrary, effective
13 ~~June 30, 2015, July 1, 2015,~~ the following amounts shall be transferred to the State Controller
14 to be deposited in the appropriate budget code as determined by the State Controller. These
15 funds shall be used to support the General Fund appropriations as specified in this act for the
16 2015-2016 fiscal year and the 2016-2017 fiscal year.

17 ..."
18 **SECTION 1.2.** G.S. 143C-9-3(a), as amended by Section 6.24 of S.L. 2015-241,
19 reads as rewritten:

20 "(a) The 'Settlement Reserve Fund' is established as a special fund ~~in the Office of State~~
21 ~~Budget and Management~~ to receive proceeds from tobacco litigation settlement agreements or
22 final orders or judgments of a court in litigation between tobacco companies and the states."

23 **SECTION 1.3.** Section 6.20(b)(1)a. of S.L. 2015-241 reads as rewritten:

- 24 "a. Department of Environment and Natural Resources –
25 1. Commercial Leaking Petroleum Underground Storage Tank
26 Cleanup Fund.
27 2. Division of Air Quality Inspection and Maintenance Fees.
28 3. Division of Air Quality Water and Air Quality Account.
29 4. ~~Shallow Draft Navigation Channel Dredging and Lake~~
30 ~~Maintenance Fund.~~
31 5.4. Mercury Pollution Prevention Account."
32

33 **PART II. INFORMATION TECHNOLOGY**



* H 2 5 9 - A M D F - 8 7 - V - 2 *

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
House Bill 259

AMENDMENT NO. 1

(to be filled in by
Principal Clerk)

H259-AMDF-87 [v.2]

Page 2 of 22

SECTION 2.1. Section 7.3.(a) of S.L. 2015-241 reads as rewritten:

"**SECTION 7.3.(a)** The appropriations for the Information Technology Reserve Fund for the 2015-2017 fiscal biennium are as follows:

	FY 2015-2016	FY 2016-2017
Government Data Analytics Center	\$8,100,000	\$8,100,000
Improve Efficiency and Customer Service through IT Modernization	\$8,127,991	\$8,061,512
IT Restructuring	<u>\$2,775,184</u>	<u>\$2,978,812</u>
	\$3,537,299	\$3,740,927
Economic Modeling Initiative	\$500,000	\$500,000
Maintenance Management System Replacement	\$173,180	\$129,901
NC Connect	\$593,899	\$788,503
<u>E-Forms/Digital Signatures</u>	<u>\$762,115</u>	<u>\$762,115</u>
Law Enforcement Information Exchange	\$288,474	0"

SECTION 2.2. G.S. 143B-1302(d), as enacted by Section 7A.2.(b) of S.L. 2015-241, reads as rewritten:

"(d) State Ethics Act. – All employees of the Department shall be subject to the applicable provisions of the State Government Ethics Act under Chapter 138A of the General Statutes."

SECTION 2.4. Notwithstanding any provision of S.L. 2015-241 to the contrary, the following positions in that act shall be transferred from the Information Technology Internal Service Fund to the Information Technology Reserve Fund:

- (1) Position Number 60087223, State Chief Information Officer.
- (2) Position Number 60087293, Executive Assistant.
- (3) Position Number 60087581, Legislative Affairs/Program Coordinator.
- (4) Position Number 60093454, Director of Public Affairs.
- (5) Position Number 60087551, Information & Communications Specialist II.
- (6) Position Number 60087645, Agency General Counsel II.
- (7) Position Number 60093450, Communications Specialist.
- (8) Position Number 60087267, Information and Communications Specialist.

SECTION 2.5 Notwithstanding any provision of S.L. 2015-241 to the contrary, of the funds appropriated in that act to the Information Technology Reserve Fund, the sum of seven hundred sixty-two thousand one hundred fifteen dollars (\$762,115) for each year of the biennium shall be used to support the continued development of an enterprise electronic forms and digital signatures capability.

SECTION 2.6. Notwithstanding any provision of S.L. 2015-241 to the contrary, the requirement for "Process Management" in that act shall be moved from the Information Technology Reserve Fund to the Information Technology Fund (Fund Code 24667).

SECTION 2.8. G.S. 143B-1305(c), as enacted by Section 7A.2.(b) of S.L. 2015-241, reads as rewritten:

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
House Bill 259

AMENDMENT NO. 1
(to be filled in by
Principal Clerk)

H259-AMDF-87 [v.2]

Page 3 of 22

1 "(c) Participating Agencies. – The State CIO shall prepare detailed plans to transition
2 each of the participating agencies. As the transition plans are completed, the following
3 participating agencies shall transfer information technology personnel, operations, projects,
4 assets, and appropriate funding to the Department of Information Technology:

5 ...

6 (12) Department of Military and Veterans Affairs."

7 **SECTION 2.9.** Section 7.9.(d) of S.L. 2015-241 reads as rewritten:

8 "**SECTION 7.9.(d)** This section does not apply to any agency exempt under
9 ~~G.S. 147-33.80.~~G.S. 143B-1300(b)."

10 **SECTION 2.11.** G.S. 143B-1306(c), as enacted by Section 7A.2.(b) of S.L.
11 2015-241, reads as rewritten:

12 "(c) Each participating agency shall actively participate in preparing, testing, and
13 implementing an information technology plan required under subsection (b) of this section.
14 Separate agencies shall prepare biennial information technology plans, including the
15 requirements listed in subsection (b) of this section, and transmit these plans to the Department
16 by a date determined by the State CIO in each even-numbered year. Agencies shall provide all
17 financial information to the State CIO necessary to determine full costs and expenditures for
18 information technology assets and resources provided by the agencies or through contracts or
19 grants. The Department shall consult with and assist State agencies in the preparation of these
20 plans; shall provide appropriate personnel or other resources to the participating agencies and
21 to separate agencies upon request pursuant to ~~Part 3, Shared Information Technology Services,~~
22 ~~of this Article request.~~ Plans shall be submitted to the Department by a date determined by the
23 State CIO in each even-numbered year."

24 **SECTION 2.12.** G.S. 143B-1312(c), as enacted by Section 7A.2.(b) of S.L.
25 2015-241, reads as rewritten:

26 "(c) Participating agency information technology personnel performing information
27 technology functions shall be moved to the Department. The State CIO shall consolidate
28 participating agency information technology personnel following the time ~~line~~lines established
29 in the plans required by this Article~~G.S. 143B-1305(b)~~ once a detailed plan has been developed
30 for transitioning the personnel to the new agency."

31 **SECTION 2.13.** G.S. 143B-1312(e), as enacted by Section 7A.2.(b) of S.L.
32 2015-241, reads as rewritten:

33 "(e) Any new positions established by the Department shall be exempt from the North
34 Carolina Human Resources ~~Act~~Act; provided, however, that non-exempt employees
35 transferred from participating agencies to a newly established position in the Department shall
36 not become exempt solely by virtue of that transfer."

37 **SECTION 2.14.** G.S. 143B-1323(d), as enacted by Section 7A.2.(b) of S.L.
38 2015-241, reads as rewritten:

39 "(d) Each State ~~agency, separate agency, and participating agency~~ agency shall furnish to
40 the State CIO when requested, and on forms as prescribed, estimates of and budgets for all
41 information technology goods and services needed and required by such department,
42 institution, or agency for such periods in advance as may be designated by the State CIO. When
43 requested, all State agencies shall provide to the State CIO on forms as prescribed, actual

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
House Bill 259

AMENDMENT NO. 1
(to be filled in by
Principal Clerk)

H259-AMDF-87 [v.2]

Page 4 of 22

1 expenditures for all goods and services needed and required by the department, institution, or
2 agency for such periods after the expenditures have been made as may be designated by the
3 State CIO."

4 **SECTION 2.16.** G.S. 143B-1338(a), as enacted by Section 7A.2.(b) of S.L.
5 2015-241, reads as rewritten:

6 "(a) The Department shall plan, develop, implement, and operate a statewide electronic
7 web presence, to include mobile, in order to (i) increase the convenience of members of the
8 public in conducting online transactions with, and obtaining information from, State
9 government and (ii) facilitate the public's interactions and communications with government
10 agencies. The State CIO shall have approval authority over all agency Web site ~~funding and~~
11 ~~content, funding~~, to include any agency contract decisions. Participating agency Web site and
12 content development staff shall be transferred to the Department in accordance with the
13 schedule for their agency."

14 **SECTION 2.18.** Notwithstanding any provision of S.L. 2015-241 to the contrary,
15 of the funds appropriated in that act to the Information Technology Reserve Fund and allocated
16 for IT Restructuring, a portion of those funds shall be used to fund a Business and Technology
17 Applications Specialist position (Position Number 65000718).

18 **SECTION 2.20.** G.S. 143B-1323, as enacted by Section 7A.2.(b) of S.L. 2015-241,
19 is amended by adding a new subsection to read:

20 "(k) No contract subject to the provisions of this Part may be entered into unless the
21 contractor and the contractor's subcontractors comply with the requirements of Article 2 of
22 Chapter 64 of the General Statutes."

23
24 **PART III. EDUCATION**

25
26 **SECTION 3.1.** Section 8.27(c) of S.L. 2015-241 reads as rewritten:

27 "**SECTION 8.27.(c)** Grant funds shall be used to pay for all costs incurred by the local
28 school administrative units and the community college partners to implement the grant,
29 including community college FTE. Community colleges shall not earn budget FTE for student
30 course enrollments ~~supported with this grant under this grant, unless the student course~~
31 ~~enrollment is otherwise authorized as provided in G.S. 115D-20(4)a., as amended by this act.~~"

32 **SECTION 3.2.** Section 9.4 of S.L. 2015-241 reads as rewritten:

33 "**SECTION 9.4.** The annual salary for permanent full-time and part-time noncertified
34 public school employees whose salaries are supported from the State's General Fund shall
35 ~~remain unchanged not be legislatively increased for the 2015-2017 fiscal biennium:biennium,~~
36 ~~but may be increased as otherwise allowed by law.~~"

37 **SECTION 3.3.** Section 9.5 of S.L. 2015-241 is amended to add a new subsection
38 to read:

39 "(c) Subsection (a) of this section shall not be construed to modify the compensation of
40 persons initially employed as assistant principals prior to July 1, 2009, for work performed
41 prior to July 1, 2015."

42 **SECTION 3.4.** Section 10.11(b) of S.L. 2015-241 reads as rewritten:

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
House Bill 259

AMENDMENT NO. 1
(to be filled in by
Principal Clerk)

H259-AMDF-87 [v.2]

Page 5 of 22

1 **"SECTION 10.11.(b)** South Piedmont Community College shall not earn budget
2 FTE for student course enrollments ~~supported with this grant under this grant, unless the~~
3 student course enrollment is otherwise authorized as provided in G.S. 115D-20(4)a., as
4 amended by this act."

5 **SECTION 3.5.** S.L. 2015-241 is amended by adding the following new section to
6 read:

7 **"ACADEMIC SUMMER BRIDGE PROGRAM/TECHNICAL CORRECTION**

8 **SECTION 11.24.(a)** Notwithstanding any provision of S.L. 2015-241 to the contrary,
9 of the funds appropriated herein, the reduction of funds for the Academic Summer Bridge
10 Program shall be decreased by one hundred nineteen thousand three hundred dollars (\$119,300)
11 in recurring funds for each fiscal year of the 2015-2017 fiscal biennium so that the total
12 reduction in funds for the Academic Summer Bridge Program for the 2015-2016 fiscal year
13 shall be one million seventy-three thousand seven hundred dollars (\$1,073,700) in recurring
14 funds and the total reduction in funds for the Academic Summer Bridge Program for the
15 2016-2017 fiscal year shall be one million seventy-three thousand seven hundred dollars
16 (\$1,073,700) in recurring funds.

17 **SECTION 11.24.(b)** Notwithstanding any provision of S.L. 2015-241 to the contrary,
18 of the funds appropriated herein, the management flexibility reduction for the operating budget
19 of The University of North Carolina shall be increased by one hundred nineteen thousand three
20 hundred dollars (\$119,300) in recurring funds for each fiscal year of the 2015-2017 fiscal
21 biennium so that the total management flexibility reduction for the 2015-2016 fiscal year shall
22 be eighteen million thirty-three thousand one hundred twelve dollars (\$18,033,112) in recurring
23 funds and the total management flexibility reduction for the 2016-2017 fiscal year shall be
24 forty-three million five hundred ninety-three thousand five hundred sixty-seven dollars
25 (\$43,593,567) in recurring funds and three million dollars (\$3,000,000) in nonrecurring funds.

26 The sum of one hundred nineteen thousand three hundred dollars (\$119,300) in recurring
27 funds for the 2015-2016 fiscal year and the sum of one hundred nineteen thousand three
28 hundred dollars (\$119,300) in recurring funds for the 2016-2017 fiscal year resulting from the
29 increased management flexibility reduction implemented pursuant to this subsection shall be
30 used to decrease the reduction of funds for the Academic Summer Bridge Program as provided
31 in subsection (a) of this section."

32 **SECTION 3.6.** S.L. 2015-241 is amended by adding the following new section to
33 read:

34 **"APPALACHIAN STATE UNIVERSITY/RECRUIT COMMUNITY COLLEGE**
35 **STUDENTS PILOT**

36 **SECTION 11.25.** Notwithstanding any provision of S.L. 2015-241 to the contrary, funds
37 appropriated to Appalachian State University for the 2015-2017 fiscal biennium for its College
38 of Education to establish a pilot program to recruit and retain students as teachers for high need
39 licensure areas may be used to recruit and retain both undergraduate students and community
college students for this pilot program. Funds may be used for personnel, marketing,
programming, counseling and advising."

42 **SECTION 3.7.** G.S. 115C-296.13(e), as enacted by Section 8.41(a) of S.L. 2015-
43 241, reads as rewritten:

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
House Bill 259

AMENDMENT NO. 1
(to be filled in by
Principal Clerk)

H259-AMDF-87 [v.2]

Page 6 of 22

1 "(e) Annual State Board of Education Report. – The educator preparation program report
2 cards shall be submitted to the Joint Legislative Education Oversight Committee on an annual
3 basis by ~~November 15~~December 15."

4 **SECTION 3.8.** S.L. 2015-241 is amended by adding a new section to read:

5 **"EXCELLENT PUBLIC SCHOOLS ACT FUNDS/TECHNICAL CORRECTION**

6 **"SECTION 8.49.** Notwithstanding any other provision of law, the Department of
7 Public Instruction shall not use any of the funds appropriated in this act to the Department to
8 carry out elements of the Excellent Public Schools Act in the amount of three million eight
9 hundred twelve thousand one hundred forty-one dollars (\$3,812,141) in recurring funds for the
10 2015-2016 fiscal year and the amount of eight million five hundred twenty thousand seven
11 hundred forty-eight dollars (\$8,520,748) in recurring funds for the 2016-2017 fiscal year to
12 increase funding for the North Carolina Teacher Corps program established under G.S. 115C-
13 296.7."

14 **SECTION 3.9.** G.S. 116-143.3A(a)(3), as enacted by S.L. 2015-116, reads as
15 rewritten:

16 "(a) Definitions. – The following definitions apply in this section:

17 ...
18 (3) Veteran. – A person who served active duty for not less than 90 days in the
19 Armed Forces, the Commissioned Corps of the U.S. Public Health Service,
20 or the National Oceanic and Atmospheric Administration and who was
21 discharged or released from such ~~service under conditions other than~~
22 dishonorable service."

23
24 **PART IV. HEALTH AND HUMAN SERVICES**

25
26 **SECTION 4.1.** S.L. 2015-241 is amended by adding the following new section to
27 read:

28 **"REDUCTION OF FUNDS FOR MISCELLANEOUS CONTRACTUAL SERVICES**

29 **SECTION 12A.18.** Notwithstanding any provision of S.L. 2015-241 to the
30 contrary, the Department of Health and Human Services, Division of Central Management and
31 Support, is directed to achieve a reduction in its contractual services by reducing Fund Code
32 1910, instead of Fund Code 1120, by the sum of three million two hundred thousand dollars
33 (\$3,200,000) in nonrecurring funds for the 2015-2016 fiscal year. In making the reduction
34 required by this section, the Department may implement department-wide reductions in
35 contractual services, but shall not reduce any funds appropriated to the Department to develop
36 and implement housing, support, and other services for people with mental illness pursuant to
37 the settlement agreement entered into between the United States Department of Justice and the
38 State of North Carolina."

39 **SECTION 4.2.** Section 12C.10(c) of S.L. 2015-241 reads as rewritten:

40 **"SECTION 12C.10.(c)** Of the funds appropriated in this act from the General Fund to the
41 Department of Health and Human Services, Division of ~~Social Services~~Central Management
42 and Support, the sum of three hundred sixty thousand dollars (\$360,000) in recurring funds for
43 fiscal year 2015-2016 and the sum of three million two hundred thousand dollars (\$3,200,000)
44 in nonrecurring funds for fiscal year 2015-2016 shall be deposited in the Department's

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
House Bill 259

AMENDMENT NO. 1
(to be filled in by
Principal Clerk)

H259-AMDF-87 [v.2]

Page 7 of 22

1 information technology budget code within 30 days of the effective date of this act to be used
2 for ongoing operation and maintenance pursuant to implementing the provisions of this
3 section."

4 **SECTION 4.4.** Section 12F.16(l) of S.L. 2015-241 reads as rewritten:

5 **"SECTION 12F.16.(l)** The Division of Medical Assistance of the Department of
6 Health and Human Services (DMA) shall take the following steps to improve the effectiveness
7 and efficiency of the Medicaid lock-in program:

- 8 (1) Establish written procedures for the operation of the lock-in program,
9 including specifying the responsibilities of DMA and the program
10 contractor.
- 11 (2) Establish procedures for the sharing of bulk data with the Controlled
12 Substances Regulatory Branch.
- 13 (3) In consultation with the Physicians Advisory Group, extend lock-in duration
14 to two years and revise program eligibility criteria to align the program with
15 the statewide strategic goals for preventing prescription drug abuse. DMA
16 shall report an estimate of the cost-savings from the revisions to the
17 eligibility criteria to the Joint Legislative Program Evaluation Oversight
18 Committee and the Joint Legislative Oversight Committee on Health and
19 Human Services within one year of the lock-in program again becoming
20 operational.
- 21 (4) Develop a Web site and communication materials to inform lock-in
22 enrollees, prescribers, pharmacists, and emergency room health care
23 providers about the program.
- 24 (5) Increase program capacity to ensure that all individuals who meet program
25 criteria are locked in.
- 26 (6) Conduct an audit of the lock-in program within six months after the effective
27 date of this act in order to evaluate the effectiveness of program restrictions
28 in preventing overutilization of controlled substances, identify any program
29 vulnerabilities, and address whether there is evidence of any fraud or abuse
30 within the program.

31 DMA shall report to the Joint Legislative Program Evaluation Oversight Committee by
32 ~~September 30, 2015,~~ September 30, 2016, on its progress toward implementing all items
33 included in this section."

34 **SECTION 4.5.** Section 12F.16(m)(4) of S.L. 2015-241 reads as rewritten:

35 "(4) The Office of Rural Health ~~Section of the Division of Public Health,~~
36 DHHS."

37 **SECTION 4.6.** Section 12I.1.(w) of S.L. 2015-241 reads as rewritten:

38 **"SUBSTANCE ABUSE PREVENTION AND TREATMENT BLOCK GRANT**

39 **SECTION 12I.1.(w)** The sum of two hundred fifty thousand dollars (\$250,000)
40 appropriated in this section in the Substance Abuse Prevention and Treatment Block Grant to
41 the Department of Health and Human Services, Division of Mental Health, Developmental
42 Disabilities, and Substance Abuse Services, for each year of the 2015-2017 fiscal biennium
43 shall be allocated to the Department of ~~Administration, Division of Veterans Affairs,~~ Military

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
House Bill 259

AMENDMENT NO. 1
(to be filled in by
Principal Clerk)

H259-AMDF-87 [v.2]

Page 8 of 22

1 and Veterans Affairs, as created in Section 24.1 of this act, to establish a call-in center to assist
2 veterans in locating service benefits and crisis services. The call-in center shall be staffed by
3 certified veteran peers within the ~~Division of Veterans Affairs~~ Department of Military and
4 Veterans Affairs and trained by the Division of Mental Health, Developmental Disabilities, and
5 Substance Abuse Services."

6 **SECTION 4.7.** Section 12H.17.(a) of S.L. 2015-241 reads as rewritten:

7 "**SECTION 12H.17.(a)** Effective ~~July 1,~~ October 1, 2015, the cost settlement for outpatient
8 Medicaid services performed by Vidant Medical Center, which was previously known as Pitt
9 County Memorial Hospital, shall be at one hundred percent (100%) of allowable costs."

10 **SECTION 4.8.** Section 12F.2.(b) of S.L. 2015-241 reads as rewritten:

11 "**SECTION 12F.2.(b)** The DMH/DD/SAS is directed to reduce its allocation for
12 single stream funding by one hundred ten million eight hundred eight thousand seven hundred
13 fifty-two dollars (\$110,808,752) in nonrecurring funds for the 2015-2016 fiscal year and by one
14 hundred fifty-two million eight hundred fifty thousand one hundred thirty-three dollars
15 (\$152,850,133) in nonrecurring funds for the 2016-2017 fiscal year. The DMH/DD/SAS is
16 directed to allocate this reduction among the LME/MCOs based on the individual LME/MCO's
17 percentage of the total cash on hand of all of the LME/MCOs in the State. Cash on hand means
18 the sum of the "Total Cash and Investments" plus the "Short-Term Investments" reported on
19 Schedule "A" of the financial reporting package submitted by the LME/MCOs to the Division
20 of Medical Assistance (DMA) on June 30, 2015. The individual LME/MCO's percentage of the
21 total cash on hand equals the individual LME/MCO's cash on hand divided by the aggregate
22 amount of cash on hand of all of the LME/MCOs in the State. During each year of the
23 2015-2017 fiscal biennium, each LME/MCO shall provide at least the same level of services
24 paid for by single stream funding during the 2014-2015 fiscal year. year across the
25 LME/MCO's catchment area. This requirement shall not be construed to require LME/MCOs to
26 authorize or maintain the same level of services for any specific individual whose services were
27 paid for with single stream funding. Further, this requirement shall not be construed to create a
28 private right of action for any person or entity against the State of North Carolina or the
29 Department of Health and Human Services or any of its divisions, agents, or contractors, and
30 shall not be used as authority in any contested case brought pursuant to Chapters 108C or 108D
31 of the General Statutes."

32
33 **PART V. AGRICULTURE AND NATURAL AND ECONOMIC RESOURCES**

34
35 **SECTION 5.1.** Section 13.4 of S.L. 2015-241 is amended by adding a new
36 subsection to read:

37 "**SECTION 13.4.(c)** This section becomes effective October 1, 2015."

38 **SECTION 5.2.(a)** the lead-in language for Section 13.5 of S.L. 2015-241 reads as
39 rewritten:

40 "**SECTION ~~13.5.~~13.5.(a)** G.S. 106-254 reads as rewritten:"

41 **SECTION 5.2.(b)** Section 13.5 of S.L. 2015-241 is amended by adding a new
42 subsection to read:

43 "**SECTION 13.5.(b)** This section becomes effective October 1, 2015."

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
House Bill 259

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

H259-AMDF-87 [v.2]

Page 9 of 22

1 **SECTION 5.2A.** The title of Section 14.1 of S.L. 2015-241 reads as rewritten:

2 **"PROSPERITY ZONE DENR LIASONS LIAISONS"**

3 **SECTION 5.2B.** Subsection 14.10A(d) of S.L. 2015-241 reads as rewritten:

4 **"SECTION 14.10A.(d)** The ~~Environmental Management~~ Marine Fisheries Commission
5 shall adopt rules to amend 15A NCAC 03O .0503(g) and any other cross-referenced rules
6 consistent with subsection (c) of this section. Notwithstanding G.S. 150B-19(4), the rule
7 adopted by the Commission pursuant to this subsection shall be substantively identical to the
8 provisions of subsection (c) of this section. Rules adopted pursuant to this subsection are not
9 subject to Part 3 of Article 2A of Chapter 150B of the General Statutes. Rules adopted pursuant
10 to this subsection shall become effective as provided in G.S. 150B-21.3(b1) as though 10 or
11 more written objections had been received as provided by G.S. 150B-21.3(b2)."

12 **SECTION 5.2C.** Section 14.24 of S.L. 2015-241 reads as rewritten:

13 **"PETITION FOR WETLANDS-MITIGATION FLEXIBILITY**

14 **SECTION 14.24.(a)** No later than January 1, 2016, the Department of Environment and
15 Natural Resources shall petition the Wilmington District, the South Atlantic Division, and the
16 Headquarters of the United States Army Corps of Engineers (the Corps Offices) to allow for
17 greater flexibility and opportunity to perform ~~wetlands-mitigation~~ outside of the eight-digit
18 Hydrologic Unit Code (HUC) where development will occur. The Department shall seek this
19 greater flexibility and opportunity for mitigation for both public and private development. The
20 Department shall request that the Corps Offices review the flexibility and opportunities for
21 mitigation allowed by other Districts of the United States Army Corps of Engineers, both
22 within the South Atlantic District and nationwide.

23 "

24 **SECTION 5.4.(a)** Section 14.30.(a)(5) of S.L. 2015-241 reads as rewritten:

25 "(5) The North Carolina Museum of Natural Sciences."

26 **SECTION 5.4.(b)** Section 14.30.(d) of S.L. 2015-241 reads as rewritten:

27 **"SECTION 14.30.(d)** The following apply to any recodification pursuant to
28 subsections (e) through ~~(k)~~(k2) of this section:

- 29 (1) The recodifications are of the affected statutes as rewritten by subsections (l)
30 through ~~(r)~~(r2) of this section, as applicable.
31 (2) Prior session laws that required the Revisor of Statutes to set out certain
32 provisions as notes to the former statutes shall be set out as notes to the
33 recodified statutes."

34 **SECTION 5.4.(c)** G.S. 143B-135.186, as recodified and amended by Subsection
35 14.30.(n) of S.L. 2015-241, reads as rewritten:

36 **"§ 143B-135.186. Local advisory committees; duties; membership.**

37 Local advisory committees created pursuant to G.S. 143B-135.182(a)(2) shall assist each
38 North Carolina Aquarium in its efforts to establish projects and programs and to assure
39 adequate citizen-consumer input into those efforts. Members of these committees shall be
40 appointed by the Secretary of Natural and Cultural Resources for three-year terms from
41 nominations made by the Director of the ~~Office of Marine Affairs~~ Division of North Carolina
42 Aquariums. Each committee shall select one of its members to serve as chairperson. Members
43 of the committees shall serve without compensation for services or expenses."

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
House Bill 259

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

H259-AMDF-87 [v.2]

Page 10 of 22

1 **SECTION 5.4.(d)** G.S. 143B-135.188, as recodified and amended by Subsection
2 14.30.(n) of S.L. 2015-241, reads as rewritten:

3 **"§ 143B-135.188. North Carolina Aquariums; fees; fund.**

4 (a) Fees. – The Secretary of Natural and Cultural Resources may adopt a schedule of
5 fees for the aquariums and piers operated by the North Carolina Aquariums, including:

- 6 (1) Gate admission fees.
- 7 (2) Facility rental fees.
- 8 (3) Educational programs.

9 (b) Fund. – The North Carolina Aquariums Fund is hereby created as a special fund.
10 The North Carolina Aquariums Fund shall be used for the ~~following~~following purposes with
11 respect to the aquariums and the pier operated by the Division of North Carolina Aquariums:

- 12 (1) Repair, renovation, expansion, maintenance, and educational exhibit
13 ~~construction at existing aquariums.~~construction.
- 14 (2) Payment of the debt service and lease payments related to the financing of
15 ~~expansions of aquariums.~~facility expansions, subject to G.S. 143B-135.190.
- 16 (3) Matching of private funds that are raised for these purposes.

17 (c) Disposition of Fees. – All ~~entrance~~-fee receipts shall be credited to the aquariums'
18 General Fund operating budget. At the end of each fiscal year, the Secretary may transfer from
19 the North Carolina aquariums' General Fund operating budget to the North Carolina Aquariums
20 Fund an amount not to exceed the sum of the following:

- 21 (1) One million dollars (\$1,000,000).
- 22 (2) The amount needed to cover the expenses described by subdivision (2) of
23 subsection (b) this section.

24 "

25 **SECTION 5.4.(e)** G.S. 143B-135.225, as enacted by Subsection 14.30.(r) of S.L.
26 2015-241, reads as rewritten:

27 **"§ 143B-135.225. Museum of Natural Sciences; fees; fund.**

28 (a) Fund. – The North Carolina Museum of Natural Sciences Fund is created as a
29 special fund. The North Carolina Museum of Natural Sciences Fund shall be used for repair,
30 renovation, expansion, maintenance, and educational exhibit construction at the North Carolina
31 Museum of Natural Sciences and to match private funds raised for these projects.

32 (b) Certain Admission Fees Permitted; Disposition of Receipts. – The Museum may
33 collect a charge for special exhibitions, special events, and other temporary attractions. All
34 Museum receipts shall be credited to the North Carolina Museum of Natural Sciences' General
35 Fund operating budget. At the end of each fiscal year, the Secretary may transfer from the
36 North Carolina Museum of Natural Sciences' General Fund operating budget to the North
37 Carolina Museum of Natural Sciences Fund an amount not to exceed one million dollars
38 (\$1,000,000).

39 (c) Approval. – The Secretary may approve the use of the North Carolina Museum of
40 Natural Sciences Fund for repair and renovation projects at the North Carolina Museum of
41 Natural Sciences recommended by the Advisory ~~Council~~Commission that comply with the
42 following:

- 43 (1) The total project cost is less than three hundred thousand dollars (\$300,000).

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
House Bill 259

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

H259-AMDF-87 [v.2]

Page 11 of 22

(2) The project meets the requirements of G.S. 143C-4-3(b).

(d) Report. – The Department shall submit to the House and Senate appropriations committees with jurisdiction over natural and economic resources and the Fiscal Research Division by September 30 of each year a report on the North Carolina Museum of Natural Sciences Fund that shall include the source and amounts of all funds credited to the Fund and the purpose and amount of all expenditures from the Fund during the prior fiscal year."

SECTION 5.4.(f) Subsection 14.30(aa) of S.L. 2015-241 reads as rewritten:

"**SECTION 14.30.(aa)** The following statutes are amended by deleting the language "G.S. 113-44.14" wherever it appears and substituting "G.S. 143B-135.54": G.S. 143-260.10, ~~143B-260.10C, 143B-260.10D, and 143B-260.10G.~~ 143-260.10C, 143-260.10D, and 143-260.10G."

SECTION 5.4.(g) Subsection 14.30.(nnn1) of S.L. 2015-241 reads as rewritten:

"**SECTION 14.30.(nnn1)** In order to ensure that the Department of Natural and Cultural Resources has sufficient staff to manage the additional workload as a result of the transfer of the North Carolina Zoo, North Carolina Aquariums, North Carolina Museum of Natural Sciences, Clean Water Management Trust Fund, Natural Heritage Program, and the North Carolina State Parks from the Department of Environmental Quality, the Department may use up to two million one hundred thirty-eight thousand forty-five dollars (\$2,138,045) generated from the vacant positions transferred or eliminated in subsection (nnn3) of this section to reclassify or reestablish administrative positions for that purpose."

SECTION 5.4.(h) Subsection 14.30.(nnn3) of S.L. 2015-241 reads as rewritten:

"**SECTION 14.30.(nnn3)** The following 24.94 vacant positions shall be transferred or eliminated from the Department of Environmental Quality:

60036186	Chief Deputy II	(1.0)
60032766	Accountant	(1.0)
60036006	Accounting Technician	(1.0)
60035955	Administrative Operations Director	(1.0)
60034828	Agency Legal Specialist II	(1.0)
60036023	Auditor	(1.0)
60036029	Budget Manager	(1.0)
60036031	Budget Analyst	(1.0)
60036034	Budget Analyst	(1.0)
60036060	Business and Technology Applic Specl	(1.0)
60036063	Business and Technology Applic Specl	(1.0)
60035958	Environmental Program Supervisor II	(1.0)
60035318	IT Security Specialist	(1.0)
60035984	Personnel Analyst	(1.0)
60035996	Personnel Assistant IV	(1.0)
60035952	Policy Development Analyst	(1.0)
60035976	Policy Development Analyst	(1.0)
60036039	Purchaser	(1.0)
60036041	Purchaser	(1.0)
60035986	W/A Recruitment Analyst	(1.0)

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
House Bill 259

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

H259-AMDF-87 [v.2]

Page 12 of 22

1	60035829	Staff Development Coordinator	(1.0)
2	60034553	Staff Development Specialist	(1.0)
3	60034575	Technology Support Analyst	(1.0)
4	60035501	Technology Support Analyst	(1.0)
5	60035496	Office Assistant III	(0.40)
6	60035953	Ombudsman	(0.54)

7 Prior to transfer or elimination, the Department of Environmental Quality shall
8 convert any positions listed in this subsection supported in whole or in part by receipts to
9 support from General Fund appropriations."

10
11 **SECTION 5.4.(i)** Section 14.30 of S.L. 2015-241 is amended by adding a new
12 subsection to read:

13 **"CONFORMING RULES CHANGES**

14 **SECTION 14.30.(qqq1)** The Codifier of Rules shall make any conforming rule
15 changes necessary to reflect the transfers, name changes, recodifications, and associated
16 conforming statutory changes made by this section."

17 **SECTION 5.5.** Section 14.11(g) of S.L. 2015-241 reads as rewritten:

18 **"SECTION 14.11.(g)** The Department of Environment and Natural Resources, or any
19 other department given responsibilities for the North Carolina Zoological Park, State parks, and
20 the North Carolina Aquariums may not impose fees on school groups visiting those attractions.
21 For purposes of this section, "fees" refers to the regular admission charge, and does not include
22 a separate admission charge for a special temporary ~~exhibition~~ exhibition or a special program."

23 **SECTION 5.6.** G.S. 113-202.1, as amended by Subsection 14.10C(c) of S.L. 2015-
24 241, reads as rewritten:

25 **"§ 113-202.1. Water column leases for aquaculture.**

26 ...

27 (d) Amendments of shellfish cultivation leases to authorize use of the water column are
28 issued for a period of ~~five years~~ ten years or the remainder of the term of the lease, whichever is
29 shorter. The annual rental for a new or renewal water column amendment is one hundred
30 dollars (\$100.00) an acre. If a water column amendment is issued for less than a 12-month
31 period, the rental shall be prorated based on the number of months remaining in the year. The
32 annual rental for an amendment is payable at the beginning of the year. The rental is in addition
33 to that required in G.S. 113-202.

34"

35 **SECTION 5.7.** Part 14 of S.L. 2015-241 is amended by adding a new section to
36 read:

37 **"DENR/CORRECT VARIOUS FUND CODE REFERENCES/NO FUNDS REDUCTION
38 FOR SOLID WASTE PERMITTING FEES**

39 **SECTION 14.35.(a)** Notwithstanding any provision of S.L. 2015-241 to the
40 contrary, the five hundred thousand dollars (\$500,000) in nonrecurring funding for Shale Gas
41 shall be provided to Fund Code 1735, instead of Fund Code 1749.

42 **SECTION 14.35.(b)** Notwithstanding any provision of S.L. 2015-241 to the
43 contrary, the nonrecurring funding and recurring cuts to the Noncommercial Leaking Petroleum

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
House Bill 259

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

H259-AMDF-87 [v.2]

Page 13 of 22

1 Underground Storage Tank Cleanup Fund shall be made in Fund Code 1910, instead of Fund
2 Code 1990.

3 **SECTION 14.35.(c)** Notwithstanding any provision of S.L. 2015-241 to the
4 contrary, the Petroleum Violation Escrow Cash Balance transfer shall be from Fund Code
5 64327, instead of Fund Code 64347.

6 **SECTION 14.35.(d)** Notwithstanding any provision of S.L. 2015-241 to the
7 contrary, there shall be no reduction of two hundred sixty thousand three hundred fifty-nine
8 dollars (\$260,359) in fiscal year 2015-2016 to the Solid Waste Permitting Fees operating fees
9 budget due to the delayed effective date in the implementation of the new fee schedule."

10 **SECTION 5.8.** S.L. 2015-241 is amended by adding a new section to read:

11 **"COMMERCE/DEPUTY GENERAL COUNSEL POSITION FUNDING**

12 **SECTION 15.3A.** Notwithstanding any provision of S.L. 2015-241 to the contrary,
13 one-fourth of the funding for the position of Deputy General Counsel (60080998) shall be
14 offset with receipts, and the FTE reduction shall be -0.26."

15
16 **PART VI. JUSTICE AND PUBLIC SAFETY**

17
18 **SECTION 6.2.** Part XVI-A of S.L. 2015-241 is amended by adding a new section
19 to read:

20 **"CLARIFICATION REGARDING RELOCATION OF STATE CAPITOL POLICE**

21 **SECTION 16A.11.** The relocation of the State Capitol Police as a Section within
22 the Highway Patrol pursuant to Section 16A.7 of this act shall not affect the subject matter or
23 territorial jurisdiction of such officers and shall not entitle such officers to the statutory
24 increases provided by G.S. 20-187.3 or Section 30.15 of this act."

25 **SECTION 6.3.** G.S. 7A-498.5(f), as rewritten by Section 18A.17.(c) of S.L.
26 2015-241, reads as rewritten:

27 "(f) Subject to ~~G.S. 498.2(e)~~ G.S. 7A-498.2(e), the Commission shall establish policies
28 and procedures with respect to the distribution of funds appropriated under this Article,
29 including rates of compensation for appointed counsel, schedules of allowable expenses,
30 appointment and compensation of expert witnesses, and procedures for applying for and
31 receiving compensation. The rate of compensation set for expert witnesses may be no greater
32 than the rate set by the Administrative Office of the Courts under G.S. 7A-314(d)."

33
34 **PART VII. GENERAL GOVERNMENT**

35
36 **SECTION 7.1.** Part 20 of S.L. 2015-241 is amended by adding a new section to
37 read:

38 **"SECTION 20.3.(a)** G.S. 58-36-75(a) reads as rewritten:

39 "(a) The subclassification plan promulgated pursuant to G.S. 58-36-65(b) may provide
40 for separate surcharges for major, intermediate, and minor accidents. A "major accident" is an
41 at-fault accident that results in either (i) bodily injury or death or (ii) only property damage of
42 ~~three thousand dollars (\$3,000)~~ three thousand eighty-five dollars (\$3,085) or more. An
43 "intermediate accident" is an at-fault accident that results in only property damage of more than

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
House Bill 259

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

H259-AMDF-87 [v.2]

Page 14 of 22

1 ~~one thousand eight hundred dollars (\$1,800)~~ one thousand eight hundred fifty dollars (\$1,850)
2 ~~but less than three thousand dollars (\$3,000).~~ three thousand eighty-five dollars (\$3,085). A
3 "minor accident" is an at-fault accident that results in only property damage of ~~one thousand~~
4 ~~eight hundred dollars (\$1,800)~~ one thousand eight hundred fifty dollars (\$1,850) or less. The
5 subclassification plan may also exempt certain minor accidents from the Facility recoupment
6 surcharge. The Bureau shall assign varying Safe Driver Incentive Plan point values and
7 surcharges for bodily injury in at-fault accidents that are commensurate with the severity of the
8 injury, provided that the point value and surcharge assigned for the most severe bodily injury
9 shall not exceed the point value and surcharge assigned to a major accident involving only
10 property damage."

11 **SECTION 20.3.(b)** This section is effective March 1, 2016, and applies to accidents
12 occurring on or after that date."

13 **SECTION 7.2.** Part 24 of S.L. 2015-241 is amended by adding a new section to
14 read:

15 **"SECTION 24.4.** Notwithstanding any provision of this act to the contrary, the position
16 transferred from the Department of Administration to the Department of Military and Veterans
17 Affairs shall be Position 60014506 (Program Assistant IV), not Position 60014065
18 (Administrative Officer II)."

19 **SECTION 7.3.(a)** Section 24.1(ww) of S.L. 2015-241 reads as rewritten:

20 **"SECTION 24.1.(ww)** This section becomes effective on ~~January 1, 2016.~~ July 1, 2015."

21 **SECTION 7.3.(b)** G.S. 143B-1293, as rewritten by Section 24.1.(pp) of S.L. 2015-
22 241, reads as rewritten:

23 **"§ 143B-1293. North Carolina Veterans Home Trust Fund.**

24 (a) Establishment. – A trust fund shall be established in the State treasury, for the
25 Department of Military and Veterans Affairs, to be known as the North Carolina Veterans
26 Home Trust Fund.

27 (b) Composition. – The trust fund shall consist of all funds and monies received by the
28 Veterans' Affairs Commission or the Department of Military and Veterans Affairs from the
29 United States, any federal agency or institution, and any other source, whether as a grant,
30 appropriation, gift, contribution, devise, or individual reimbursement, for the care and support
31 of veterans who have been admitted to a State veterans home.

32 (c) Use of Fund. – The trust fund created in subsection (a) of this section shall be used
33 by the Department of Military and Veterans Affairs to do the following:

- 34 (1) To pay for the care of veterans in said State veterans homes;
35 (2) To pay the general operating expenses of the State veterans homes, including
36 the payment of salaries and wages of officials and employees of said homes;
37 and
38 (3) To remodel, repair, construct, modernize, or add improvements to buildings
39 and facilities at the homes.

40 (d) Miscellaneous. – The following provisions apply to the trust fund created in
41 subsection (a) of this section:

- 42 (1) All funds deposited and all income earned on the investment or reinvestment
43 of such funds shall be credited to the trust fund.
44 (2) Any monies remaining in the trust fund at the end of each fiscal year shall
45 remain on deposit in the State treasury to the credit of the North Carolina
46 Veterans Home Trust Fund.

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
House Bill 259

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

H259-AMDF-87 [v.2]

Page 15 of 22

1 (3) Nothing contained herein shall prohibit the establishment and utilization of
2 special agency accounts by the Department of Military and Veterans Affairs
3 or by the Veterans' Affairs Commission, for the receipt and disbursement of
4 personal funds of the State veterans homes' residents or for receipt and
5 disbursement of charitable contributions for use by and for residents."

6 **SECTION 7.4.** Subsection (c) of Section 25.1 of S.L. 2015-241 reads as rewritten:

7 **"SECTION 25.1.(c)** This section becomes effective October 1, 2015, and the requirement
8 to submit a report applies to audits conducted or undertaken on or after that date. Nothing in
9 this subsection shall be construed as prohibiting the State Auditor or an internal auditor from
10 submitting a report detailing fraud, misrepresentation, or other deceptive acts or practices found
11 during an audit conducted prior to the effective date of this section."

12 **SECTION 7.5.** Part 21 of S.L. 2015-241 is amended by adding a new section to
13 read:

14 **"SECURITIES CHANGES**

15 **SECTION 21.2.(a)** G.S. 147-86.42(8) reads as rewritten:

16 **"§ 147-86.42. Definitions.**

17 As used in this article, the following definitions apply:

18 ...
19 (8) "Indirect Holdings" in a Company means all securities of that Company held
20 in an account or fund, such as a mutual fund, managed by one or more
21 persons not employed by the Public Fund, in which the Public Fund owns
22 shares or interests together with other investors not subject to the provisions
23 of this ~~article~~. Article and securities held through index funds, commingled
24 funds, limited partnerships, derivative instruments, or any other similar
25 investment instrument."

26 **SECTION 21.2.(b)** G.S. 147-86.44(f) reads as rewritten:

27 "(f) Excluded Securities. – Notwithstanding anything herein to the contrary, subsections
28 (c) and (d) of this section shall not apply to ~~Indirect Holdings in actively managed investment~~
29 ~~funds~~. Holdings. The Public Fund shall, however, submit letters to the managers of such
30 investment funds containing Companies with Scrutinized Active Business Operations
31 requesting that they consider removing such Companies from the fund or create a similar
32 actively managed fund with Indirect Holdings devoid of such Companies. If the manager
33 creates a similar fund, the Public Fund shall replace all applicable investments with investments
34 in the similar fund in an expedited time frame consistent with prudent investing standards. For
35 the purposes of this section, "private equity" funds shall be deemed to be actively managed
36 investment funds."

37 **SECTION 21.2.(c)** G.S. 147-69.1(c)(3) reads as rewritten:

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

41 ...
42 (3) Repurchase Agreements with respect to one or more of the following:
43 a. ~~securities~~ Securities issued or guaranteed by the United States
44 government or its ~~agencies or other securities agencies~~.

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
House Bill 259

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

H259-AMDF-87 [v.2]

Page 16 of 22

1 **b.** Securities eligible for investment by this section executed by a bank
2 or trust company or by primary or other reporting dealers to the
3 Federal Reserve Bank of New York.

4 **c.** Securities eligible for investment by this section executed by a
5 registered broker-dealer that is subject to the rules and regulations of
6 the U.S. Securities and Exchange Commission and is a member in
7 good standing of the Financial Industry Regulatory Authority."

8 **SECTION 21.2.(d)** This section is effective when it becomes law.

9 **SECTION 7.6.** Part 21 of S.L. 2015-241 is amended by adding a new section to
10 read:

11 **"INTERVENTION TASK FORCE POSITIONS RECEIPT SUPPORTED**

12 **SECTION 21.4.** Notwithstanding any provision of this act to the contrary, the two
13 positions in the Intervention Task Force of the Local Government Commission to assist local
14 government entities as being at risk of financial failure shall be funded with receipts instead of
15 funds from the General Fund."

16 **SECTION 7.7.** Part XXVI of S.L. 2015-241 is amended by adding a new section
17 to read:

18 **"REPEAL PROVISION ON USE OF AUTOMATIC SCORING/SCREENING OF**
19 **STATE GOVERNMENT EMPLOYMENT APPLICATIONS**

20 **SECTION 26.1A.(a)** Section 22A.1 of S.L. 2014-100 is repealed."
21

22 **PART VIII. TRANSPORTATION**

23
24 **SECTION 8.1.** Subsection (c) of Section 29.1 of S.L. 2015-241 reads as rewritten:

25 **"SECTION 29.1.(c)** The Department of Transportation, in collaboration with the Office of
26 State Budget and Management, shall develop a four-year revenue forecast. The first fiscal year
27 in the four-year forecast shall be the 2021-2022 fiscal year. The four-year revenue forecast
28 developed under this subsection shall be used (i) to develop the four-year cash flow estimates
29 included in the biennial budgets, (ii) to develop the ~~Strategic~~State Transportation Improvement
30 Program, and (iii) by the Department of the State Treasurer to compute transportation debt
31 capacity."

32 **SECTION 8.2.(a)** G.S. 20-88.03, as enacted by subsection (m) of Section 29.30 of
33 S.L. 2015-241, is amended by adding two new subsections to read:

34 **"(d)** Grace Period Inapplicable. – The 15-day grace period provided in G.S. 20-66(g)
35 shall not apply to any late fee assessed under this section.

36 **(e)** Surrender of Registration Plate. – Nothing in this section shall be construed as
37 requiring the Division to assess a late fee under this section if, on or prior to the date the
38 registration expires, the owner surrenders to the Division the registration plate issued for the
39 vehicle."

40 **SECTION 8.2.(b)** This section becomes effective July 1, 2016.

41
42 **PART IX. CAPITAL**

43

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
House Bill 259

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

H259-AMDF-87 [v.2]

Page 17 of 22

1 **SECTION 9.1.** Section 31.4.(a) of S.L. 2015-241 reads as rewritten:

2 **"SECTION 31.4.(a)** The General Assembly authorizes the following capital projects to be
3 funded with receipts or from other non-General Fund sources available to the appropriate
4 department:

Amount of Non-General Fund

5 ...

6 Department of Environment and Natural Resources

7 Fort Fisher ~~Aquarium Seawall~~ Aquarium Salt Water Well 590,000 590,000

8 ..."

9 **SECTION 9.2.** Section 31.8(c) of S.L. 2015-241 reads as rewritten:

10 **"SECTION 31.8.(c)** Notwithstanding subsection (a) of this section, the sum of two
11 hundred fifty thousand dollars (\$250,000) of the funds appropriated in Section ~~31.2(a)~~ 31.2 of
12 this act for armory and facility development projects in the 2015-2016 fiscal year shall be used
13 to provide ~~a State match to federal funds~~ for planning and construction of a North Carolina
14 National Guard facility to be located within 10 miles of the 420 acres surrounding the latitude
15 and longitude point 35°11.0994'N – 082°37.1166'W. The Department shall consult with the
16 North Carolina National Guard in the design and site selection of the facility. Funds allocated
17 pursuant to this subsection shall not revert at the end of the 2015-2016 fiscal year but shall be
18 retained by the Department until the facility is completed or June 30, 2020, whichever first
19 occurs."

20 **SECTION 9.3.** G.S. 143C-3-3, as amended by Section 31.9 of S.L. 2015-241 reads
21 as rewritten:

22 **"§ 143C-3-3. Budget requests from State agencies in the executive branch.**

23 ...

24 (b) University of North Carolina System Request. – Notwithstanding the requirement in
25 G.S. 116-11 that the Board of Governors prepare a unified budget request for all of the
26 constituent institutions of The University of North Carolina, budget requests of the University
27 shall be subject to all of the following:

28 ...

29 (2) The University of North Carolina shall not make a capital funds request
30 proposing to construct a new facility, expand the building area (square feet)
31 of an existing facility, or rehabilitate an existing facility to accommodate
32 new or expanded uses unless the University has completed advanced
33 planning through schematic design of the project with funds other than
34 General Fund appropriations. For purposes of this subdivision, 'funds other
35 than General Fund appropriations' includes funds carried forward from one
36 fiscal year to another pursuant to G.S. 116-30.3 and G.S. 116-30.3B.

37 "

38 **PART X. FINANCE PROVISIONS**

39 **SECTION 10.1.(a)** G.S. 105-122(b)(1), as amended by S.L. 2015-241, reads as
40 rewritten:

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
House Bill 259

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

H259-AMDF-87 [v.2]

Page 18 of 22

1 "(b) Determination of Net Worth. – A corporation taxed under this section shall
2 determine the total amount of its net worth. The net worth of a corporation is its total assets
3 without regard to the deduction for accumulated depreciation, depletion, or amortization less its
4 total liabilities, computed in accordance with generally accepted accounting principles as of the
5 end of the corporation's taxable year. If the corporation does not maintain its books and records
6 in accordance with generally accepted accounting principles, then its net worth is computed in
7 accordance with the accounting method used by the entity for federal tax purposes so long as
8 the method fairly reflects the corporation's net worth for purposes of the tax levied by this
9 section. A corporation's net worth is subject to the following adjustments:

10 (1) A deduction for accumulated depreciation, depletion, and amortization ~~is as~~
11 determined in accordance with the method used for federal tax purposes."

12 **SECTION 10.1.(b)** G.S. 105-129.103(h), as enacted by S.L. 2015-241, reads as
13 rewritten:

14 "(h) Substantiation. – To claim a credit allowed by this Article, the taxpayer must
15 provide any information required by the Secretary of Revenue, including a copy of the
16 certification obtained from the State Historic Preservation Office verifying that the historic
17 structure has been rehabilitated in accordance with the requirements set out in this Article, and
18 a copy of the eligibility certification if the historic structure is located in an eligible targeted
19 investment site and the ~~target~~ targeted investment bonus is claimed. Every taxpayer claiming a
20 credit under this Article must maintain and make available for inspection by the Secretary of
21 Revenue any records the Secretary considers necessary to determine and verify the amount of
22 the credit to which the taxpayer is entitled. The burden of proving eligibility for the credit and
23 the amount of the credit rests upon the taxpayer, and no credit may be allowed to a taxpayer
24 that fails to maintain adequate records or to make them available for inspection."

25 **SECTION 10.1.(c)** Section 32.14(d) of S.L. 2015-241 reads as rewritten:

26 "**SECTION 32.14.(d)** Effective for taxable years beginning on or after January 1, 2018,
27 G.S. 105-130.4(a)(6), ~~(a)(9), (a)(4),~~ (j), (k), (r), and (s1) are repealed."

28 **SECTION 10.1.(d)** Section 29.34A(c) of S.L. 2015-241 reads as rewritten:

29 "**SECTION 29.34A.(c)** This section becomes effective January 1, 2016, and applies to
30 sales made on or after that ~~date~~ date, or, for purposes of G.S. 105-187.5, a lease or rental
31 agreement entered into on or after that date."

32 **SECTION 10.1.(e1)** G.S. 105-524, as enacted by Section 32.19(b) of S.L.
33 2015-241, reads as rewritten:

34 "**§ 105-524. Distribution of additional sales tax revenue for economic development, public
35 education, and community colleges.**

36 ...

37 (b) Distribution Amount. – The Secretary must calculate a distribution amount in
38 conformity with this section. The Secretary must deduct this ~~amount proportionately,~~ amount, in
39 equal installments, proportionately from the collections to be allocated each month for
40 distribution under G.S. 105-466, 105-483, and 105-498. For Article 39 and Chapter 1096 of the
41 1967 Session Laws and Articles 40 and 42 of this Chapter, excluding the revenue allocated
42 under G.S. 105-469. The deduction made under this section from Articles 39, 40, and 42 of this

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
House Bill 259

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

H259-AMDF-87 [v.2]

Page 19 of 22

1 ~~Chapter shall not be included in the calculations made under G.S. 105-469, 105-522, and~~
2 ~~105-523.~~

3 For the fiscal year beginning July 1, 2016, the distribution amount is eighty-four million
4 eight hundred thousand dollars (\$84,800,000). For fiscal years beginning on or after July 1,
5 2017, the distribution amount is the amount for the preceding year, adjusted by the same
6 percentage of this amount as the percentage change of the total collection of local sales and use
7 taxes levied under ~~Articles 39, 40, and 42 of this Chapter~~ Article 39 of this Chapter and
8 ~~Chapter 1096 of the 1967 Session Laws and Articles 40 and 42 of this Chapter~~ for the
9 preceding fiscal year.

10 (c) County Allocation. – The Secretary must, on a monthly basis, allocate to each
11 taxing county an amount equal to one-twelfth of the distribution amount calculated under
12 subsection (b) of this section multiplied by the ~~following~~ appropriate allocation
13 ~~percentage:percentage.~~ If, after applying the allocation percentages in this section, the resulting
14 total of the amounts allocated is greater or lesser than the net proceeds to be distributed, the
15 amount allocated to each county shall be proportionally adjusted to eliminate the excess or
16 shortage. The allocation percentages are as follows:

17 ...

18 (e) State Contribution. – For fiscal years beginning on or after July 1, 2016, the
19 Secretary must annually withhold, in equal monthly installments, seventeen million six hundred
20 thousand dollars (\$17,600,000) from sales and use tax collections under Article 5 of this
21 Chapter. The Secretary must allocate the monthly amount withheld under this subsection to the
22 taxing counties as follows:

- 23 (1) Fifty percent (50%) in the distribution made under Article 39 of this
24 ~~Chapter~~ Chapter and Chapter 1096 of the 1967 Session Laws, not including
25 the revenue allocated under G.S. 105-469.
- 26 (2) Twenty-five percent (25%) in the distribution made under Article 40 of this
27 ~~Chapter~~ Chapter, not including the calculation of the adjustment pursuant to
28 G.S. 105-486(b).
- 29 (3) Twenty-five percent (25%) in the distribution made under Article 42 of this
30 Chapter.

31 ...

32 (g) Adjustments. – The adjustments made under this section to Article 39 of this
33 Chapter and Chapter 1096 of the 1967 Session Laws and Articles 40 and 42 of this Chapter
34 shall not be included in the calculations made under G.S. 105-469, 105-522, and 105-523."

35 **SECTION 10.1.(e2)** G.S. 105-469(a) reads as rewritten:

36 "(a) The Secretary shall collect and administer a tax levied by a county pursuant to this
37 Article. As directed by G.S. 105-164.13B, taxes levied by a county on food are administered as
38 if they were levied by the State under Article 5 of this Chapter. The references in this section to
39 Article 39 of this Chapter and Chapter 1096 of the 1967 Session Laws and Articles 40 and 42
40 of this Chapter do not include the adjustments made pursuant to G.S. 105-524. The Secretary
41 must, on a monthly basis, distribute local taxes levied on food to the taxing counties as follows:

42"

43 **SECTION 10.1.(e3)** G.S. 105-522(a)(2) reads as rewritten:

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
House Bill 259

AMENDMENT NO. _____

(to be filled in by
Principal Clerk)

H259-AMDF-87 [v.2]

Page 20 of 22

1 "(2) Hold harmless amount. – The sum of the following amounts allocated for
2 distribution to a municipality for a ~~month~~ month. The references in this
3 subdivision to Article 39 of this Chapter and Chapter 1096 of the 1967
4 Session Laws and Articles 40 and 42 of this Chapter do not include the
5 adjustment made pursuant to G.S. 105-524. The amounts are as follows:

6 "

7 **SECTION 10.1.(e4)** G.S. 105-523(b)(3) reads as rewritten:

8 "(3) Repealed sales tax amount. – The sum of the following amounts allocated
9 for distribution to a county for a ~~month~~ month. The references in this
10 subdivision to Article 39 of this Chapter and Chapter 1096 of the 1967
11 Session Laws and Articles 40 and 42 of this Chapter do not include the
12 adjustment made pursuant to G.S. 105-524. The amounts are as follows:

13 "

14 **SECTION 10.1.(f)** G.S. 105-130.3C(a), as rewritten by Section 32.13(b) of S.L.
15 2015-241, reads as rewritten:

16 "(a) Trigger. –When the amount of net General Fund tax collected in a fiscal year
17 exceeds twenty billion nine hundred seventy-five million dollars
18 ~~(\$20,975,000)~~, (\$20,975,000,000), the rate of tax set in G.S. 105-130.3 must be decreased to
19 three percent (3%) effective for the taxable year that begins on the following January 1. The
20 Secretary must notify taxpayers if the rate decreases under this section."

21 **SECTION 10.1.(g)** G.S. 105-164.3(38b), as rewritten by Section 32.18(a) of S.L.
22 2015-241, reads as rewritten:

23 "(38b) Service contract. – A contract where the obligor under the contract agrees to
24 maintain or repair tangible personal property, regardless of whether the
25 property ~~is~~ becomes a part of or is affixed to real property, or a motor
26 vehicle. Examples of a service contract include a warranty agreement other
27 than a manufacturer's warranty or dealer's warranty provided at no charge to
28 the purchaser, an extended warranty agreement, a maintenance agreement, a
29 repair contract, or a similar agreement or contract."

30 **SECTION 10.1.(h)** Section 32.13.(h) of S.L. 2015-241 reads as rewritten:

31 "**SECTION 32.13.(h)** Subsection (g) of this section becomes effective July 1, June 30,
32 2016. The remainder of this section becomes effective for taxable years beginning on or after
33 January 1, 2016."

34 **SECTION 10.1.(i)** Subsections (b) and (f) of this section becomes effective for
35 taxable years beginning on or after January 1, 2016. Subsection (g) of this section becomes
36 effective March 1, 2016, and applies to sales occurring on or after that date. Subsections (e1)
37 to (e4) of this section becomes effective July 1, 2016, and applies to local option sales taxes
38 collected on or after that date and distributed to counties and cities on or after September 1,
39 2016. Subsection (a) of this section becomes effective January 1, 2017, for taxes due on or
40 after that date. The remainder of this section is effective when it becomes law.

41 **SECTION 10.2.** Section 32.14A of S.L. 2015-241 is amended by rewriting
42 subsections (a) through (f) to read:

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
House Bill 259

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

H259-AMDF-87 [v.2]

Page 21 of 22

1 **"SECTION 32.14A.(a)** The Revenue Laws Study Committee is directed to study the
2 calculation of the sales factor under G.S. 105-130.4(l) using market-based sourcing. To help the
3 Committee determine the effect of market-based sourcing on State revenues and corporate
4 taxpayers, each corporate taxpayer that satisfies the following requirements with respect to the
5 taxable year beginning in 2014 is required to file an informational report with the Department
6 of Revenue as provided in this section:

- 7 (1) The taxpayer had apportionable income greater than ten million dollars
8 (\$10,000,000).
9 (2) The taxpayer had a North Carolina apportionment percentage less than one
10 hundred percent (100%).
11 (3) The taxpayer was subject to apportionment of income based in whole or in
12 part on the sales factor as determined under G.S. 105-130.4(l).

13 **SECTION 32.14A.(b)** The Department of Revenue must publish guidelines for computing
14 the sales factor based on market-based sourcing. The guidelines required by this subsection are
15 not subject to the provisions of Chapter 150B of the General Statutes with respect to
16 rulemaking. The guidelines published by the Department of Revenue must be based on the
17 following:

- 18 (1) Market-based sourcing of receipts based on the following principles:
19 a. In the case of sale, rental, lease, or license of real property, if and to
20 the extent the property is located in this State.
21 b. In the case of rental, lease, or license of tangible personal property, if
22 and to the extent the property is located in this State.
23 c. In the case of sale of a service, if and to the extent the service is
24 delivered to a location in this State.
25 d. In the case of intangible property that is rented, leased, or licensed, if
26 and to the extent the property is used in this State. Intangible
27 property utilized in marketing a good or service to a consumer is
28 "used in this State" if that good or service is purchased by a
29 consumer who is in this State.
30 e. In the case of intangible property that is sold, if and to the extent the
31 property is used in this State. A contract right, government license, or
32 similar intangible property that authorizes the holder to conduct a
33 business activity in a specific geographic area is "used in this State"
34 if the geographic area includes all or part of this State. Receipts from
35 intangible property sales that are contingent on the productivity, use,
36 or disposition of the intangible property shall be treated as receipts
37 from the rental, lease, or licensing of the intangible property as
38 provided under subdivision (4) of this subsection. All other receipts
39 from a sale of intangible property shall be excluded from the
40 numerator and denominator of the sales factor.
41 (2) The most recent model regulations with respect to market-based sourcing
42 drafted by the UDITPA Section 17 Work Group convened by the Multistate
43 Tax Commission.

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
House Bill 259

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

H259-AMDF-87 [v.2]

Page 22 of 22

1 (3) Any other model apportionment regulations and model statutes with respect
2 to the allocation and apportionment of income consistent with those adopted
3 by the Multistate Tax Commission and that are not inconsistent with the
4 principles outlined in subdivision (1) of this subsection.

5 **SECTION 32.14A.(c)** The guidelines required by subsection (b) of this section apply to
6 the informational report required by this section only. These guidelines may not be used by the
7 Department of Revenue for any other purpose without further legislative authorization and
8 compliance with the provisions of Chapter 150B of the General Statutes with respect to
9 rulemaking.

10 **SECTION 32.14A.(d)** The informational report must be in a form required by the
11 Secretary of Revenue and contain the following information:

12 (1) The apportionment percentage and sales factor used with respect to the
13 corporation's 2014 North Carolina corporate tax return.

14 (2) The apportionment percentage and sales factor as calculated under
15 subsection (b) of this section with respect to the corporation's 2014 taxable
16 year.

17 (3) The primary economic sector under NAICS in which the corporation has
18 business activities. The term "NAICS" has the same meaning as defined in
19 G.S. 105-228.90.

20 (4) Any other information prescribed by the Secretary.

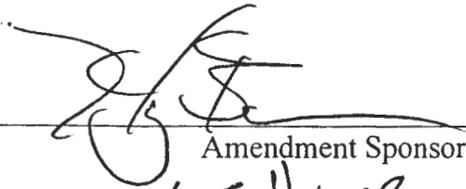
21 **SECTION 32.14A.(e)** The informational report is due by April 15, 2016. A taxpayer may
22 not request an extension of time to file the informational report. The Secretary shall assess a
23 civil penalty of five thousand dollars (\$5,000) for failure to timely file an informational report
24 required under this section. The Secretary may reduce or waive the penalty as provided in
25 G.S. 105-237.

26 **SECTION 32.14A.(f)** This section is effective when it becomes law."
27

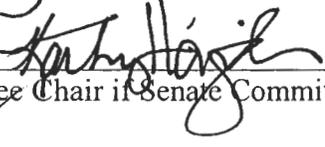
28 **PART XI. EFFECTIVE DATE**

29 **SECTION 11.1.** Except as otherwise provided, this act is becomes effective July 1,
30 2015."

SIGNED _____


Amendment Sponsor

SIGNED _____


Committee Chair if Senate Committee Amendment

ADOPTED _____

FAILED _____

TABLED _____

Comm. Amend. <input checked="" type="checkbox"/>
Adopted and Engrossed Pursuant to Rule 45.1
SEP 29 2015




ADOPTED

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
House Bill 259

Committee

AMENDMENT NO. 2

(to be filled in by
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H259-AMK-70 [v.3]

Page 1 of 1

Amends Title [NO]
First Edition

Date 9.29, 2015

Senator Apodaca

1 moves to amend Amendment 1 on page 6, lines 22-23, by inserting between those lines the
2 following:

3
4 "SECTION 3.10. S.L. 2015-241 is amended by adding the following new section
5 to read:

6 "MOUNTAIN AREA HEALTH EDUCATION CENTER FUNDS

7 "SECTION 11.26. Notwithstanding any provision of this act to the contrary, the
8 funds appropriated to the Mountain Area Health Education Center (MAHEC) in this act for the
9 2015-2017 fiscal biennium may be used for psychiatry residencies in the MAHEC service
10 area.""

11
12

SIGNED [Signature]
Amendment Sponsor

SIGNED [Signature]
Committee Chair if Senate Committee Amendment

ADOPTED FAILED TABLED

Comm. Amend. 2
Adopted ~~2015-09-29~~
Pursuant to Rule 45.1
SEP 29 2015
[Signature]



* H 2 5 9 - A M K - 7 0 - V - 3 *





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Senate Appropriations

(Committee Name)

9-29-15

Date

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Jaime Amore	LAAC
Chris [unclear]	DOJ
Johanna Reese	NCAAC
Tom Wort	NCEC
Mary [unclear]	NCCCS
Rachel [unclear]	NCDPI
Jeanette Kappas	UNIC [unclear]
Kara Weishaar	SA
Sgt [unclear]	[unclear]
Hayden Burgess	FSP
Sarah Beale	BCA
Jonathan Bullock	BCA
[unclear]	[unclear]
[unclear]	CBS
JESSE BARNHART	MWC
M. William D. Tolman	MWC LLC



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Senate Appropriations

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STANLEY	DST
SuanVie	Duke
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Allen Pridmore	NCRBA
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CADY Thomas	Focus Contina
Steve Marge	NCRLA
David Lan	SA
Andy Elle	NYM
John [unclear]	NCRA
Bill SCOBIN	TS
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Senator Jim Davis
Member



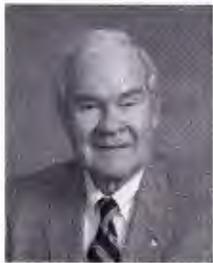
Senator Joel Ford
Member



Senator Valerie Foushee
Member



Senator Ralph Hise
Member



Senator Louis Pate
Member



Senator Bill Rabon
Member



Senator Shirley Randleman
Member



Senator Gladys Robinson
Member



Senator Bob Rucho
Member



Senator Dan Soucek
Member



Senator Jerry Tillman
Member



Senator Tommy Tucker
Member



Senator Trudy Wade
Member



North Carolina General Assembly
 Through Senate Committee on
 Appropriations/Base Budget

2015-2016 Biennium
 Leg. Day: H-176/S-181

Date: 07/06/2016
 Time: 11:11:28 AM

Bill	Introducer	Short Title	Latest Action	Date In	Date Out
\$ H 18	Martin	Continuing Budget Authority.	*R Ch. SL 2015-233	05/13/2015	08/27/2015
\$ H 97	Dollar	2015 Appropriations Act.	*R Ch. SL 2015-241	05/26/2015	06/16/2015
<u>H 100</u>	Cleveland	Local Government Immigration Compliance.	*H Ref To Com On Rules, Calendar, and Operations of the House	06/21/2016	06/24/2016
<u>H 117</u>	Martin	NC Competes Act.	*R Ch. SL 2015-259	08/06/2015	08/10/2015
<u>H 168</u>	Hager	Exempt Builders' Inventory.	*R Ch. SL 2015-223	07/22/2015	08/04/2015
<u>H 211</u>	Stevens	Expand Use of Toxicology Funds.	*S Re-ref Com On Appropriations/Base Budget	05/22/2015	
\$ H 259	Cleveland	General Government Technical Corrections.-AB	*R Ch. SL 2015-268	05/22/2015	09/29/2015
<u>H 303</u>	Horn	Dispute Resolution Amendments.	*S Re-ref Com On Rules and Operations of the Senate	05/19/2015	06/24/2016
<u>H 372</u>	Dollar	Medicaid Transformation and Reorganization.	*R Ch. SL 2015-245	08/06/2015	08/10/2015
<u>H 709</u>	Martin	NCNG Tuition Assistance Benefit Amendment.	R Ch. SL 2015-298	07/22/2015	09/15/2015
\$ H 805	Blackwell	Measurability Assessments/Budget Tech. Corr.	*H Pres. To Gov. 7/1/2016	06/28/2016	06/30/2016
<u>H 842</u>	Martin	Medicaid Waiver Protections/Military Families.	*H Pres. To Gov. 6/29/2016	06/24/2016	06/24/2016
<u>H 995</u>	Stevens	Motions for Appropriate Relief.	S Re-ref Com On Appropriations/Base Budget	05/26/2016	
\$ H1030	Dollar	2016 Appropriations Act.	*H Pres. To Gov. 7/1/2016	05/23/2016	06/01/2016
<u>S 6</u>	Tillman	State Health Plan/Rehired Retiree Eligibility.	*H Ref to the Com on State Personnel, if favorable, Appropriations	03/24/2015	03/24/2015

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North Carolina General Assembly
 Through Senate Committee on
 Appropriations/Base Budget

<u>S 14</u>	Brown	Acad. Standards/Rules Review/Coal Ash/Funds.	*R	Ch. SL 2015-7	02/02/2015	02/03/2015
<u>S 20</u>	Rabon	IRC Update/Motor Fuel Tax Changes.	*R	Ch. SL 2015-2	02/10/2015	02/10/2015
<u>S 61</u>	Bingham	Death Certificates Without Charge/Veterans.	S	Re-ref to Health Care. If fav, re-ref to Appropriations/Base Budget	02/11/2015	04/27/2015
<u>S 87</u>	Hise	Funds/Health Information Exchange.	S	Ref To Com On Appropriations/Base Budget	02/16/2015	
\$ S 91	Hartsell	SOG Pilot Project Standards.	S	Re-ref Com On Appropriations/Base Budget	02/23/2015	
<u>S 92</u>	Hartsell	Codifier of Rules appointment.	S	Re-ref Com On Appropriations/Base Budget	02/23/2015	
\$ S 102	Curtis	Child Advocacy Center Funds.	S	Ref To Com On Appropriations/Base Budget	02/23/2015	
<u>S 106</u>	Brown	Modify Farmland Preservation T.F. Match.	S	Ref To Com On Appropriations/Base Budget	02/23/2015	
<u>S 110</u>	Rabon	Phase Out Certain HF Transfers.	S	Re-ref to Appropriations/Base Budget. If fav, re-ref to Transportation	03/02/2015	
\$ S 121	Tillman	The Excellence in School Leadership Act.	S	Re-ref Com On Appropriations/Base Budget	03/09/2015	
<u>S 124</u>	Hartsell	Assumed Bus. Name/IC Contempt/Parks.	*S	Pres. To Gov. 7/1/2016	03/17/2015	04/27/2015
<u>S 124</u>	Hartsell	Assumed Bus. Name/IC Contempt/Parks.	*S	Pres. To Gov. 7/1/2016	04/28/2015	04/28/2015
<u>S 160</u>	Lee	Official State Veterans Day Parade.	*R	Ch. SL 2016-33	03/30/2015	04/01/2015
\$ S 186	Brown	Appropriations Act of 2015.	S	Re-ref Com On Appropriations/Base Budget	03/09/2015	
\$ S 189	Harrington	Appropriations Act of 2015.	S	Re-ref Com On Appropriations/Base Budget	03/16/2015	
\$ S 191	Cook	Dare Magistrate Funds.	S	Re-ref Com On Appropriations/Base Budget	03/18/2015	
<u>S 198</u>	Robinson	Persons Under 18 in Confinement Facilities.	*S	Re-ref Com On Appropriations/Base Budget	04/21/2015	

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North Carolina General Assembly
 Through Senate Committee on
 Appropriations/Base Budget

\$ S 206	Jackson	Appropriations Act of 2015.	S	Re-ref Com On Appropriations/Base Budget	03/16/2015	
<u>S 235</u>	Hartsell	Establish Advisory Council on Rare Diseases.	*S	Re-ref Com On Appropriations/Base Budget	04/21/2015	
<u>S 237</u>	Stein	Education-Based Salary Supplements.	S	Re-ref Com On Appropriations/Base Budget	03/23/2015	
\$ S 245	Smith	Exploration Station/Grassroots Science Funds.	S	Re-ref Com On Appropriations/Base Budget	03/23/2015	
<u>S 250</u>	Jackson	Restore Aid to County Veterans Services.	S	Re-ref Com On Appropriations/Base Budget	03/23/2015	
<u>S 268</u>	Tarte	Create Department of Information Technology.-AB	S	Re-ref Com On Appropriations/Base Budget	03/23/2015	
<u>S 290</u>	Curtis	Allow Early Refills of Prescription Eye Drops.	S	Re-ref Com On Insurance	03/31/2015	04/06/2015
<u>S 291</u>	Hartsell	Extend Overnight Respite Pilot Program.	*R	Ch. SL 2015-52	04/01/2015	04/29/2015
\$ S 296	Davis	Healthy Food Small Retailer/Corner Store Act.	S	Re-ref to Appropriations/Base Budget. If fav, re-ref to Health Care	03/25/2015	
<u>S 326</u>	Gunn	Local Gov'ts/Bldgs/Structures/Inspections.	*S	Pres. To Gov. 7/1/2016	03/23/2015	03/24/2015
<u>S 342</u>	Lowe	Econ. Dev./JDIG Extension.	S	Re-ref to Appropriations/Base Budget. If fav, re-ref to Commerce	03/25/2015	
<u>S 344</u>	Tillman	Administration/NC Education Endowment Fund.	S	Re-ref to Appropriations/Base Budget. If fav, re-ref to Education/Higher Education	03/25/2015	
<u>S 351</u>	Stein	Collect DNA All Violent Felony Arrests.	S	Re-ref Com On Appropriations/Base Budget	05/07/2015	
\$ S 352	Stein	State Crime Lab Capacity Act/Funds.	S	Re-ref Com On Appropriations/Base Budget	03/25/2015	
<u>S 401</u>	Barringer	Pilot/Sports for Students w/ Disabilities.	S	Re-ref Com On Appropriations/Base Budget	04/22/2015	
\$ S 409	Davis	Need-Based Scholars/Private Colleges.	S	Re-ref Com On Appropriations/Base Budget	03/30/2015	

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North Carolina General Assembly
 Through Senate Committee on
 Appropriations/Base Budget

\$ S 410	Davis	Funds for ECU School of Medicine.	S	Re-ref Com On Appropriations/Base Budget	03/30/2015	
<u>S 420</u>	Hise	Accountability for Taxpayer Investment Board.	*S	Re-ref Com On Appropriations/Base Budget	04/22/2015	
\$ S 424	Barringer	Fostering Success.	*S	Re-ref Com On Appropriations/Base Budget	06/02/2015	
<u>S 427</u>	Brock	NC-Thinks/Awards Allocation Changes.	S	Re-ref Com On Appropriations/Base Budget	03/30/2015	
\$ S 444	Apodaca	Teacher Compensation Modifications.	S	Ref To Com On Appropriations/Base Budget	03/26/2015	
\$ S 464	Hartsell	Funds to Implement UNC Strategic Plan.	S	Re-ref Com On Appropriations/Base Budget	03/30/2015	
<u>S 481</u>	Barringer	Fund Sm Business/DOR Rulings/City Rt of Way.	*S	Pres. To Gov. 6/29/2016	06/15/2016	06/16/2016
<u>S 486</u>	Brock	NC Trail Expansion/Economic Corridors.	*S	Re-ref Com On Rules and Operations of the Senate	05/20/2015	05/21/2015
\$ S 495	Davis	Provide Funding/NC Military Business Centers.	S	Re-ref Com On Appropriations/Base Budget	03/30/2015	
\$ S 510	Lee	NCVPS/Equal Access to Education.	S	Re-ref to Appropriations/Base Budget. If fav, re-ref to Education/Higher Education	03/30/2015	
\$ S 517	Davis	Teachers/Isolated K-12 Schools.	S	Re-ref to Appropriations/Base Budget. If fav, re-ref to Education/Higher Education	03/30/2015	
<u>S 539</u>	Rabon	DOT/Workforce Reduction Compliance.	*S	Re-ref Com On Rules and Operations of the Senate	04/22/2015	04/23/2015
<u>S 556</u>	Harrington	Capital Improvement Reform.	S	Re-ref Com On Appropriations/Base Budget	04/09/2015	
\$ S 616	Smith-Ingram	Commerce NCWorks/Funds.	S	Re-ref Com On Appropriations/Base Budget	07/22/2015	
<u>S 713</u>	Brown	2015 Governor's Budget.	S	Ref To Com On Appropriations/Base Budget	04/20/2015	

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North Carolina General Assembly
 Through Senate Committee on
 Appropriations/Base Budget

<u>S 724</u>	Harrington	Enhance Oversight of Certain Capital Projects.	S	Ref To Com On Appropriations/Base Budget	04/26/2016
\$ S 754	Bingham	Prevent Squatting in Foreclosed Real Property.	*S	Re-ref Com On Appropriations/Base Budget	05/17/2016
\$ S 756	McInnis	Restoration of Funds to Richmond County.	S	Ref To Com On Appropriations/Base Budget	04/27/2016
\$ S 759	Bingham	Funds/Youth Tobacco Use Prevention.	S	Ref To Com On Appropriations/Base Budget	04/27/2016
<u>S 761</u>	Davis	Short-Line RRs Assistance.	S	Re-ref Com On Appropriations/Base Budget	05/11/2016
\$ S 772	Rabon	Rename Cape Fear River Bridge at Tar Heel.	S	Re-ref Com On Appropriations/Base Budget	05/11/2016
\$ S 776	Brown	Appropriations Act of 2016.	S	Ref To Com On Appropriations/Base Budget	04/28/2016
\$ S 784	Van Duyn	Repeal HB2/Fund Human Relations Comm.	S	Ref to Appropriations/Base Budget. If fav, re-ref to Ways & Means	04/28/2016
\$ S 786	Harrington	Appropriations Act of 2016.	S	Ref To Com On Appropriations/Base Budget	05/02/2016
\$ S 811	Brown	Lottery Funds for School Construction.	S	Ref To Com On Appropriations/Base Budget	05/04/2016
\$ S 816	Waddell	Raise Teacher Pay.	S	Ref To Com On Appropriations/Base Budget	05/05/2016
\$ S 820	Jackson	Appropriations Act of 2016.	S	Ref To Com On Appropriations/Base Budget	05/10/2016
<u>S 825</u>	Wells	Expand Hospital Disclosure Requirements.	*S	Re-ref Com On Appropriations/Base Budget	05/17/2016
\$ S 834	Daniel	Give Retirees 1.5% COLA/Funds.	S	Ref To Com On Appropriations/Base Budget	05/11/2016
\$ S 841	Hise	Medicaid Eligibility Timeliness/Funds.	S	Re-ref Com On Appropriations/Base Budget	05/17/2016

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North Carolina General Assembly
Through Senate Committee on
Appropriations/Base Budget

<u>S 847</u> Brown	Budget Stability and Continuity Act of 2016.	S	Ref To Com On Appropriations/Base Budget	05/11/2016	
<u>S 873</u> Apodaca	Access to Affordable College Ed. Act.	*S	Re-ref Com On Rules and Operations of the Senate	05/25/2016	05/25/2016
\$ S 885 Brown	2016 Governor's Budget.	S	Ref To Com On Appropriations/Base Budget	05/23/2016	

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2015-2016 Biennium
 Leg. Day: H-176/S-181

Date: 07/06/2016
 Time: 11:10:43 AM

Bill	Introducer	Short Title		Date	Latest Action
<u>H 211</u>	Stevens	Expand Use of Toxicology Funds.	*S	05-22-2015	Re-ref Com On Appropriations/Base Budget
<u>H 995</u> =	Stevens	Motions for Appropriate Relief.	S	05-26-2016	Re-ref Com On Appropriations/Base Budget
<u>S 87</u>	Hise	Funds/Health Information Exchange.	S	02-16-2015	Ref To Com On Appropriations/Base Budget
\$ S 91 =	Hartsell	SOG Pilot Project Standards.	S	02-23-2015	Re-ref Com On Appropriations/Base Budget
<u>S 92</u> =	Hartsell	Codifier of Rules appointment.	S	02-23-2015	Re-ref Com On Appropriations/Base Budget
\$ S 102 =	Curtis	Child Advocacy Center Funds.	S	02-23-2015	Ref To Com On Appropriations/Base Budget
<u>S 106</u>	Brown	Modify Farmland Preservation T.F. Match.	S	02-23-2015	Ref To Com On Appropriations/Base Budget
<u>S 110</u> =	Rabon	Phase Out Certain HF Transfers.	S	03-02-2015	Re-ref to Appropriations/Base Budget. If fav, re-ref to Transportation
\$ S 121	Tillman	The Excellence in School Leadership Act.	S	03-09-2015	Re-ref Com On Appropriations/Base Budget
\$ S 186	Brown	Appropriations Act of 2015.	S	03-09-2015	Re-ref Com On Appropriations/Base Budget
\$ S 189	Harrington	Appropriations Act of 2015.	S	03-16-2015	Re-ref Com On Appropriations/Base Budget
\$ S 191	Cook	Dare Magistrate Funds.	S	03-18-2015	Re-ref Com On Appropriations/Base Budget
<u>S 198</u>	Robinson	Persons Under 18 in Confinement Facilities.	*S	04-21-2015	Re-ref Com On Appropriations/Base Budget
\$ S 206	Jackson	Appropriations Act of 2015.	S	03-16-2015	Re-ref Com On Appropriations/Base Budget
<u>S 235</u>	Hartsell	Establish Advisory Council on Rare Diseases.	*S	04-21-2015	Re-ref Com On Appropriations/Base Budget
<u>S 237</u>	Stein	Education-Based Salary Supplements.	S	03-23-2015	Re-ref Com On Appropriations/Base Budget
\$ S 245	Smith	Exploration Station/Grassroots Science Funds.	S	03-23-2015	Re-ref Com On Appropriations/Base Budget
<u>S 250</u>	Jackson	Restore Aid to County Veterans Services.	S	03-23-2015	Re-ref Com On Appropriations/Base Budget

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North Carolina General Assembly
 Pending Senate Committee on
 Appropriations/Base Budget

<u>S 268</u>	= Tarte	Create Department of Information Technology.-AB	S	03-23-2015	Re-ref Com On Appropriations/Base Budget
\$ S 296	= Davis	Healthy Food Small Retailer/Corner Store Act.	S	03-25-2015	Re-ref to Appropriations/Base Budget. If fav, re-ref to Health Care
<u>S 342</u>	Lowe	Econ. Dev./JDIG Extension.	S	03-25-2015	Re-ref to Appropriations/Base Budget. If fav, re-ref to Commerce
<u>S 344</u>	Tillman	Administration/NC Education Endowment Fund.	S	03-25-2015	Re-ref to Appropriations/Base Budget. If fav, re-ref to Education/Higher Education
<u>S 351</u>	Stein	Collect DNA All Violent Felony Arrests.	S	05-07-2015	Re-ref Com On Appropriations/Base Budget
\$ S 352	Stein	State Crime Lab Capacity Act/Funds.	S	03-25-2015	Re-ref Com On Appropriations/Base Budget
<u>S 401</u>	= Barringer	Pilot/Sports for Students w/ Disabilities.	S	04-22-2015	Re-ref Com On Appropriations/Base Budget
\$ S 409	Davis	Need-Based Scholars/Private Colleges.	S	03-30-2015	Re-ref Com On Appropriations/Base Budget
\$ S 410	Davis	Funds for ECU School of Medicine.	S	03-30-2015	Re-ref Com On Appropriations/Base Budget
<u>S 420</u>	Hise	Accountability for Taxpayer Investment Board.	*S	04-22-2015	Re-ref Com On Appropriations/Base Budget
\$ S 424	Barringer	Fostering Success.	*S	06-02-2015	Re-ref Com On Appropriations/Base Budget
<u>S 427</u>	Brock	NC-Thinks/Awards Allocation Changes.	S	03-30-2015	Re-ref Com On Appropriations/Base Budget
\$ S 444	Apodaca	Teacher Compensation Modifications.	S	03-26-2015	Ref To Com On Appropriations/Base Budget
\$ S 464	Hartsell	Funds to Implement UNC Strategic Plan.	S	03-30-2015	Re-ref Com On Appropriations/Base Budget
\$ S 495	Davis	Provide Funding/NC Military Business Centers.	S	03-30-2015	Re-ref Com On Appropriations/Base Budget
\$ S 510	Lee	NCVPS/Equal Access to Education.	S	03-30-2015	Re-ref to Appropriations/Base Budget. If fav, re-ref to Education/Higher Education
\$ S 517	Davis	Teachers/Isolated K-12 Schools.	S	03-30-2015	Re-ref to Appropriations/Base Budget. If fav, re-ref to Education/Higher Education
<u>S 556</u>	Harrington	Capital Improvement Reform.	S	04-09-2015	Re-ref Com On Appropriations/Base Budget
\$ S 616	Smith-Ingram	Commerce NCWorks/Funds.	S	07-22-2015	Re-ref Com On Appropriations/Base Budget

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North Carolina General Assembly
 Pending Senate Committee on
 Appropriations/Base Budget

<u>S 713</u>	Brown	2015 Governor's Budget.	S	04-20-2015	Ref To Com On Appropriations/Base Budget
<u>S 724</u>	= Harrington	Enhance Oversight of Certain Capital Projects.	S	04-26-2016	Ref To Com On Appropriations/Base Budget
\$ <u>S 754</u>	Bingham	Prevent Squatting in Foreclosed Real Property.	*S	05-17-2016	Re-ref Com On Appropriations/Base Budget
\$ <u>S 756</u>	McInnis	Restoration of Funds to Richmond County.	S	04-27-2016	Ref To Com On Appropriations/Base Budget
\$ <u>S 759</u>	Bingham	Funds/Youth Tobacco Use Prevention.	S	04-27-2016	Ref To Com On Appropriations/Base Budget
<u>S 761</u>	Davis	Short-Line RRs Assistance.	S	05-11-2016	Re-ref Com On Appropriations/Base Budget
\$ <u>S 772</u>	= Rabon	Rename Cape Fear River Bridge at Tar Heel.	S	05-11-2016	Re-ref Com On Appropriations/Base Budget
\$ <u>S 776</u>	Brown	Appropriations Act of 2016.	S	04-28-2016	Ref To Com On Appropriations/Base Budget
\$ <u>S 784</u>	= Van Duyn	Repeal HB2/Fund Human Relations Comm.	S	04-28-2016	Ref to Appropriations/Base Budget. If fav, re-ref to Ways & Means
\$ <u>S 786</u>	Harrington	Appropriations Act of 2016.	S	05-02-2016	Ref To Com On Appropriations/Base Budget
\$ <u>S 811</u>	Brown	Lottery Funds for School Construction.	S	05-04-2016	Ref To Com On Appropriations/Base Budget
\$ <u>S 816</u>	Waddell	Raise Teacher Pay.	S	05-05-2016	Ref To Com On Appropriations/Base Budget
\$ <u>S 820</u>	Jackson	Appropriations Act of 2016.	S	05-10-2016	Ref To Com On Appropriations/Base Budget
<u>S 825</u>	Wells	Expand Hospital Disclosure Requirements.	*S	05-17-2016	Re-ref Com On Appropriations/Base Budget
\$ <u>S 834</u>	Daniel	Give Retirees 1.5% COLA/Funds.	S	05-11-2016	Ref To Com On Appropriations/Base Budget
\$ <u>S 841</u>	= Hise	Medicaid Eligibility Timeliness/Funds.	S	05-17-2016	Re-ref Com On Appropriations/Base Budget
<u>S 847</u>	Brown	Budget Stability and Continuity Act of 2016.	S	05-11-2016	Ref To Com On Appropriations/Base Budget
\$ <u>S 885</u>	= Brown	2016 Governor's Budget.	S	05-23-2016	Ref To Com On Appropriations/Base Budget

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JOINT HOUSE and SENATE COMMITTEE ON APPROPRIATIONS
THE GOVERNOR'S PROPOSED BUDGET 2016 – 2017

Wednesday, April 27, 2016
9:00 a.m.
Room 643, Legislative Office Building

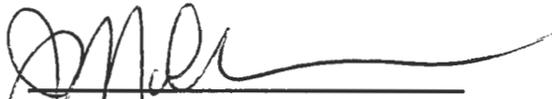
MINUTES

The Joint House and Senate Committee on Appropriations met at 9:00 a.m. on Wednesday, April 27th in Room 643 of the Legislative Office Building. Representative Nelson Dollar, Senior House Chair, presided. The purpose of the meeting was to receive the Governor's 2016- 2017 Recommended Budget.

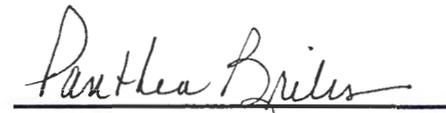
Chairman Dollar called the meeting to order at 9:05 a.m. He recognized the Sergeant-at Arms who were assisting staff and House Pages.

Chairman Dollar introduced Andrew Heath, State Budget Director. Mr. Heath presented a detailed briefing of the Governor's 2016 – 2017 Recommended Budget and provided an overview of priorities. Following the presentation, Chairman Dollar allowed questions from the floor.

The meeting adjourned at 10:45 a.m.



Representative Nelson Dollar
Presiding



Panthea Briles
Committee Clerk

ATTACHMENTS:

1. Agenda
2. Attendance Sheet
3. Governor's 2016-2017 Recommended Budget
4. Visitor's Log







14 11









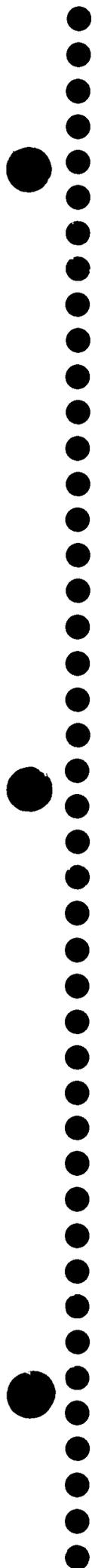


THE GOVERNOR'S RECOMMENDED BUDGET



Pat McCrory
Governor

2016 - 2017



Governor Pat McCrory's _____

RECOMMENDED BUDGET ADJUSTMENTS

_____ 2016-2017



Office of State Budget and Management

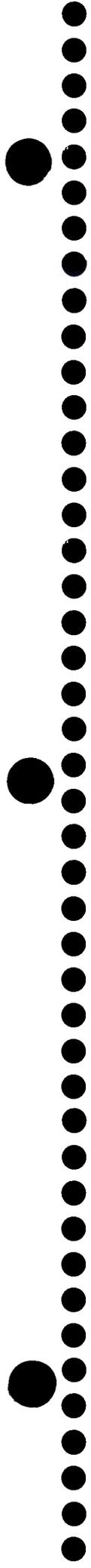
Office of the Governor
Raleigh, North Carolina

osbm.nc.gov

Andrew Heath, State Budget Director
Chloe Gossage, Chief Operating Officer
Nathan Knuffman, Deputy Director for Budget

April 2016

Questions about the Governor of North Carolina's Recommended Budget Adjustments, 2016-17 or requests for further information may be directed to the Office of State Budget and Management, 20320 Mail Service Center, Raleigh, NC 27699-0320, or telephone (919) 807-4700. The document may also be downloaded from the Office of State Budget and Management's website at osbm.nc.gov.



Introduction

Governor's recommended budget for the state

The purpose of this document is to summarize the governor's recommended state budget adjustments for fiscal year 2016-17. These recommended changes are based on the certified budget approved by the 2015 session of the General Assembly. This publication includes recommendations for expenditures from the General Fund, Highway Fund, and Highway Trust Fund. Recommended expenditures for capital improvements and for reserves, debt service, and other adjustments are also included.

Governor's letter and highlights

Governor McCrory's priorities are listed in his transmittal letter, followed by a brief description of key recommendations on a "Highlights" page.

Revenue and budget summary

A summary of General Fund recommended budget changes by department/budget code for the entire state budget appears in table 5: "Governor's Recommended General Fund Appropriation, FY 2016-17." Estimates of fund availability, an economic forecast, and demographic analysis are also included in this section.

Budget recommendations

Brief explanations of recommended adjustments to the budget are provided in sections that correspond to the following government functions: Education; General Government; Health and Human Services; Justice and Public Safety; Natural and Economic Resources; and Transportation.

Budget adjustments for a given department/agency appear in the appropriate section (for example, the North Carolina Community College System appears in the Education section, the Department of Administration appears in the General Government section, and so forth). A department/agency presentation begins with a summary table, showing the 2014-15 actual expenditures, 2015-16 certified budget, 2016-17 certified base budget, and the total recommended adjustments to requirements, receipts, appropriation, and positions for the department/agency. Next is an explanation of each adjustment for a given department/agency, along with a listing of the recurring and non-recurring requirements, receipts, appropriation, and positions for the proposed change.

Adjustments are listed for each agency/department including adjustments that are required by statute, such as the Average Daily Membership (ADM) adjustment for public schools.

The Transportation section summarizes recommended revenue and expenditures for the Highway Fund and the Highway Trust Fund in addition to the typical presentation of adjustments.

The Capital, Reserves and Other Adjustments section displays information in a manner similar to the presentation of adjustments as described above.

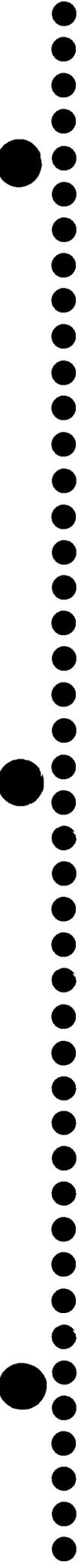


Table of Contents

Introduction	v
List of Figures and Tables	ix
Governor’s Letter	1
Budget Summary	7
Economy and Revenue	25
Economic Outlook for the State	27
Revenue Forecasts.....	32
NC Population Dynamics	37
General Fund - Recommended Appropriations	
Education	
Education Highlights.....	41
Public Education (13510).....	42
Community Colleges (16800)	44
The University of North Carolina (160xx)	47
General Government	
General Government Highlights	51
General Assembly (11000)	52
Office of the Governor (13000)	53
Office of State Budget and Management (13005).....	54
OSBM - Reserve for Special Appropriation (13085).....	55
North Carolina Housing Finance Agency (13010)	56
Department of Military and Veterans Affairs (13050)	57
Office of the Lieutenant Governor (13100)	58
Department of Secretary of State (13200)	59
Office of the State Auditor (13300)	60
Department of State Treasurer (13410)	61
Department of Insurance (13900)	62
Department of Insurance - Special - Interest-bearing (23900)	63
Department of Insurance - Special - Non-interest-bearing (23901)	63
Department of Administration (14100).....	64
Office of the State Controller (14160)	65
Department of Information Technology (14660)	66
Department of Revenue (14700).....	68
Department of Revenue - IT Projects (24708).....	69
State Board of Elections (18025)	70
Office of Administrative Hearings (18210)	71

Health and Human Services	
Health and Human Services Highlights.....	73
Department of Health and Human Services (144xx).....	74
Division of Central Management and Support (14410).....	75
Division of Aging and Adult Services (14411).....	76
Division of Child Development and Early Education (14420).....	77
Division of Public Health (14430).....	78
Division of Social Services (14440).....	79
Division of Medical Assistance (14445).....	81
NC Health Choice (14446).....	83
Division of Mental Health/Developmental Disabilities/ Substance Abuse Services (14460).....	84
Justice and Public Safety	
Justice and Public Safety Highlights.....	85
Judicial Branch (12000).....	86
Judicial Branch - Indigent Defense (12001).....	88
Department of Justice (13600).....	89
Department of Public Safety (14550).....	90
Natural and Economic Resources	
Natural and Economic Resources Highlights.....	93
Department of Agriculture and Consumer Services (13700).....	94
Department of Labor (13800).....	95
Department of Environmental Quality (14300).....	96
Wildlife Resources Commission (14350).....	97
Department of Commerce (14600).....	98
Department of Natural and Cultural Resources (14800).....	100
Transportation	
Transportation Highlights.....	101
Highway Fund (84210).....	102
Highway Trust Fund (84290).....	104
Capital, Reserves, Debt Service, and Other Adjustments	
Capital, Reserves, Debt Service, and Other Adjustments Highlights.....	105
Capital Improvements - General Fund (19600).....	106
Reserves, Debt Service, and Other Adjustments - General Fund (190xx).....	107

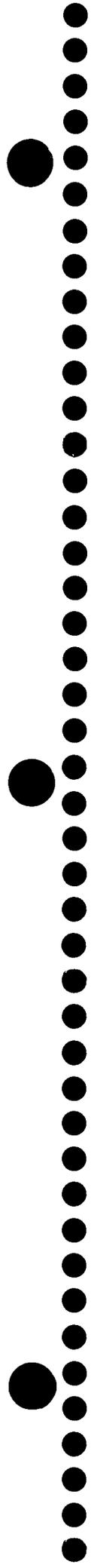
List of Figures and Tables

Figures

1. Recommended Total State Budget by Function, FY 2016-2017.....	7
2. Recommended General Fund Budget by Function, FY 2016-17	15
3. Total Compensation.....	22
4. Teacher Compensation Trends	23
5. Public School Budget Trends	23
6. NC Unemployment Rate Stabilized at Low Level in 2015	27
7. NC Labor Force Growing Rapidly after Years of Stagnation	28
8. NC Total Non-Farm Employment 2000 - March 2016.....	29
9. Service Industries Driving Most Job Growth Over Past Two Years	30
10. Post-Recession Wage Growth in NC Uneven Across Age Groups	31
11. General Fund Revenues by Source, FY 2015-16	32
12. Consensus General Fund Revenue Forecast Revised Upward	33
13. Population Density, 2010.....	37
14. Population Growth, 2010 - 2020	37
15. NC Total Population by County, Counties Grouped by Population Size	38
16. Number of Movers to North Carolina in 2014.....	38
17. State Comparison of Population Growth and its Components, 2014-15	39
18. Changing Age Distribution in NC, 1996 - 2035	40

Tables

1. Recommended Total State Budget by Function, FY 2016-2017.....	7
2. Recommended Total State Budget by Source of Funds, FY 2016-17	8
3. Governor's Recommended General Fund Balance Sheet, FY 2016-17	14
4. Recommended General Fund Budget by Function, FY 2016-17	15
5. Governor's Recommended General Fund Budget, FY 2016-17	16
6. Recommended Highway Fund and Highway Trust Fund Budget	18
7. Savings Reserve Account Balance, 1990-91 to 2015-16, Rec. 2016-17	19
8. Debt Services, 1980-81 to 2015-16, Recommended 2016-17	20
9. Bond Indebtedness, 1980-81 to 2014-15	21
10. Teacher Compensation.....	23
11. General Fund Revenue by Fiscal Year: Recent History and Forecast	34
12. Highway Fund Revenue by Fiscal Year: Recent History and Forecast	35
13. Highway Trust Fund Revenue	36
14. Six Year Expenditure History, NC Community College System.....	46
15. Six Year Expenditure History, University Of North Carolina.....	49
16. NC General Fund Operating Appropriation for Public Schools, Community Colleges, and Higher Education 1981-82 to 2016-17.....	50





STATE OF NORTH CAROLINA

OFFICE OF THE GOVERNOR

PAT MCCRORY
GOVERNOR

April 27, 2016

The North Carolina Senate

The Honorable Phil Berger, President Pro Tempore

The North Carolina House of Representatives

The Honorable Tim Moore, Speaker

The Citizens of North Carolina

RE: Transmittal Letter for the Governor's Recommended Budget Adjustments, 2016-2017

Dear Mr. President, Mr. Speaker, Ladies and Gentlemen of the General Assembly and fellow North Carolinians:

It is my pleasure to submit to you my recommended budget adjustments for the 2016-2017 fiscal year.

It is no mistake that North Carolina is now the ninth largest state in the nation with a population topping 10 million and growing at an average rate of 280 new people per day. Nothing compares to the economic opportunity and quality of life in North Carolina. Together, we have enacted policies that are allowing our citizens to restore our state to a position of economic strength and security. Since 2013, we have fostered an economic environment that has created more than 275,000 private sector jobs. That is equivalent to giving a job to every man, woman and child living in Asheville, Hickory, New Bern and Wilmington – combined.

I am proud to report that the state of our balance sheet remains strong. North Carolina is one of only nine states in the country to possess a pristine AAA bond rating from all three major rating agencies in a year when other states were downgraded. We are outpacing the national average in reducing the unemployment rate, and North Carolina families and businesses have benefited from meaningful tax cuts to the tune of \$4.4 billion. These reforms, and more, have earned North Carolina the #2 ranking in the country for business climate and careers. In short, the Carolina Comeback is real and North Carolina is building momentum.

A few weeks ago, I was pleased to announce that my budget office and the General Assembly's Fiscal Research Division projected a \$237 million revenue surplus. Additionally, Medicaid and public school enrollment figures came in under budget, and through disciplined management, the state agencies produced reversions to the general fund. All of these factors have contributed to sizeable additional revenue as we approach the back half of the two year budgeting cycle. North Carolina is in an enviable fiscal position with greater revenue projections and higher than expected availability. As leaders, we must proceed with caution to avoid the twin dangers of over-spending on the one hand and

overzealous tax cuts on the other. Looming just over the horizon, are fiscal pressures driven by increasing health care costs and growing pension liabilities due to an aging state employee workforce.

Continuing our tradition of prudent fiscal management, I propose adding \$300 million to the state's rainy day fund, which will bring the total savings reserve account balance to \$1.4 billion or nearly 7 percent of overall state spending. When I entered office in 2013, the state had only \$419 million in savings, which represents 3 percent of the overall budget. Since 2013, we have added an average of \$228 million to the savings reserve each year and it now stands at an all-time high of \$1.1 billion. To ensure future administrations can weather economic downturns, we are well on the way to reaching our savings goal of 8 percent of total state spending over the next two years.

Further demonstrating our administration's commitment to fiscal responsibility, my proposed budget caps total spending at \$22.3 billion. This represents a modest spending increase of 2.8 percent, which is below last year's increase of 3.1 percent and below the rate of population plus inflation. Even though we are showing spending restraint, our proposed budget invests dollars where they matter most by spending on key priorities that have the biggest impact on North Carolinians and their families. Our budget builds on our commitment to strengthen education, enhance public safety, improve the health of our citizens, build new roads that connect our communities, all while reforming government to make it more accountable and efficient.

We must continue investing in education and our teachers to ensure our students gain the skills they need to succeed in life and the future workforce. Since 2013, we have committed over \$1 billion in new funding for teacher pay. My proposed budget builds on this significant investment by providing an average 5 percent pay increase for teachers, boosting the average teacher pay in North Carolina to more than \$50,000 for the first time in state history. When considering robust health and retirement benefits offered to every full-time teacher in our state, my proposed teacher pay plan will bring average total compensation to more than \$66,000. On top of the increase in base pay, we are also rewarding teachers' and principals' hard work with a one-time average 3.5 percent bonus, with a greater share going to veteran teachers. This will equate to a \$5,000 bonus for our veteran teachers with more than 24 years of service.

Furthermore, providing for the safety and security of North Carolina families is a primary function of government and is essential to the quality of life we enjoy in our state. To successfully uphold this commitment, we must support the law enforcement officers that dedicate their lives to keeping us safe. As part of my proposed budget, more than \$21 million will be devoted to increasing pay for State Troopers, Correctional Officers, State Bureau of Investigation Agents, Alcohol Law Enforcement Agents, Assistant District Attorneys and Assistant Public Defenders. My budget also enhances the safety of our children at school by investing \$2.8 million to support the development and maintenance of school safety plans and to deploy a statewide application for students to anonymously report threats at school.

Another pillar of my administration is to help those who can't help themselves while encouraging those who can. After four years of Medicaid shortfalls totaling \$2 billion under the previous administration, our Medicaid program is now on target to finish three consecutive years with cash on hand due to responsible management and budgeting. My proposed budget will build on our successes by dedicating more than \$80 million in new spending to encourage a healthy North Carolina. This includes a proposed investment of \$30 million to support programs recommended by the Governor's Task Force on Mental Health and Substance Use. Funds will help address the state's heroin and opioid epidemic and will

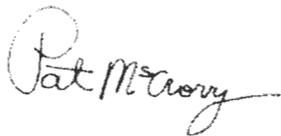
support transitional housing for adults with substance use disorder or mental illness. We have also proposed expanding Medicaid and state services to support older adults, including those with Alzheimer's, people with developmental disabilities and children with autism.

Additionally, the state of North Carolina cannot function without a strong, motivated workforce. In an effort to recruit and retain the best and brightest to serve North Carolinians, most of our \$22.3 billion General Fund budget, or nearly \$15 billion, goes to pay salaries and benefits. My budget builds on this commitment by investing more than \$360 million to provide an average 3 percent bonus for state government's most valuable asset, its employees. This budget also invests \$27 million to support pay increases as part of a statewide effort to increase compensation to reflect the market rate.

In closing, it is important to recognize that only seven months have passed since the 2015-17 biennial budget was enacted. Therefore, my proposed budget adjustments do not reopen policy debates settled in the past long session. Together, over a short time, we accomplished historic tax reform leaving more dollars in the paychecks of hard working North Carolina families and businesses. We also worked together to reform our unemployment system taking the trust fund from bankruptcy to solvency in 30 months resulting in further tax relief and certainty for North Carolina job creators. As a result of these historic reforms, North Carolina's business tax climate has bounced from 44th to 15th in the nation. It is prudent to now pause, allow the ink to dry on these positive tax reforms, and revisit further reforms in the long session where such issues are more appropriately addressed.

We have worked together over the past three years to find common-sense solutions to strengthen education, create jobs and career opportunities, build new roads that connect our communities and reform government to make it more accountable and efficient. I look forward to working together in the upcoming legislative session to build on our accomplishments and to tackle the issues that are most important to North Carolinians.

Sincerely,

A handwritten signature in cursive script that reads "Pat McCrory". The signature is written in black ink and is positioned above the printed name and title.

Pat McCrory
Governor of North Carolina

HIGHLIGHTS OF THE 2016-17 BUDGET

Exercising Fiscal Responsibility

No tax or fee increases proposed in this budget.

Increases the total savings reserve account to \$1.4 billion or nearly 7 percent of overall state spending by adding \$300 million to the state's rainy day fund. Since 2013, we have nearly tripled the savings reserve, making it the largest in state history.

Caps total spending at \$22.3 billion, representing a modest spending increase of 2.8 percent. This increase is below last year's increase of 3.1 percent and below the rate of population plus inflation.

Rewarding Our State and School Employees

Increases average teacher pay in North Carolina to more than \$50,000 for the first time in state history by providing an average 5 percent pay increase.

Provides an average 3.5 percent bonus for teachers and principals with a greater share going to veteran teachers. This will equate to a \$5,000 bonus for our veteran teachers with more than 24 years of service.

Supports pay increases for correctional officers, law enforcement, Assistant District Attorneys, Assistant Public Defenders, and qualifying State Highway Patrol Troopers, Assistant and Deputy Clerks, and Magistrates.

Provides an average 3% bonus for all state employees and school support staff. Each agency head in consultation with OSHR will determine the allocation.

Adds an additional \$27 million for the Salary Adjustment Fund, for a total of nearly \$40 million to help recruit and retain the best and brightest state employees.

Preparing Students for Success

Establishes a scholarship program by investing \$2 million to attract 300 new, highly qualified math and science teachers to earn degrees and teach math and science in the state's public schools.

Empowers schools to trade textbooks for tablets and builds on our commitment to position North Carolina as one of the first states in the nation to connect all classrooms to robust Wi-Fi by 2018.

Expands funding by nearly \$6 million to provide scholarships for an additional 300 special needs students.

Provides support services to ensure community college students graduate with a credential or degree.

Establishes a new competitive merit scholarship program for students pursuing science, math and health degrees at our universities to help fill the shortage of skilled workers in these fields.

Increasing North Carolina's Competitiveness and Promoting Job Growth

Revitalizes North Carolina's small town main streets through matching grants for local governments.

Implements recommendations from the Governor's Food Manufacturing Task Force to promote and develop economic growth opportunities in the food manufacturing industry, and fosters the growth, development, and sustainability of family farms.

Helps North Carolinians learn and earn at the same time by expanding business apprenticeship opportunities through additional investments in the NCWorks Apprenticeship Program.

Leverages our university research advantage to attract venture capital and a new generation of entrepreneurs, as well as help retain North Carolina's home-grown talent through the University Innovation Commercialization Grant Program, as recommended by the Governor's Innovation to Jobs initiative.

Establishes the Rallying Investors and Skilled Entrepreneurs for NC (NC RISE) program to develop and leverage existing entrepreneurial management talent and recruit world-class investors and skilled entrepreneurs to the state, as recommended by the Governor's Innovation to Jobs initiative

Connects our military veterans with jobs by establishing a new disabled veteran cyber security apprenticeship program with the Department of Information Technology.

Protecting Public Health

Invests \$30 million to implement the recommendations of the Governor's Task Force on Mental Health and Substance Use, including transitional housing, case management, mental health first aid training, child crisis centers, tools to combat the heroin and opioid epidemic as well as evidence-based specialty courts, including drug and veteran treatment courts.

Provides \$3 million to expand Medicaid services for older adults, including those with Alzheimer's disease, by adding 320 new slots to the Community Alternatives Program for Disabled Adults. Increases funding by \$1 million for family caregiver support services, including respite care for caregivers.

Invests \$2.5 million to expand Medicaid services for people with developmental disabilities. This investment supports an additional 250 Medicaid Innovations Waiver slots providing the needed services to help individuals with developmental disabilities live successful lives in the community.

Provides recurring funding to support the education of future health care professionals at the Brody School of Medicine at East Carolina University.

Leveraging Technology to Promote Transparency, Security and to Combat Crime

Promotes transparency and accountability by implementing an updated and integrated online education program for individuals covered under the State Ethics Act.

Protects the public against identity theft and data loss by providing tools to create a multilayer identity verification platform in the Department of Revenue.

Uses technology to detect and prevent prisoner access to cell phones.

Safeguards law enforcement communications by replacing the outdated monitoring system for the Voice Interoperability Plan for Emergency Responders (VIPER) network enabling law enforcement to more effectively communicate and respond during emergencies.

Improves criminal justice intelligence capabilities by investing in a case management tool that gives law enforcement officers analytics to solve crimes.

Connecting North Carolina through Transportation and Critical Infrastructure

Provides \$155 million for the Repairs and Renovations Account to maintain state infrastructure.

Supports implementation of the Connect NC initiative.

Preserves our unique environmental resources and promotes good stewardship by investing in vital water resource projects including: dredging, navigation, flood control, beach protection and stream restoration. State investment in water resources projects will leverage more than \$25 million in federal funds.

Builds on the largest transportation investment in two decades by adding nearly \$30 million for new transportation projects in the state's current ten-year plan. Our state has increased investment in new roads by more than \$292 million, or 31 percent since 2013.

Provides an additional \$27.5 million for highway maintenance activities to enhance safety and ease congestion.



Economic Priorities and Budget Summary

for 2016-17

Table 1
Total Recommended State Budget by Function, 2016-17
(Excluding Transfers)

	2016-17	
	Recommended	%
Education	\$18,658,491,786	34.17%
General Government	\$2,828,589,471	5.18%
Health and Human Services	\$19,765,628,534	36.19%
Justice and Public Safety	\$2,936,452,639	5.38%
Natural and Economic Resources	\$4,830,150,659	8.84%
Transportation	\$4,444,833,555	8.14%
Capital Improvements	\$21,614,200	0.04%
Debt Service	\$879,529,836	1.61%
Reserves and Adjustments	\$246,389,989	0.45%
Total State Budget	\$54,611,680,669	100.00%

Figure 1
Total Recommended State Budget by Function, excluding Transfers
2016-17

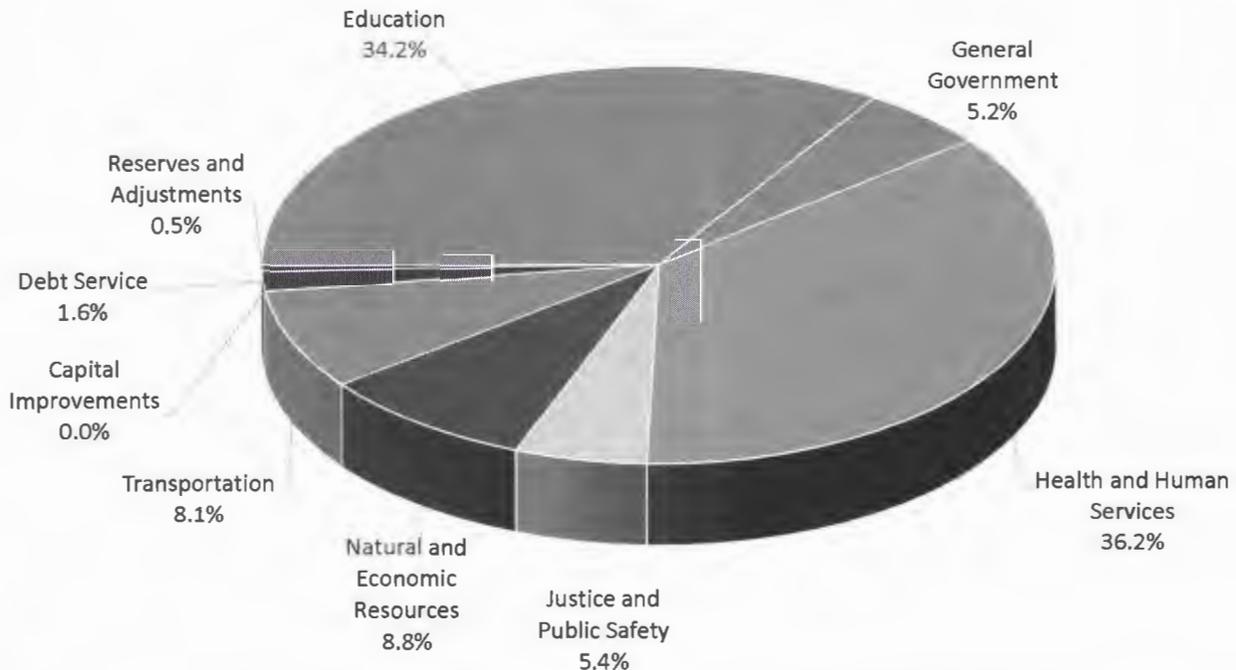


Table 2

Total North Carolina State Budget by Function, Department, and Source of Funds
Governor Recommended Adjustments FY 2016-17

Budget Code	Function	General Fund Appropriation	Highway Trust/ Highway Fund Transfers In	Other Revenues	Federal Revenues	Total Budget Excluding Transfers
Education:						
13510	Public Schools	\$ 8,963,133,627	\$ 27,700,000	\$ 2,025,359	\$ 3,690,464,261	\$ 12,683,323,247
23510	Public Schools - Special	-	-	3,666,983	3,498,986	7,165,969
23511	DPI - School Technology Fund (GF)	-	-	1,088,518	-	1,088,518
23515	DPI - IT Projects	-	-	-	-	-
29110	DPI - Public School Building Fund	-	-	1,972,473	-	1,972,473
63501	DPI - Trust	-	-	6,173,406	-	6,173,406
63503	DPI - Trust - GF	-	-	2,355,344	-	2,355,344
63510	DPI - Trust	-	-	10,250,000	-	10,250,000
63511	DPI - Trust	-	-	140,000	-	140,000
73510	DPI - Internal Service	-	-	3,100,000	-	3,100,000
Subtotal Public School		8,963,133,627	27,700,000	30,772,083	3,693,963,247	12,715,568,957
16800	NC Community Colleges (NCCCS)	1,098,696,266	-	359,247,379	17,941,100	1,475,884,745
06800	NCCU Institutional	-	-	26,241	-	26,241
26800	NCCCS - Special Funds	-	-	3,396,638	-	3,396,638
26802	NCCCS - Information Technology	-	-	-	-	-
66800	NCCCS - Trust	-	-	799,450	-	799,450
66801	NCCCS - Special Funds Interest Earning	-	-	747,532	-	747,532
Subtotal Community Colleges		1,098,696,266	-	364,217,240	17,941,100	1,480,854,606
University System:						
160xx	UNC - GA	37,256,706	-	46,899	-	37,303,605
16011	UNC - Institutional Programs	134,893,995	-	21,444,745	-	156,338,740
16012	UNC - Related Education Programs	110,168,501	-	10,744,733	-	120,913,234
16015	UNC-Aid Private Institutions	127,419,754	-	-	-	127,419,754
16020	UNC - CH Academic Affairs	252,265,861	-	339,940,371	246,671	592,452,903
16021	UNC - CH Health Affairs	187,779,905	-	106,759,144	-	294,539,049
16022	UNC - CH Area Health Education	49,282,678	-	-	-	49,282,678
16030	NCSU - Academic	392,249,291	-	329,477,157	-	721,726,448
16031	NCSU - Agri. Research Svcs.	53,099,332	-	5,870,693	9,108,653	68,078,678
16032	NCSU - Agri. Extension Svcs.	38,595,927	-	1,074,818	14,968,697	54,639,442
16040	UNC - Greensboro	143,459,427	-	85,156,345	111,798	228,727,570
16050	UNC - Charlotte	198,971,605	-	135,798,104	150,000	334,919,709
16055	UNC - Asheville	37,592,283	-	19,215,693	10,400	56,818,376
16060	UNC - Wilmington	101,473,413	-	83,208,172	75,075	184,756,660
16065	ECU - Academic	210,739,558	-	164,267,441	139,900	375,146,899
16066	ECU - Health Svcs.	73,527,686	-	8,452,022	-	81,979,708
16070	NC A & T	90,898,021	-	63,290,958	58,714	154,247,693
16075	Western Carolina	85,805,817	-	44,520,742	43,275	130,369,834
16080	Appalachian State	127,835,582	-	90,663,374	89,145	218,588,101
16082	UNC - Pembroke	53,192,105	-	25,043,086	22,837	78,258,028
16084	Winston Salem State	64,619,124	-	23,549,198	5,000	88,173,322
16086	Elizabeth City State	33,759,228	-	10,311,116	48,400	44,118,744
16088	Fayetteville State	48,741,530	-	19,890,512	-	68,632,042
16090	NC Central	82,132,848	-	48,232,208	163,948	130,529,004
16092	UNC School of the Arts	28,669,298	-	14,718,615	4,550	43,392,463
16094	NC School of Science and Math	19,787,561	-	927,978	-	20,715,539
16095	UNC Hospitals	-	-	-	-	-
56096	UNC Hospitals - Operating Fund	-	-	-	-	-
Total UNC System		2,784,217,036	-	1,652,604,124	25,247,063	4,462,068,223
Total Education		12,846,046,929	27,700,000	2,047,593,447	3,737,151,410	18,658,491,786
General Government:						
14100	Administration	62,008,791	56,679	9,619,352	-	71,684,822
24100	DOA - Special	-	-	19,837,278	666,879	20,504,157
24102	DOA - Special	-	-	617,776	-	617,776
24105	DOA - Special	-	-	9,307	4,136,259	4,145,566
54100	DOA - Enterprise Fund	-	-	-	-	-
64100	DOA - Trust	-	-	1,000	-	1,000
64106	DOA - NC Veteran Trust	-	-	47,584,404	-	47,584,404
74103	DOA - Internal Service	-	-	2,635,722	-	2,635,722
74100	DOA - Internal Service	-	-	132,733,011	-	132,733,011
18210	Office of Administrative Hearings	5,286,798	-	54,859	-	5,341,657
28210	Office of Administrative Hearings - It Projects	-	-	-	-	-
64190	OSC - Proceeds Higher Ed - CC2	-	-	-	-	-
64220	OSC - Proceeds 2007A GO Public Imp	-	-	-	-	-
13300	State Auditor	12,373,486	-	50	-	12,373,536
18025	State Board of Elections (SBE)	7,613,614	-	104,500	-	7,718,114
28025	SBE - HAVA Federal Funds	-	-	30,000	1,961,150	1,991,150
68025	SBE - NC Candidate	-	-	4,703,552	-	4,703,552
68026	SBE - NC Political Party	-	-	-	-	-
14160	Office of State Controller (OSC)	23,468,571	496,578	27,680	-	23,992,829
24160	OSC - Special Revenue	-	-	-	-	-
24171	OSC - Central Account - Special Fund	-	-	76,392	-	76,392
24172	OSC - Recovery Fund	-	-	373,157	-	373,157
74170	OSC - Workers' Comp Cost Cont.	-	-	90,812,812	-	90,812,812
11000	General Assembly	58,328,326	-	1,059,600	-	59,387,926
21001	General Assembly - Special Fund	-	-	-	-	-

Total North Carolina State Budget by Function, Department, and Source of Funds
Governor Recommended Adjustments FY 2016-17

Budget Code	Function	General Fund Appropriation	Highway Trust/ Highway Fund Transfers In	Other Revenues	Federal Revenues	Total Budget Excluding Transfers
13000	Governor's Office	5,681,078	-	227,010	-	5,908,088
13001	Governor's Office - Special Project	2,000,000	-	-	334,447	2,334,447
13002	Governor's Advocacy	-	-	-	-	-
23000	Governor's Office - Special	-	-	-	3,883,465	3,883,465
23001	Governor's Office - Interest Earning Spc.	-	-	1,000	-	1,000
23002	Governor's Office - Special Revenue - GF	-	-	-	-	-
23007	Governor's Office - Special	-	-	54,952	-	54,952
13050	Department of Military and Veterans Affairs	8,320,971	-	-	-	8,320,971
14660	Information Technology Services (ITS)	8,220	-	-	-	8,220
24667	Information Technology Services (ITS)	-	-	-	-	-
24668	Information Technology Services - Federal Grants	-	-	-	-	-
24669	ITS - Wireless Fund	-	-	108,662,500	-	108,662,500
74660	ITS - Internal Service Fund	-	-	186,562,975	-	186,562,975
13005	State Budget and Management (OSBM)	7,851,738	-	265,674	-	8,117,412
13085	OSBM - Special Appropriations	7,000,000	-	-	-	7,000,000
23003	OSBM - NC Education Lottery Fund	-	-	21,700	-	21,700
23004	OSBM - NC Education Lottery Reserve	-	-	2,594,265	-	2,594,265
23005	OSBM - Fines and Penalties	-	-	3,900,000	-	3,900,000
23009	OSBM - Disaster Relief - GF	-	-	-	-	-
63006	OSBM - Shamrock Oil Trust - Commission	-	-	1,160	-	1,160
63007	OSBM-Mental Health/Dev Dis/Sub Abuse Trust	-	-	1,101	-	1,101
13010	NC Housing Finance	25,660,000	-	-	-	25,660,000
23010	NC Housing Finance - Special	-	-	12,093,583	7,275,320	19,368,903
63011	NC Housing Finance - Partnership	-	-	1,320,000	-	1,320,000
13900	Insurance	39,300,331	-	3,609,643	4,885,601	47,795,575
23900	Insurance - Special - Interest Earning	-	-	44,943,249	-	44,943,249
13901	Insurance - Worker's Compensation Fund	-	-	-	-	-
23901	Insurance - Special - Non-Interest Earning	-	-	305,648	40,585	346,233
23902	Insurance - Special - Interest Earning	-	-	60,000	-	60,000
23903	Insurance - Special - Non-Interest Earning	-	-	128,350	-	128,350
63901	Insurance - Trust	-	-	7,374,524	-	7,374,524
63902	Insurance - Trust	-	-	9,746,550	-	9,746,550
63903	Insurance - Trust - Internal Service	-	-	17,261,268	-	17,261,268
13100	Lieutenant Governor	699,169	-	-	-	699,169
14700	Revenue	86,767,749	4,993,770	1,092,226	-	92,853,745
24700	Revenue - Special	-	-	12,143,764	-	12,143,764
24704	Revenue - Project Collect Tax	-	-	-	-	-
24706	Revenue - Lee Tax Credits	-	-	300,000	-	300,000
24707	Revenue - Tax Transaction Fees	-	-	723,507	-	723,507
24708	Revenue - IT Projects	-	-	-	-	-
13200	Secretary of State	12,650,959	-	61,625	-	12,712,584
23200	Secretary of State - Special	-	-	2,628,901	-	2,628,901
63201	Secretary of State - Trust Special Revenue	-	-	350,652	-	350,652
13410	State Treasurer (DST)	10,641,460	-	7,927,670	-	18,569,130
13412	State Treasurer - Retirement / Benefits	21,691,299	-	-	-	21,691,299
23410	DST-Combined Motor Vehicle & Registration	-	-	422,901	-	422,901
23410	DST - Combined Motor Vehicle	-	-	6,241,549	-	6,241,549
23420	DST - Appropriated IT Project	-	-	422,901	-	422,901
23450	DST - State Health Plan, Special	-	-	500	-	500
23470	DST - Supplemental Retirement Plan	-	-	1,507,336	-	1,507,336
23480	DST - Blount Street Properties	-	-	60,000	-	60,000
68190	DST - Interest Public Improvement Bond	-	-	11,336,982	-	11,336,982
68188	DST - Interest Higher Ed. CC 2001A	-	-	3,048,744	-	3,048,744
68183	DST - Interest Clean Water Bond 1999C	-	-	-	-	-
68175	DST - Interest Public School 1997 Bond	-	-	-	-	-
68174	DST - Interest CI 1997	-	-	290,715	-	290,715
68163	DST - Bond Refund	-	-	242,621,101	-	242,621,101
68157	DST - Interest 2006A Clean Water	-	-	-	-	-
68158	DST - Interest 2006A Higher Ed	-	-	19,196,825	-	19,196,825
68154	DST - Interest Public Imp. 2005A	-	-	34,260,718	-	34,260,718
68150	DST - Interest Drinking Water 2004A	-	-	23,219	-	23,219
63410	DST - Health Benefits Reserve	-	-	84,007,358	-	84,007,358
63412	DST - Escheats	-	-	202,107,116	-	202,107,116
63414	DST - Fire Loan Trust	-	-	13,450	-	13,450
63415	DST - Assurance Land Titles	-	-	5,070	-	5,070
63420	DST - State Health Plan - PPO	-	-	-	-	-
63422	DST - Legislative Retirement	-	-	22,319	-	22,319
68126	DST - Drinking Water Rept. 1999C	-	-	12,751	-	12,751
68132	DST - Interest Clean Water Revolving Loans	-	-	-	-	-
68133	DST - Interest Wastewater Repayment 2003A	-	-	26,571	-	26,571
68137	DST - Interest Drinking Water Repayment 2003A	-	-	8,566	-	8,566
68140	DST - 2003B Interest Clean Water	-	-	-	-	-
68141	DST - Interest Wastewater Repayment 2003B	-	-	22,670	-	22,670
68142	DST - Interest Drinking Water Repayment 2003B	-	-	11,217	-	11,217
68148	DST - Interest Clean Water Revolving Loan 2004A	-	-	-	-	-
68149	DST - Interest Wastewater Repayment 2004A	-	-	62,265	-	62,265
68192	DST - Interest Drinking Water Repayment 2002C	-	-	-	-	-

Total North Carolina State Budget by Function, Department, and Source of Funds
Governor Recommended Adjustments FY 2016-17

Budget Code	Function	General Fund Appropriation	Highway Trust/ Highway Fund Transfers In	Other Revenues	Federal Revenues	Total Budget Excluding Transfers
68193	DST - Interest Clean Water 2002C	-	-	-	-	-
68198	DST - Interest Wastewater Repayment 2002	-	-	112,325	-	112,325
68220	DST - Interest 2007A GO Public Imp.	-	-	30,170,483	-	30,170,483
68221	DST - Interest 2008A CI Limited Obligation Bonds	-	-	235,290,113	-	235,290,113
68222	DST - Interest 2/3 GO Bonds	-	-	56,085,048	-	56,085,048
69430	DST - Debt Service Clearing	-	-	400,429,913	-	400,429,913
69440	DST - Infrastructure Finance Corp.	-	-	-	-	-
69442	DST - Trust - CI	-	-	453,787	-	453,787
69444	DST - Trust - Special	-	-	329,124,084	-	329,124,084
69450	DST - Basis SWAP	-	-	5,836,628	-	5,836,628
28101	NC State Board of Barber Examiners	-	-	751,628	-	751,628
28102	NC State Board of Cosmetology	-	-	2,475,000	-	2,475,000
28103	NC State Board of Opticians	-	-	163,592	-	163,592
28104	NC Psychology Board	-	-	774,301	-	774,301
28106	NC State Auctioneer Licensing Board	-	-	440,374	-	440,374
28107	NC State Board of Electrolysis Examiners	-	-	22,101	-	22,101
28410	NC State Health Plan	-	-	-	-	-
Total General Government		397,352,560	5,547,027	2,402,506,178	23,183,706	2,828,589,471
Health and Human Services:						
14410	Central Administration	144,853,160	-	1,677,691	68,924,317	215,455,168
24410	Central Administration - Special	-	-	-	174,105,597	174,105,597
64410	Central Administration - Trust	-	-	292,952	-	292,952
64412	Central Administration - Trust Interest	-	-	-	-	-
14411	Aging	44,815,337	-	10,277,420	51,380,716	106,473,473
14420	Child Development	243,033,976	-	2,116,985	348,065,592	593,216,553
14430	Public Health	175,348,428	1,838,195	118,056,723	520,822,936	816,066,282
24430	Public Health - Special	-	-	497,816	-	497,816
24432	Public Health - Special Revenue GF	-	-	480,389	-	480,389
14440	Social Services	194,399,962	-	650,705,398	881,436,315	1,726,541,675
24441	Social Services - Special	-	-	1,863,516	-	1,863,516
64442	Social Services - Trust - General Fund	-	-	2,734,563	-	2,734,563
14445	Medical Assistance	3,608,311,371	-	914,475,607	9,551,589,616	14,074,376,594
24445	Medical Assistance - Special	-	-	233,811,100	-	233,811,100
14446	NC Health Choice	1,094,820	-	250,000	201,812,006	203,156,826
14450	Services for the Blind, Deaf and Hard of Hearing	8,173,207	-	1,561,239	18,985,099	28,719,545
24450	Services for the Blind - Special	-	-	1,073,303	1,249,799	2,323,102
54450	Services for the Blind - Enterprise	-	-	66,363	-	66,363
64450	Services for the Blind - Trust	-	-	1,025	-	1,025
64451	Services for the Blind - Trust - Ag	-	-	-	-	-
67425	Services for the Blind - Trust	-	-	5,522,892	-	5,522,892
14460	Mental Health/DD/SAS	569,801,582	-	69,252,784	651,883,150	1,290,937,516
24401	Mental Health - Julian Keith ADATC	-	-	18,919	-	18,919
24403	Mental Health - WB Jones ADATC	-	-	24,717	-	24,717
24404	Mental Health - NC SPC, Care Center	-	-	41,537	-	41,537
24406	Mental Health - Black Mt. Center	-	-	26,112	-	26,112
24460	Mental Health - Special	-	-	-	-	-
24462	Mental Health - Dorothea Dix	-	-	-	-	-
24463	Mental Health - Broughton Hospital	-	-	100,245	-	100,245
24464	Mental Health - Cherry Hospital	-	-	194,530	-	194,530
24465	Mental Health - Umstead Hospital	-	-	304,930	-	304,930
24466	Mental Health - Car. Center	-	-	129,362	251,516	380,878
24467	Mental Health - O'Berry Center	-	-	334,579	-	334,579
24468	Mental Health - Murdoch Center	-	-	89,575	-	89,575
24469	Mental Health - Caswell Center	-	-	216,178	309,536	525,714
64404	Mental Health - Longleaf Neuro-Medical	-	-	4,095	-	4,095
64405	Mental Health - Trust - Interest Bearing	-	-	75,245	-	75,245
64406	Mental Health - Black Mt. Center	-	-	8,500	-	8,500
64462	Mental Health - Dorothea Dix - Trust	-	-	-	-	-
64463	Mental Health - Broughton Hospital	-	-	43,182	-	43,182
64464	Mental Health - Cherry Hospital - Trust	-	-	21,100	-	21,100
67465	Mental Health - Umstead Hospital - Trust - Interest	-	-	16,721	-	16,721
64465	Mental Health - Umstead Hospital - Trust	-	-	12,035	-	12,035
64466	Mental Health - J. Iverson Riddle Dev. Ctr.	-	-	115,251	-	115,251
64467	Mental Health - O'Berry Center	-	-	126,610	-	126,610
64468	Mental Health - Murdoch Center	-	-	47,524	-	47,524
64469	Mental Health - Caswell Center	-	-	630	-	630
67406	Mental Health - Black Mountain Center	-	-	3,951	-	3,951
67462	Mental Health - Dorothea Dix	-	-	-	-	-
67463	Mental Health - Broughton Hospital	-	-	33,415	-	33,415
67464	Mental Health - Cherry Hospital	-	-	8,600	-	8,600
67466	Mental Health - West Car. Center	-	-	77,109	-	77,109
67467	Mental Health - O'Berry Center	-	-	62,443	-	62,443
67468	Mental Health - Murdoch Center	-	-	134,903	-	134,903
67469	Mental Health - Caswell Center	-	-	474,067	-	474,067
54465	MH/DD/SAS - Butner Enterprises	-	-	-	-	-
74465	MH/DD/SAS - Umstead Hospital - Internal Service	-	-	795,353	-	795,353

Total North Carolina State Budget by Function, Department, and Source of Funds

Governor Recommended Adjustments FY 2016-17

Budget Code	Function	General Fund Appropriation	Highway Trust/ Highway Fund Transfers In	Other Revenues	Federal Revenues	Total Budget Excluding Transfers
14470	Health Service Regulation	16,110,674	-	13,509,433	35,761,124	65,381,231
24470	Health Service Regulation - Special	-	-	1,440,732	-	1,440,732
14480	Vocational Rehabilitation	37,752,132	-	7,774,081	98,385,666	143,911,879
24480	Vocational Rehabilitation - Special	-	-	481,652	-	481,652
24481	Disability Determination - Special	-	-	-	73,667,623	73,667,623
Total Health and Human Services		5,043,654,649	1,838,195	2,041,465,082	12,678,630,608	19,765,628,534
Justice and Public Safety:						
14550	Department of Public Safety	1,904,675,928	11,417,984	35,686,798	74,002,062	2,025,782,772
04553	Correction - Canteen Fund	-	-	31,878,192	-	31,878,192
24550	DPS - Other Special Grants	-	-	4,471,825	-	4,471,825
24551	DPS - Disaster Prior 07/01/2006	-	-	-	-	-
24552	DPS - Disaster After 07/01/2006	-	-	-	555,472	555,472
24553	DPS - Welfare Funds	-	-	7,864,650	-	7,864,650
24554	DPS - IT Fund	-	-	-	-	-
24555	DPS - Special Interest Bearing	-	-	2,666,017	-	2,666,017
54550	DPS Licensing Boards - Interest Bearing	-	-	2,377,849	-	2,377,849
54551	DPS-ABC Commission	-	-	16,439,053	-	16,439,053
64550	DPS - Trust Funds	-	-	339	-	339
74550	DPS - Correction Enterprise	-	-	89,517,265	-	89,517,265
12000	Judicial - AOC	503,250,696	-	585,101	-	503,835,797
12001	Judicial - Indigent Defense	122,393,374	-	10,344,128	-	132,737,502
22001	AOC - Special Revenue Funds	-	-	20,890,737	1,944,492	22,835,229
22004	AOC - Reserve for Safe Roads	-	-	1,965,554	-	1,965,554
22005	AOC - Worthless Check Fund	-	-	153,772	-	153,772
22006	AOC - IT Fund	-	-	13,785,335	-	13,785,335
22007	AOC - Appellate Courts Printing/Comp.	-	-	661,162	-	661,162
22008	AOC - Special Revenue - GF	-	-	-	-	-
13600	Justice	57,510,501	-	1,253,960	4,362,088	63,126,549
23600	Justice - Special	-	-	14,042,011	1,756,294	15,798,305
23606	Justice - Seized and Forfeited Assets	-	-	-	-	-
63600	Justice - PPS and Alarm Boa	-	-	-	-	-
Total Justice and Public Safety		2,587,830,499	11,417,984	254,583,748	82,620,408	2,936,452,639
Natural and Economic Resources:						
13700	Agriculture and Consumer Services	\$ 121,330,649	5,223,690	29,242,743	15,300,283	171,097,365
23700	Agriculture - Livestock Special	-	-	3,769,499	2,240,000	6,009,499
23701	Agriculture and Consumer Services - Warehouse Investments	-	-	-	-	-
23702	DACS - Disaster Recovery	-	-	-	-	-
23703	Agriculture - Tobacco Trust - Special	-	-	251,776	-	251,776
23704	DACS - Soil and Water Conservation	-	-	425,200	-	425,200
23705	DACS - Forest Development	-	-	1,106,010	-	1,106,010
53700	Agriculture - Raleigh Farmers Market	-	-	2,512,630	-	2,512,630
53725	Agriculture - WNC AG CT/MTN Fair	-	-	2,708,707	-	2,708,707
53750	Agriculture - State Fair	-	-	14,503,504	-	14,503,504
63700	Agriculture - Trust Special	-	-	41,200	-	41,200
63701	Agriculture - Land Preservation and Trust Investment	-	-	-	-	-
63702	Agriculture - Rural Rehab Loans	-	-	771,963	-	771,963
63703	Agriculture - Finance Authority	-	-	619,502	-	619,502
63704	Agriculture - Cooperative Grading Program	-	-	6,913,627	-	6,913,627
63705	Agriculture - Trust Agency	-	-	97,050	-	97,050
14600	Commerce	63,929,477	-	12,791,020	46,733,325	123,453,822
14601	Commerce - State Aid	18,055,810	-	-	-	18,055,810
24600	Commerce - Special Revenue	-	-	-	816,941	816,941
24602	Commerce - Special Disaster Relief	-	-	1,500,000	-	1,500,000
24604	Commerce - Special - Morehead	-	-	11,000	-	11,000
24605	Commerce - Special Cape Fear	-	-	6,000	-	6,000
24606	Commerce - Special Clean Water Bonds	-	-	-	-	-
24609	Commerce - Special Revenue - Grants	-	-	236,671	-	236,671
24610	Commerce - Second Injury Fund	-	-	66,100	-	66,100
24611	Commerce - IT Projects	-	-	-	-	-
24613	Commerce - Special - Interest Earning Fund	-	-	2,958	-	2,958
24650	Commerce - ESC	-	-	2,000,000	122,575,000	124,575,000
24651	Commerce - Special Workforce	-	-	5,814,864	149,760,801	155,575,665
54600	Commerce - Enterprise Fund	-	-	16,868,041	533,320	17,401,361
64605	Commerce - Utilities Commission	-	-	15,500,000	-	15,500,000
64612	Commerce - NC Rural Electrification Authority	-	-	206,605	-	206,605
64650	Commerce - Employment Security Commission Trust	-	-	7,435,000	-	7,435,000
64651	Commerce - Employment Security Commission Trust, Claims/Benefits	-	-	5,000	40,000,000	40,005,000
64652	Commerce - Employment Security Commission Trust Clearing	-	-	1,010,000,000	-	1,010,000,000
64653	Commerce - Employment Security Commission Trust Reserve	-	-	227,500,000	-	227,500,000
64656	Commerce - Employment Security Commission - Trust - Unemployment	-	-	-	-	-
54670	NC Education Lottery Commission	-	-	-	-	-
54641	NC Education Lottery Proceeds	-	-	2,050,358,325	-	2,050,358,325
14300	Department of Environmental Quality	89,258,403	-	11,681,920	37,153,359	138,093,682
24300	DEQ - Special	-	-	63,141,349	14,450,965	77,592,314
24301	DEQ - Air Quality - Fuel Tax Special	-	-	2,079,445	-	2,079,445

Total North Carolina State Budget by Function, Department, and Source of Funds
Governor Recommended Adjustments FY 2016-17

Budget Code	Function	General Fund Appropriation	Highway Trust/ Highway Fund Transfers In	Other Revenues	Federal Revenues	Total Budget Excluding Transfers
24303	DEQ - Marine Fish Conservation	-	-	-	-	-
24304	DEQ - Wetlands Trust-Special	-	-	81,249,353	-	81,249,353
24305	DEQ - Clean Water Mgmt. Trust-Special	-	-	-	-	-
24306	DEQ - Special Dry Cleaning Solvent Tax	-	-	12,192,831	-	12,192,831
24307	DEQ - Special Forest Development	-	-	-	-	-
24309	DEQ - PART F - Special	-	-	-	-	-
24310	DEQ - Disaster Relief Programs	-	-	-	-	-
24317	DEQ - Special - GF	-	-	-	-	-
24318	DEQ - Special - Interest	-	-	-	-	-
24321	DEQ - CWB - WS Loan 1998 Program	-	-	-	-	-
24323	DEQ - Marine Resources Fund	-	-	7,123,185	-	7,123,185
24325	DEQ - DWR - FERC Interest	-	-	150,000	-	150,000
64300	DEQ - Trust - Special	-	-	-	-	-
64301	DEQ - Waste Water Oper. Train. Special	-	-	752,746	-	752,746
64302	DEQ - Natural Heritage Trust - Special	-	-	-	-	-
64303	DEQ - Solid Waste Management Trust - Special	-	-	1,227,845	-	1,227,845
64304	DEQ - Clean Water Revolving Loan	-	-	5,588,481	-	5,588,481
64305	DEQ - Commercial LUST Cleanup-Special	-	-	14,225,396	-	14,225,396
64306	DEQ - Waste Water Treatment	-	-	266	-	266
64307	DEQ - Conservation Grant Endowment	-	-	83,591	-	83,591
64311	DEQ - Water Pollution Revolving Loan	-	-	60,502,228	42,557,012	103,059,240
64312	DEQ - Federal Bond Revolving Loan	-	-	2,520,348	-	2,520,348
64318	DEQ - High Unit Cost WW Grants 1998	-	-	-	-	-
64319	DEQ - CWSRF Federal Program	-	-	7,450,600	-	7,450,600
64320	DEQ - Drinking Water SRF	-	-	11,903,437	38,250,969	50,154,406
64321	DEQ - High Unit Cost WS Grants	-	-	-	-	-
64322	DEQ - Drinking Water SRF Match	-	-	2,020,012	1,445,160	3,465,172
64323	DEQ - Drinking Water SRF Bond Match	-	-	1,120,080	-	1,120,080
64324	DEQ - Drinking Water Reserve	-	-	472,051	-	472,051
64325	DEQ - Trust - Special	-	-	-	-	-
64326	DEQ - Trust - Special	-	-	1,000	-	1,000
64327	DEQ - Petrol Violation Escrow	-	-	-	-	-
14350	Wildlife Resources Commission	10,252,824	-	-	26,168,861	36,421,685
24350	Wildlife Resources - Special	-	-	2,429,179	-	2,429,179
24351	Wildlife Resources - Special - Interest	-	-	24,228,578	67,420	24,295,998
24352	Wildlife Resources - Special - Non-Interest	-	-	12,129,781	2,468,305	14,598,086
64350	Wildlife Resources Endowment	-	-	5,254,146	-	5,254,146
13800	Labor	16,425,139	-	7,973,676	7,406,650	31,805,465
23800	Labor - Special Revenue Fund	-	-	-	-	-
14800	Department of Natural and Cultural Resources	173,451,939	-	20,031,397	6,343,729	199,827,065
14802	DNCR - Roanoke Island	523,384	-	300,000	-	823,384
24800	DNCR - Special	-	-	421,057	-	421,057
24801	DNCR - Art Museum	-	-	654,027	-	654,027
24802	DNCR - Roanoke Island - Special	-	-	-	-	-
24803	DNCR - Special	-	-	100,000	-	100,000
24804	DNCR - Tryon Palace	-	-	766,111	-	766,111
24805	DNCR - Special	-	-	275,572	-	275,572
24806	DNCR - Interest	-	-	70,053	-	70,053
24807	DNCR - Interest Earning from Hist	-	-	317,035	-	317,035
24811	DNCR - Interest Earning - Special	-	-	5,000	-	5,000
24812	DNCR - NC Arts Council A+ Schools	-	-	457,289	-	457,289
54800	DNCR - Enterprise	-	-	53,605	-	53,605
54801	DNCR - USSNC Battleship Commission	-	-	1,701,640	-	1,701,640
54803	DNCR - Enterprise	-	-	697,589	-	697,589
54804	DNCR - Enterprise	-	-	810,350	-	810,350
Total Natural and Economic Resources		493,227,625	5,223,690	3,777,427,244	554,272,100	4,830,150,659
84210/290	Transportation (1)	-	3,358,987,771	97,711,004	988,134,780	4,444,833,555
Net Agency		21,368,152,262	3,410,714,667	10,621,286,703	18,063,993,012	53,464,146,644
19600	Capital Improvements	14,648,500	6,965,700	-	-	21,614,200
Debt Service:						
19420	General Debt Service	703,102,215	61,012,229	18,650,000	95,149,012	877,913,456
19425	Federal Reimbursement	1,616,380	-	-	-	1,616,380
Total Debt Service		704,718,595	61,012,229	18,650,000	95,149,012	879,529,836

Total North Carolina State Budget by Function, Department, and Source of Funds

Governor Recommended Adjustments FY 2016-17

Budget Code	Function	General Fund Appropriation	Highway Trust/ Highway Fund Transfers In	Other Revenues	Federal Revenues	Total Budget Excluding Transfers
Reserves and Adjustments:						
19001	Contingency and Emergency Reserve	5,000,000	-	-	-	5,000,000
19003	Compensation Adjustment Reserve - State Employees and Teachers	-	-	-	-	-
19003	Compensation Adjustment Reserve - Retirees	-	-	-	-	-
19004	Salary Adjustment Reserve	52,000,000	-	-	-	52,000,000
19005	OSHR Minimum of Market Adjustment	12,000,000	-	-	-	12,000,000
19013	Job Development Incentive Grants Reserve	61,728,126	-	-	-	61,728,126
19016	Transparency Initiative	-	-	-	-	-
19018	Medicaid Risk Reserve	-	-	-	-	-
19043	State Health Plan Reserve	-	-	-	-	-
19044	IT Initiative	54,436,936	-	-	-	54,436,936
19047	Retirement Rate Adjustment Reserve	-	-	-	-	-
19048	Reserve for Workers' Compensation	21,500,543	-	-	-	21,500,543
19063	GF - Reserve for ONC NC Fund	8,582,117	-	-	-	8,582,117
19064	GF - Reserve for Future Benefit Needs	-	-	-	-	-
19080	UNC Enrollment Growth	-	-	-	-	-
19081	Public Schools Average Daily Membership (ADM)	-	-	-	-	-
19082	Film and Entertainment Grant	30,000,000	-	-	-	30,000,000
19083	Connect NC Bonds and Capital Improvement	1,142,267	-	-	-	1,142,267
Total Reserves and Adjustments		246,389,989	-	-	-	246,389,989
Grand Total Budget		22,333,909,346	3,478,692,596	10,639,936,703	18,159,147,024	54,611,680,669

Table 3

Governor's Recommended Changes to the FY 2016-17 Budget

	FY 2016-17
Budget Availability	
Unappropriated Balance	175,488,544
Anticipated Overcollections	237,100,000
Anticipated Reversions	358,439,524
FY 2015-16 Savings from Deduction for Teachers' Classroom Expenses	(1,500,000)
Transfer to Medicaid Transformation Reserve	(150,000,000)
Subtotal Unreserved Fund Balance	619,528,068
Transfer to Repair and Renovations Reserve	(154,882,017)
Transfer to Savings Reserve Account	(300,000,000)
Subtotal Statutory Reserve Allocation	(454,882,017)
Subtotal Credit Balance	164,646,051
<u>Revenue Based on Existing Tax Structure</u>	22,175,500,000
<u>Revenue Changes:</u>	
Adjustment of Transfer from Insurance Regulatory Fund	146,887
Deduction for Teachers' Classroom Expenses	(1,500,000)
Subtotal Revenue Changes	(1,353,113)
Total Availability	22,338,792,938
Recommended Appropriations	
Beginning Certified Appropriations per Session Law 2015-241	21,919,468,078
<u>Major Adjustments/Redistributions:</u>	
Medicaid Rebase	(319,000,000)
Education Enrollment Projection Adjustments	(164,208,276)
Reserve for Future Benefit Needs	(71,000,000)
Subtotal Major Adjustments/Redistributions	(554,208,276)
<u>Compensation:</u>	
Rewarding Teachers, Certified School Personnel, and School Administrators	428,998,224
Rewarding State Employees with Bonuses	195,751,460
Market-Based Compensation for State Employees	27,000,000
Rewarding Criminal Justice Professionals	21,732,726
UNC Faculty Recruitment and Retention	3,000,000
Retirement - Actuarially Determined Contribution	35,500,000
Subtotal Compensation	711,982,410
<u>Preparing Students for Success</u>	53,474,573
<u>Increasing Competitiveness and Promoting Job Growth</u>	73,615,451
<u>Supporting a Healthy North Carolina</u>	79,449,710
<u>Keeping North Carolina Safe</u>	29,681,598
<u>Citizen Services, Critical Infrastructure, and Other Items</u>	20,445,802
Total General Fund Appropriations	22,333,909,346
Balance	4,883,592
Percent Growth in Total Spending	2.8%
Percent Growth in Recurring Spending	2.3%

Table 4
Recommended General Fund Budget by Function
2016-17

	2016-17 Recommended	%
Education	\$12,846,046,929	57.52%
General Government	\$397,352,560	1.78%
Health and Human Services	\$5,043,694,649	22.58%
Justice and Public Safety	\$2,587,830,499	11.59%
Natural and Economic Resources	\$493,227,625	2.21%
Transportation		0.00%
Capital Improvements	\$14,648,500	0.07%
Debt Service	\$704,718,595	3.16%
Reserves and Adjustments	\$246,389,989	1.10%
Total General Fund Budget	\$22,333,909,346	100.00%

Figure 2

Recommended General Fund Budget by Function, 2016-17

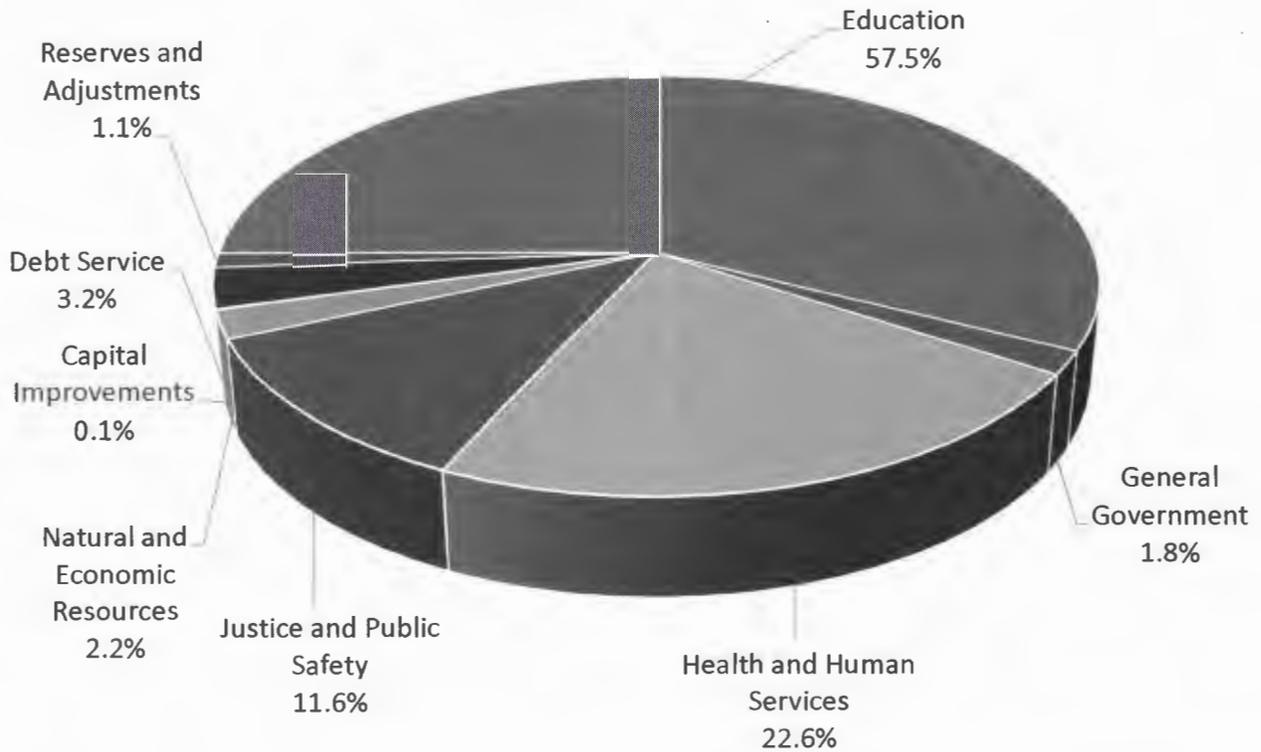


Table 5

Governor's Recommended General Fund Budget
2016-17 Adjustments

Budget Code	Function	2016-17 Recommended Base Budget	Decreases		Increases		Appropriation Supported Positions	Net Change	2016-17 Recommended Appropriation	Net Position Change
			Recurring	Nonrecurring	Recurring	Nonrecurring				
Education										
13510	Public Education	8,419,444,621	(2,900,000)	-	335,521,406	211,067,600	-	543,689,006	8,963,133,627	-
160xx	University System	2,683,307,927	-	(8,000,000)	50,364,900	58,544,209	-	100,909,109	2,784,217,036	-
16800	Community Colleges	1,065,895,520	(26,208,276)	-	21,564,780	37,444,242	-	32,800,746	1,098,696,266	-
	Total Education	12,168,648,068	(29,108,276)	(8,000,000)	407,451,086	307,056,051	-	677,398,861	12,846,046,929	-
General Government										
11000	General Assembly	57,009,051	-	(2,267,571)	2,414,133	1,172,713	-	1,319,275	58,328,326	-
13000	Governor's Office	5,566,174	-	-	11,550	103,354	-	114,904	5,681,078	-
13001	Governor's Office - Special Project	2,000,000	-	-	-	-	-	-	2,000,000	-
13005	State Budget and Management	7,531,408	-	-	157,656	162,674	-	320,330	7,851,738	-
13010	NC Housing Finance	25,660,000	-	-	-	-	-	-	25,660,000	-
13085	OSBM-Special Appropriations	2,000,000	-	-	-	5,000,000	-	5,000,000	7,000,000	-
13100	Lieutenant Governor	677,972	-	-	7,179	14,018	-	21,197	699,169	-
13200	Secretary of State	11,750,695	-	-	659,018	241,246	6,000	900,264	12,650,959	6.00
13300	State Auditor	12,004,791	-	-	99,565	269,130	1,000	368,695	12,373,486	1.00
13410	State Treasurer	10,348,384	-	-	44,623	248,453	-	293,076	10,641,460	-
13412	State Treasurer - Retirement / Benefits	21,691,299	-	-	-	-	-	-	21,691,299	-
13050	Military & Veterans Affairs	7,806,254	-	-	411,098	103,619	11,000	514,717	8,320,971	11.00
13900	Insurance	38,355,246	-	-	235,855	709,230	-	945,085	39,300,331	-
14100	Administration	58,664,485	-	-	1,386,368	1,957,938	14,200	3,344,306	62,008,791	14.20
14160	State Controller	22,726,386	-	-	401,165	341,020	-	742,185	23,468,571	-
14660	Department of Information Technology	-	-	-	478	7,742	-	8,220	8,220	-
14700	Revenue	80,457,679	-	-	3,883,863	2,426,207	-	6,310,070	86,767,749	-
18025	State Board of Elections	6,513,363	-	-	985,182	115,069	8,000	1,100,251	7,613,614	8.00
18210	Office of Administrative Hearings	5,143,413	-	-	44,292	99,093	-	143,385	5,286,798	-
	Total General Government	375,906,600	-	(2,267,571)	10,742,025	12,971,506	40.20	21,445,960	397,352,560	40.20
Health and Human Services										
14410	Central Administration	130,033,253	-	-	4,907,823	9,912,084	-	14,819,907	144,853,160	-
14411	Aging	43,815,337	-	-	1,000,000	-	-	1,000,000	44,815,337	-
14420	Child Development and Early Education	243,033,976	-	-	-	-	2,000	-	243,033,976	2.00
14430	Public Health	148,298,428	-	-	7,550,000	19,500,000	4,000	27,050,000	175,348,428	4.00
14440	Social Services	185,533,263	(1,000,000)	-	9,866,699	-	23,000	8,866,699	194,399,962	23.00
14445	Medical Assistance	3,916,237,272	(318,581,272)	-	8,655,371	2,000,000	45,000	(307,925,901)	3,608,311,371	45.00
14446	Health Choice	746,758	-	-	348,062	-	-	348,062	1,094,820	-
14450	Services for the Blind	8,173,207	-	-	-	-	-	-	8,173,207	-
14460	Mental Health/DD/SAS	537,861,308	-	-	31,940,274	-	28,600	31,940,274	569,801,582	28.60
14470	Health Services Regulation	16,110,674	-	-	-	-	-	-	16,110,674	-
14480	Vocational Rehabilitation	37,752,132	-	-	-	-	-	-	37,752,132	-
	Total Health and Human Services	5,267,595,608	(319,581,272)	-	64,268,229	31,412,084	102.60	(223,900,959)	5,043,694,649	102.60
Justice and Public Safety										
12000	Judicial	484,126,321	-	-	9,165,520	9,958,855	-	19,124,375	503,250,696	-
12001	Judicial - Indigent Defense	116,629,964	-	-	1,222,832	4,540,578	-	5,763,410	122,393,374	-
13600	Justice	52,715,592	-	-	424,787	4,370,122	1,000	4,794,909	57,510,501	1.00
14550	Public Safety	1,847,365,626	-	-	19,303,880	38,006,422	12,000	57,310,302	1,904,675,928	12.00
	Total Justice and Public Safety	2,500,837,503	-	-	30,117,019	56,875,977	13.00	86,992,996	2,587,830,499	13.00

Governor's Recommended General Fund Budget
2016-17 Adjustments

Budget Code	Function	2016-17 Recommended Base Budget	Decreases		Increases		Appropriation Supported Positions	Net Change	2016-17 Recommended Appropriation	Net Position Change
			Recurring	Nonrecurring	Recurring	Nonrecurring				
Natural and Economic Resources										
13700	Agriculture and Consumer Services	116,955,773	-	-	1,464,951	2,909,925	2.00	4,374,876	121,330,649	2.00
13800	Labor	15,822,235	-	-	259,489	343,415	-	602,904	16,425,139	-
14300	Department of Environmental Quality	82,429,609	-	-	843,841	5,984,953	-	6,828,794	89,258,403	-
14350	Wildlife Resources Commission	10,023,496	-	-	21,790	207,538	-	229,328	10,252,824	-
14600	Commerce	57,596,128	-	-	3,902,863	2,430,486	-	6,333,349	63,929,477	-
14601	Commerce - State Aid	18,055,810	-	-	-	-	-	-	18,055,810	-
14800	Cultural and Natural Resources	169,289,403	-	-	2,055,921	2,106,615	9.200	4,162,536	173,451,939	9.20
14802	Cultural Resources - Roanoke Island	523,384	-	-	-	-	-	-	523,384	-
Total Natural and Economic Resources		470,695,838	-	-	8,548,855	13,982,932	11.20	22,531,787	493,227,625	11.20
Net Agency		20,783,683,617	(348,689,548)	(10,267,571)	521,127,214	422,298,550	167.00	584,468,645	21,368,152,262	167.00
Debt Service										
19420	General Debt Service	701,849,215	-	-	-	1,253,000	-	1,253,000	703,102,215	-
19425	Federal Reimbursement	1,616,380	-	-	-	-	-	-	1,616,380	-
Total Debt Service		703,465,595	-	-	-	1,253,000	-	1,253,000	704,718,595	-
Reserves and Adjustments										
19001	Contingency and Emergency Reserve	5,000,000	-	-	-	-	-	-	5,000,000	-
19004	Salary Adjustment Reserve	25,000,000	-	-	27,000,000	-	-	27,000,000	52,000,000	-
19005	OSHR Minimum of Market Adjustment	12,000,000	-	-	-	-	-	-	12,000,000	-
19013	Job Development Incentive Grants Reserve	71,728,126	-	(10,000,000)	-	-	-	(10,000,000)	61,728,126	-
19044	IT Initiative	43,002,697	-	-	9,723,516	1,710,723	73.000	11,434,239	54,436,936	73.00
19048	Reserve for Workers' Compensation	21,500,543	-	-	-	-	-	-	21,500,543	-
19063	GF - One NC	9,000,000	-	(417,883)	-	-	-	(417,883)	8,582,117	-
19064	GF-Reserve for Future Benefit Needs	71,000,000	(71,000,000)	-	-	-	-	(71,000,000)	-	-
19080	UNC Enrollment Growth	31,000,000	(31,000,000)	-	-	-	-	(31,000,000)	-	-
19081	Public Schools Average Daily Memebership (ADM)	107,000,000	(107,000,000)	-	-	-	-	(107,000,000)	-	-
19082	Film and Entertainment	30,000,000	-	-	-	-	-	-	30,000,000	-
19083	GF - Reserve Connect NC Bonds and Capital Improvement	-	-	-	985,682	156,585	-	1,142,267	1,142,267	-
Total Reserves and Adjustments		426,231,366	(209,000,000)	(10,417,883)	37,709,198	1,867,308	73.00	(179,841,377)	246,389,989	73.00
19600	Direct Capital Appropriation	6,087,500	-	-	-	8,561,000	-	8,561,000	14,648,500	-
Total		\$ 21,919,468,078	\$ (557,689,548)	\$ (20,685,454)	\$ 558,836,412	\$ 433,979,858	240.00	\$ 414,441,268	\$ 22,333,909,346	240.00

Table 6
Highway Fund and Highway Trust Fund Budget
2016-17

Function	FY 2016-17 Base Appropriation	Reductions		Other Continuation/Expansion		Net Change	2016-17 Approved Appropriation	Net Position Change	
		Recurring	Nonrecurring	Appropriation Supported Positions	Recurring				Nonrecurring
DOT Administration	90,246.679			-		-	90,246,679	-	
<i>Division of Highways</i>									
Administration	33,313.151			-		-	33,313,151	-	
Construction	42,554.878			-	2,800.000	2,800,000	45,354,878	-	
Maintenance	1,300,435.872			-	27,476.344	27,476,344	1,327,912,216	-	
Planning and Research	-			-		-	-	-	
OSHA Program	358.030			-		-	358,030	-	
State Aid to Municipalities	147,500.000			-		-	147,500,000	-	
<i>Mult-Modal</i>									
Airports	33,760.952			-	1,500.000	1,500,000	35,260,952	-	
Bicycle	726.895			-	250.000	250,000	976,895	-	
Ferry	40,600.395			-		-	40,600,395	-	
Public Transportation	88,173.419			-	4,000.000	4,000,000	92,173,419	-	
Railroads	23,651.674			-		-	23,651,674	-	
Governor's Highway Safety Program	251.241			-		-	251,241	-	
Division of Motor Vehicles	120,334.217			-	2,968.350	4,020.775	127,323,342	-	
Other State Agencies	13,686.807			-		-	13,686,807	-	
Other Reserves	47,041.239			-	6,408.271	9,875.111	63,324,621	-	
Capital Improvements	6,965.700			-		-	6,965,700	-	
Total Highway Fund	1,989,601.149				45,402.965	13,895.886	59,298.851	2,048,900.000	
Administration	35,064.813			-	298.039	706.145	1,004,184	36,068,997	-
<i>Construction</i>									
Strategic Prioritization Program	1,193,757.958			-	29,860.816	-	29,860,816	1,223,618,774	-
<i>Bonds</i>									
Bond Redemption	51,785.964			-		-	-	51,785,964	-
Bond Interest	9,226.265			-		-	-	9,226,265	-
NC Turnpike Authority	49,000.000			-		-	-	49,000,000	-
Reserve for Visitor's Centers	400.000			-		-	-	400,000	-
Total Highway Trust Fund	1,339,235.000				30,158.855	706.145	30,865.000	1,370,100.000	

Table 7

Schedule of Savings Reserve Account Balance, 1990-91 to 2015-16, Recommended 2016-17

Fiscal Year	Beginning Balance July 1	Authorized Transfer	Authorized Reserve for Current Year	Ending Balance June 30
1990-91	\$ 141,000,000	\$ (141,000,000) ^{a)}	\$ -	\$ -
1991-92	400,000	-	41,193,253	41,593,253
1992-93	41,593,253	-	134,332,565	175,925,818
1993-94	175,925,818	(121,000,000) ^{b)}	155,678,246	210,604,064
1994-95	210,604,064	146,305,569	66,700,000 ^{c)}	423,609,633
1995-96	423,609,633	-	77,342,026	500,951,659
1996-97	500,951,659	-	-	500,951,659
1997-98	500,951,659	-	21,568,903	522,520,562
1998-99	522,520,562	-	- ^{d)}	522,520,562
1999-00	522,520,562	(485,965,824) ^{e)}	967,311	37,522,049
2000-01	37,522,049	-	120,000,000 ^{f)}	157,522,048
2001-02	157,522,048	(247,522,048)	90,000,000 ^{g)}	-
2002-03	-	-	150,000,000	150,000,000
2003-04	150,000,000	391,343	116,666,064	267,057,407
2004-05	267,057,407	(153,541,447) ^{h)}	199,125,000	312,640,960
2005-06	312,640,960	-	316,151,631	628,792,591
2006-07	628,792,591	(22,933,000) ⁱ⁾	180,790,087	786,649,678
2007-08	786,649,678	-	-	786,649,678
2008-09	786,649,678	636,649,678	-	150,000,000
2009-10	150,000,000	-	-	150,000,000
2010-11	150,000,000	(37,958,589)	183,600,000	295,641,411
2011-12	295,641,411	-	123,170,924	418,812,335
2012-13	418,812,335	-	-	418,812,335
2013-14	418,812,335	-	232,537,942	651,350,277
2014-15	651,350,277	-	200,245,194	851,595,471
2015-16	851,595,471	-	250,000,000	1,101,595,471
2016-17	1,101,595,471	-	300,000,000	1,401,595,471

a) The General Assembly appropriated \$141.0 million; the reserve was used to balance a shortfall in revenue in 1999-91

b) The 1993 Session of the General Assembly authorized the transfer of reserves to support appropriation for the June 30 payroll restoration.

c) The 1993 Session of the General Assembly (1994 Regular Session) appropriated \$66.7 million to the reserve.

d) The 1999 Session of the General Assembly fixed the balance of the reserve for 1998-99 only at the previous year level.

e) The 1999 Session of the General Assembly authorized the use of the Savings Reserve Account to pay the first installment of the Intangibles Tax liability. The December 1999 Special Session of the General Assembly authorized the transfer of \$285,965,824 to provide funds to the Hurricane Floyd Reserve.

f) The 2000 Short Session of the General Assembly appropriated \$120 million to the reserve.

g) The 2001 Session of the General Assembly directed the State Controller to "credit" the Savings Reserve Account \$181.8 million from the General Fund but only \$90,000,000 was credited.

h) Amount transferred to Disaster Relief Reserve for 2004 Hurricane Season Recovery, per SB 7.

i) Reflects \$23.3 million transferred to the Highway Fund and the Highway Trust Fund to Replace motor fuel tax revenues reduced by the cap on the gas tax rate per Senate Bill 1741.

Table 8

Total North Carolina Budget for Debt Services, 1980-81 to 2015-16; Recommended 2016-17

Fiscal Year	Authorized Budget			Per Capita*
	General Fund	Highway Fund	Total	
1980-81	\$ 62,173,700	\$ 30,329,757	\$ 92,503,457	\$ 15.73
1981-82	\$ 65,062,550	\$ 30,062,040	\$ 95,124,590	\$ 15.97
1982-83	\$ 75,020,500	\$ 38,772,567	\$ 113,793,067	\$ 18.91
1983-84	\$ 79,525,500	\$ 38,288,000	\$ 117,813,500	\$ 19.39
1984-85	\$ 76,077,250	\$ 38,401,500	\$ 114,478,750	\$ 18.57
1985-86	\$ 75,781,250	\$ 38,445,500	\$ 114,226,750	\$ 18.26
1986-87	\$ 64,506,250	\$ 38,445,500	\$ 102,951,750	\$ 16.28
1987-88	\$ 73,929,627	\$ 32,453,812	\$ 106,383,439	\$ 16.61
1988-89	\$ 71,636,370	\$ 37,295,105	\$ 108,931,475	\$ 16.80
1989-90	\$ 69,083,445	\$ 38,491,163	\$ 107,574,608	\$ 16.38
1990-91	\$ 71,259,383	\$ 37,392,600	\$ 108,651,983	\$ 16.10
1991-92	\$ 79,683,770	\$ 38,227,230	\$ 117,911,000	\$ 17.47
1992-93	\$ 89,020,478	\$ 38,018,250	\$ 127,038,728	\$ 18.59
1993-94	\$ 92,263,558	\$ 37,359,875	\$ 129,623,433	\$ 18.66
1994-95	\$ 114,837,478	\$ 27,631,295	\$ 142,468,773	\$ 20.17
1995-96	\$ 131,836,603	\$ 25,133,780	\$ 156,970,383	\$ 21.84
1996-97	\$ 129,326,640	\$ 4,978,215	\$ 134,304,855	\$ 18.38
1997-98	\$ 165,973,573	\$ -	\$ 165,973,573	\$ 22.34
1998-99	\$ 199,286,633	\$ 28,357,925	\$ 227,644,558	\$ 30.16
1999-00	\$ 242,910,930	\$ 27,607,550	\$ 270,518,480	\$ 41.66
2000-01	\$ 268,834,550	\$ 26,857,175	\$ 295,691,725	\$ 36.12
2001-02	\$ 301,428,690	\$ 26,106,800	\$ 327,535,490	\$ 40.01
2002-03	\$ 300,016,860	\$ 25,356,425	\$ 325,373,285	\$ 39.11
2003-04	\$ 403,285,920	\$ 33,706,050	\$ 436,991,970	\$ 52.52
2004-05	\$ 489,914,203	\$ 69,589,925	\$ 559,504,128	\$ 66.16
2005-06	\$ 581,837,505	\$ 93,449,000	\$ 675,286,505	\$ 79.85
2006-07	\$ 615,382,280	\$ 91,198,625	\$ 706,580,905	\$ 77.73
2007-08	\$ 658,128,668	\$ 88,128,250	\$ 746,256,918	\$ 80.43
2008-09	\$ 685,745,499	\$ 85,460,500	\$ 771,205,999	\$ 81.74
2009-10	\$ 721,999,019	\$ 82,731,000	\$ 804,730,019	\$ 84.05
2010-11	\$ 785,563,689	\$ 79,992,750	\$ 865,556,439	\$ 89.54
2011-12	\$ 697,953,568	\$ 58,104,938	\$ 756,058,506	\$ 77.44
2012-13	\$ 784,375,261	\$ 58,161,288	\$ 842,536,549	\$ 85.45
2013-14	\$ 709,197,014	\$ 79,170,090	\$ 788,367,104	\$ 79.20
2014-15	\$ 725,337,659	\$ 60,307,448	\$ 785,645,107	\$ 78.14
2015-16	\$ 714,776,023	\$ 48,619,701	\$ 763,395,724	\$ 75.15
2016-17	\$ 704,718,595	\$ 61,012,229	\$ 765,730,824	\$ 74.62

* Based on July 1 population estimates.

Table 9

North Carolina's Bond Indebtedness, 1968-69 to 2014-15

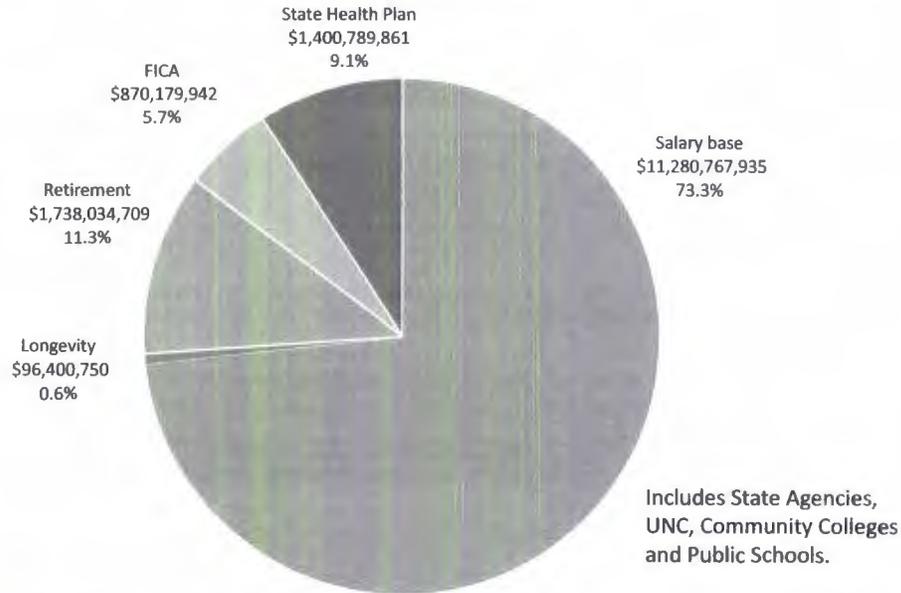
Fiscal Year	Bond Indebtedness*				Per Capita
	General Fund	Highway Fund	Total		
1980-81	\$ 574,750,000	\$ 179,000,000	\$ 753,750,000	\$ 128.19	
1981-82	\$ 544,200,000	\$ 219,000,000	\$ 763,200,000	\$ 128.15	
1982-83	\$ 582,700,000	\$ 323,000,000	\$ 905,700,000	\$ 150.48	
1983-84	\$ 630,900,000	\$ 306,500,000	\$ 937,400,000	\$ 154.25	
1984-85	\$ 589,200,000	\$ 290,000,000	\$ 879,200,000	\$ 142.62	
1985-86	\$ 548,500,000	\$ 272,500,000	\$ 821,000,000	\$ 131.26	
1986-87	\$ 508,000,000	\$ 254,000,000	\$ 762,000,000	\$ 120.51	
1987-88	\$ 525,500,000	\$ 250,000,000	\$ 775,500,000	\$ 121.06	
1988-89	\$ 481,410,000	\$ 226,750,000	\$ 708,160,000	\$ 109.23	
1989-90	\$ 457,698,902	\$ 202,730,000	\$ 660,428,902	\$ 100.54	
1990-91	\$ 412,038,903	\$ 175,965,000	\$ 588,003,903	\$ 88.66	
1991-92	\$ 441,378,903	\$ 148,635,000	\$ 590,013,903	\$ 87.44	
1992-93	\$ 548,678,902	\$ 118,695,000	\$ 667,373,902	\$ 97.67	
1993-94	\$ 493,678,902	\$ 87,055,000	\$ 580,733,902	\$ 83.59	
1994-95	\$ 936,191,005	\$ 55,285,000	\$ 991,476,005	\$ 140.40	
1995-96	\$ 990,245,681	\$ 29,445,000	\$ 1,019,690,681	\$ 141.90	
1996-97	\$ 940,252,373	\$ 4,895,000	\$ 945,147,373	\$ 129.32	
1997-98	\$ 1,508,215,259	\$ -	\$ 1,508,215,259	\$ 202.97	
1998-99	\$ 1,867,480,343	\$ 250,000,000	\$ 2,117,480,343	\$ 280.56	
1999-00	\$ 2,212,108,040	\$ 233,325,000	\$ 2,445,433,040	\$ 319.64	
2000-01	\$ 2,286,848,925	\$ 216,650,000	\$ 2,503,498,925	\$ 305.82	
2001-02	\$ 2,832,409,153	\$ 199,975,000	\$ 3,032,384,153	\$ 370.42	
2002-03	\$ 3,274,944,986	\$ 183,300,000	\$ 3,458,244,986	\$ 415.65	
2003-04	\$ 3,892,442,828	\$ 166,625,000	\$ 4,059,067,828	\$ 479.99	
2004-05	\$ 5,697,359,000 ^{c)}	\$ 811,430,000	\$ 6,508,789,000	\$ 769.67	
2005-06	\$ 5,738,094,000 ^{c)}	\$ 756,755,000	\$ 6,494,849,000	\$ 748.51	
2006-07	\$ 5,901,961,474 ^{d)}	\$ 702,080,000	\$ 6,604,041,474	\$ 761.10	
2007-08	\$ 4,885,609,403 ^{e)}	\$ 648,025,000	\$ 5,533,634,403	\$ 766.00	
2008-09	\$ 4,575,330,000 ^{f)}	\$ 593,935,000	\$ 5,169,265,000	\$ 768.00	
2009-10	\$ 4,742,737,008 ^{g)}	\$ 527,922,992	\$ 5,270,660,000	\$ 727.70	
2010-11	\$ 4,381,500,280 ^{h)}	\$ 464,704,220	\$ 4,846,204,500	\$ 717.62	
2011-12	\$ 4,062,400,000 ⁱ⁾	\$ 408,100,000	\$ 4,470,500,000	\$ 702.11	
2012-13	\$ 3,660,400,000 ^{j)}	\$ 339,200,000	\$ 3,999,600,000	\$ 661.52	
2013-14	\$ 3,324,900,000 ^{k)}	\$ 282,200,000	\$ 3,607,100,000	\$ 601.88	
2014-15	\$ 3,233,300,000 ^{l)}	\$ 236,000,000	\$ 3,469,300,000	\$ 568.74	

*The State Treasurer's Annual Report and Official Statement of the State Treasurer as of June 30 for the following fiscal year.

- a) Includes \$60 million from bond anticipation notes.
- b) Includes \$120 million from bond anticipation notes.
- c) Information obtained from CAFR as the most current DST Annual Report is for FY 2005.
- d) Information obtained from 2008 Debt Affordability Study
- e) Information obtained from 2009 Debt Affordability Study
- f) Information obtained from 2010 Debt Affordability Study
- g) Information obtained from 2011 Debt Affordability Study
- h) Information obtained from 2012 Debt Affordability Study
- i) Information obtained from 2013 Debt Affordability Study
- j) Information obtained from 2014 Debt Affordability Study
- k) Information obtained from 2015 Debt Affordability Study
- l) Information obtained from 2016 Debt Affordability Study

Figure 3

Total Compensation
from General Fund and Highway Fund Appropriations
\$ 15,386,173,197 / 256,039 Positions



UNC Employees	
Positions (FTE):	32,505
Average Salary:	\$ 69,291
Average Longevity:	\$ 244
Average Benefits:	\$ 20,571
Average Total Compensation:	\$ 90,106

Include all UNC non-LEO employees.

State Employees	
Positions (FTE):	48,630
Average Salary:	\$ 42,416
Average Longevity:	\$ 777
Average Benefits:	\$ 15,530
Average Total Compensation:	\$ 58,722

Includes GF and HF non-LEO employees. Excludes higher ed, public schools, judicial officials.

Community College Employees	
Positions (FTE):	17,936
Average Salary:	\$ 50,811
Average Longevity:	\$ 686
Average Benefits:	\$ 17,290
Average Total Compensation:	\$ 68,787

Includes all community college employees; excludes system office employees.

Law Enforcement Officers	
Positions (FTE):	3,068
Average Salary:	\$ 54,233
Average Longevity:	\$ 819
Average Benefits:	\$ 20,869
Average Total Compensation:	\$ 75,921

Includes GF and HF LEO employees, including UNC LEOs.

State-Supported Local School Employees	
Positions (FTE):	152,794
Average Salaries by position type range from \$12,170 to \$62,633.	

Includes full-time and part-time positions. Includes all public school employees; excludes system office employees.

Officers of the Court	
Positions (FTE):	1,107
Average Salary:	\$ 81,750
Average Longevity:	\$ 10,261
Average Benefits:	\$ 36,426
Average Total Compensation:	\$ 128,437

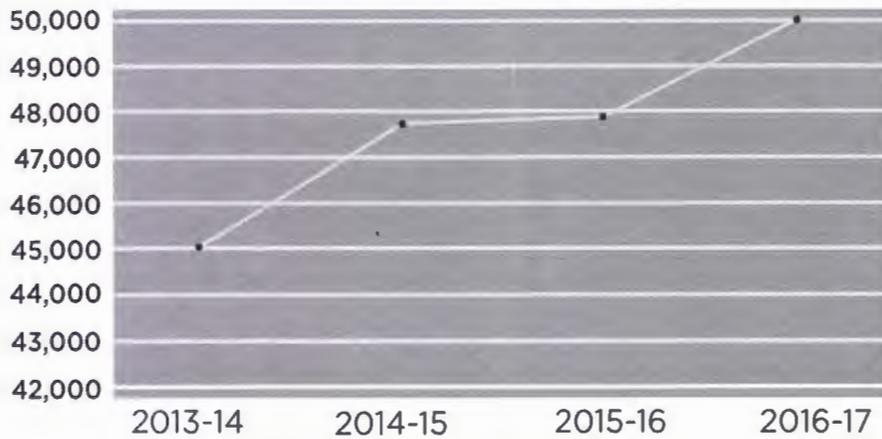
Includes those that receive judicial retirement and/or longevity.

Table 10

Teachers	Current	Proposed 2016-17
Average Salary (including local funds):	\$47,931	\$50,244
Health:	\$5,471	\$5,471
Retirement:	\$7,343	\$7,873
FICA:	\$3,667	\$3,844
Total	\$64,412	\$67,432

Figure 4

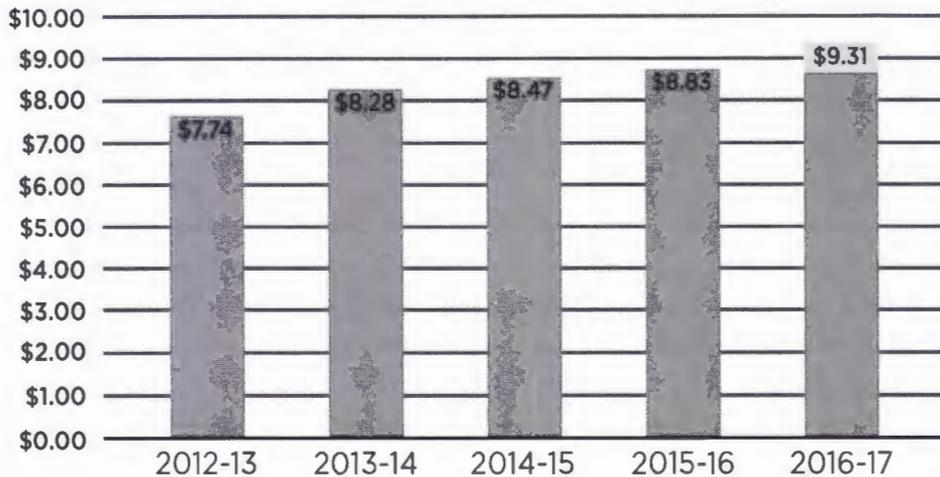
TEACHER COMPENSATION TRENDS



SOURCE: Source: 2016 DPI Highlights of the NC Public School Budget

Figure 5

**CERTIFIED AND RECOMMENDED K-12 BUDGET
STATE APPROPRIATIONS & LOTTERY
(BILLIONS OF DOLLARS)**



SOURCE: BD 307 Certified Budget documents, Governor's Recommended Adjustments for 2016-17



***Economic Outlook
and Revenue Forecasts***





Economic Outlook

North Carolina's Economy: Will Growth Accelerate in 2016-17?

North Carolina's Unemployment Rate is Lowest since April 2008

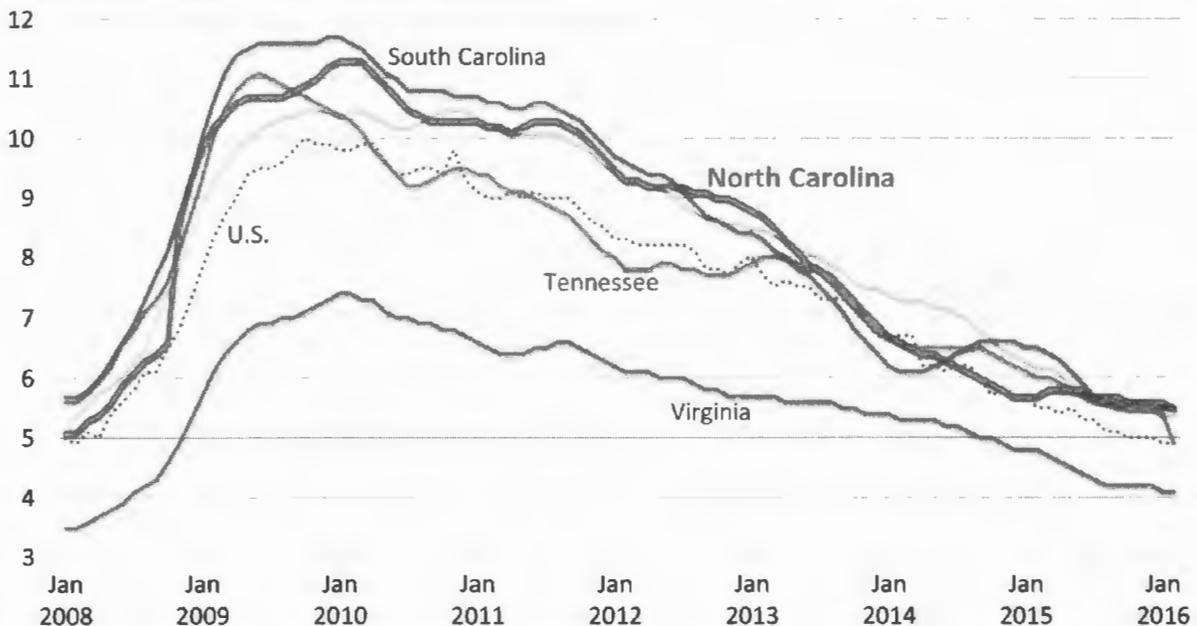
North Carolina's unemployment rate declined by more than a percentage point per year after reaching a high of 11.3 percent in early 2010 until reaching near-full-employment levels at a rate below 6.0% in the last months of 2014. Since the end of 2014, North Carolina's unemployment rate has registered an additional 0.2 percentage point drop. As of March 2016, the unemployment rate was 5.5 percent, the lowest since April 2008.

What caused the unemployment rate to stabilize in 2015, instead of continuing a rapid decline, was an increase in the rate of growth in the state's labor force. In fact, North Carolina's labor force participation rate increased in 2015 for the first time since 2006. At the same time, the rate of employment growth in North Carolina maintained a similar pace to prior years. Thus, unlike in the period from early 2010 through 2014, the rate of growth in employment was no longer significantly higher than the rate of growth in the state's labor force in 2015.

Figure 6

North Carolina's Unemployment Rate Stabilized at Low Level in 2015

State U-3 Unemployment Rate - Seasonally Adjusted

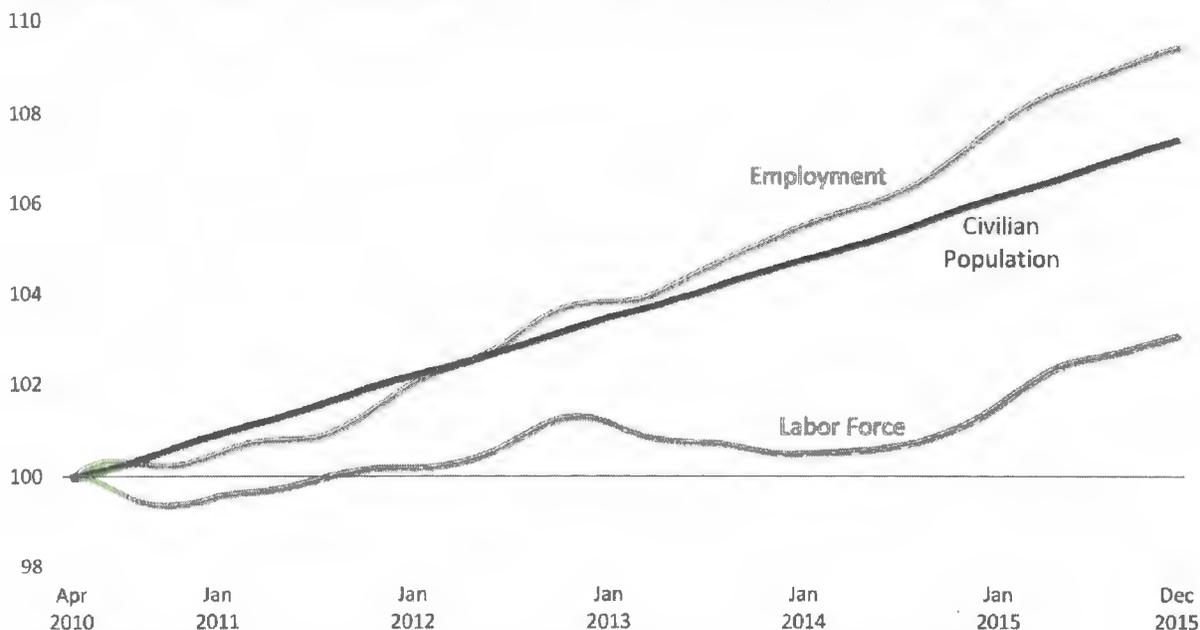


Source: US Department of Commerce, Bureau of Labor Statistics, Local Area Unemployment Statistics

Figure 7

North Carolina Labor Force Growing Rapidly After Years of Stagnation

Index of North Carolina Adult Civilian Noninstitutional Population, Labor Force, and Employment; April 2010 = 100



Source: Bureau of Labor Statistics, Local Area Unemployment Statistics; Note: Census-based population controls implemented in April 2010.

A higher rate of labor force growth, if it persists through the 2016-17 biennium, would indicate that brighter employment prospects are reaching many of the state's potential workers who either dropped out of the labor force or delayed (re-) entry into the labor force during the extended

period of high unemployment that followed the Great Recession. If the labor force continues to grow faster than the working-age population, it would be a major factor in boosting the growth of North Carolina's economy during the next several years.

North Carolina's Economy Has Consistently Created Jobs for Six Straight Years

North Carolina's economy has generated 277,000 new private-sector jobs since the beginning of 2013¹. During the twelve months ending in March 2016, total non-farm employment in the state grew by 2.5 percent.

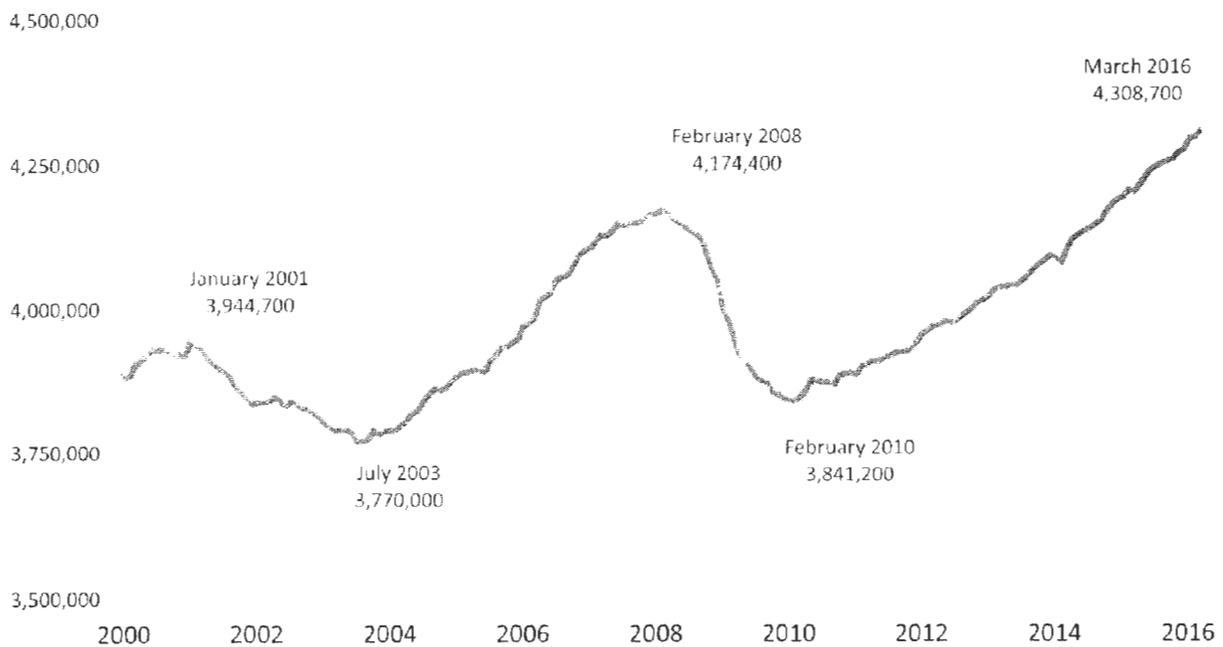
Job growth continues to be concentrated in a few groups of service-providing industries: professional and technical services, leisure and hospitality, and retail trade. In 2014, these three groups of industries accounted for roughly one in three net new jobs. In 2015, they accounted for nearly half of all net new jobs.

Among these industry groups, job growth in professional and technical services, which accounted for one in eight net new jobs in 2015, has provided North Carolinians with opportunities to earn substantially higher pay than the statewide average. In 2014, jobs in professional and technical services paid 61 percent higher on average than the statewide average annual non-farm wage of \$45,028². The other two industry groups with significant job gains both have average annual wages below the statewide average.

The biggest changes in the rates of job creation between 2014 and 2015 occurred in manufacturing and health services.

Figure 8

North Carolina Total Non-Farm Employment - 2000 to March 2016



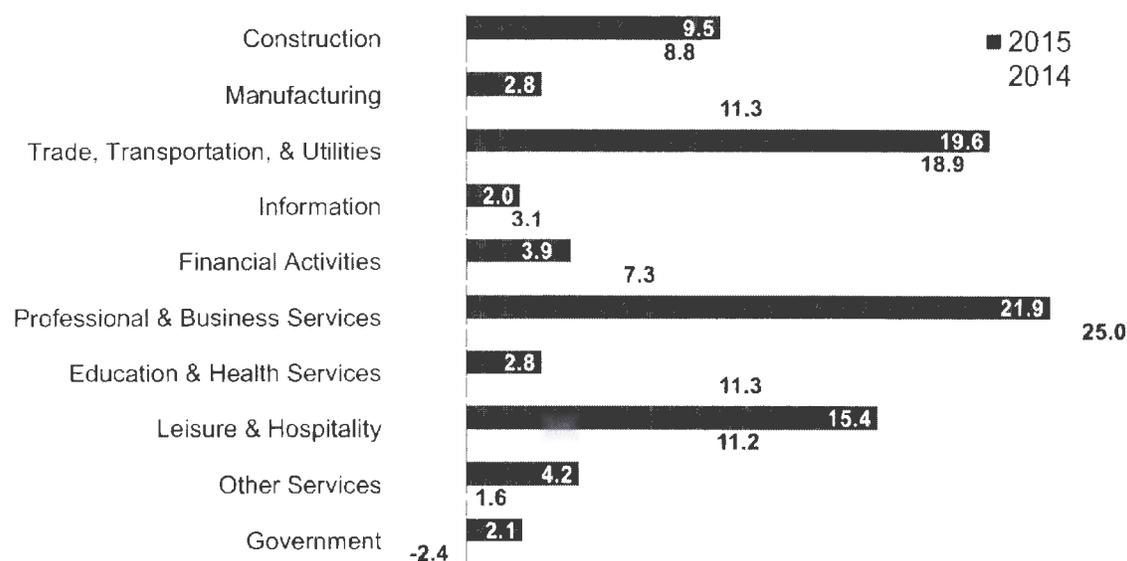
¹ Unless otherwise noted, all figures in this section refer to data from the Current Employment Statistics program of the Bureau of Labor Statistics.

² Based on data from the Quarterly Census of Employment and Wages.

Figure 9

Service Industries Driving Most of Job Growth Over Past Two Years

Annual Change in Payroll Employment by Industry, Thousands



Source: Bureau of Labor Statistics

Pace of Growth in Real Labor Income Has Accelerated, Especially for Older Workers

Real median family income in North Carolina increased 1.5% between 2012 and 2014 after five straight years of decline³. One big driver of this increase has been wage and salary income, which continues to see a positive trend, as shown below. Real per capita wage and salary income in the state grew 7.7% between the first quarter of 2013 and the fourth quarter of 2015 and is at the highest level since the second quarter of 2007⁴.

The median North Carolina worker in 2014 and 2015 reported inflation-adjusted⁵ weekly wages nearly four percent higher than the median worker in 2007 and 2008⁶. Yet, those real wage gains were not equally shared by North Carolina workers of all ages.

Older workers in North Carolina have experienced significant real wage gains during the most recent seven-year period, but their younger peers in the workforce have mostly experienced stagnant or declining real wages. As shown in the chart below, the median wage declined for workers under age 35 and was modestly higher among workers age 35-54. In sharp contrast, the real median weekly wage among workers age 55-64 was nearly ten percent higher⁷. Shifts in the number of hours worked per week do not explain the distribution in wage gains, as the same basic pattern holds whether one considers all workers or only full-time workers. Older workers were simply able to command stronger gains in hourly wage rates in comparison to their younger peers.

³ American Community Survey (median family income, single-year estimates). Bureau of Economic Analysis (personal consumption expenditures price index).

⁴ Bureau of Economic Analysis (wage and salary income and personal consumption expenditures price index). IHS, Inc. (quarterly population data).

⁵ Inflation adjustment based on the chain-type price index for personal consumption expenditures produced by the Bureau of Economic Analysis.

⁶ All figures, unless otherwise cited, are based on OSBM analysis of Current Population Survey microdata from 2007, 2008, 2014, and 2015. Respondents were grouped into two-year periods to reduce sampling error.

⁷ The median real wage for workers age 65-74 grew by even more – 17% -- but this estimate is subject to more sampling error due to the lower representation of workers age 65 and higher in the Current Population Survey sample for North Carolina.

Uneven wage growth between age groups may be in part driven by diverging trends in employment rates by age. Compared to the year before the depths of the Great Recession, the employment rates of young and middle-age adults in North Carolina (including adults through their early-to-mid 40s) were lower in 2015. By contrast, the employment rates of adults in immediate pre-retirement years (55-64) held steady while employment rates among adults in the early years of the traditional retirement period (65-74) were higher in 2015 than in 2007. Thus, it is possible that competition among employers for older workers may be driving disproportionate wage gains for this age group.

If the lower employment rates among younger and middle-age adults is mostly cyclical – that is, a transitory effect of the slow recovery from the Great Recession – this would be a major factor in potential economic growth over the next few years. If steady job growth continues in the months ahead and brings even more prime-age adults into the labor force, then the economy will likely experience wage and employment growth above recent trends through, and perhaps even beyond, the next fiscal year.

Figure 10

Post-Recession Wage Growth in North Carolina Uneven Across Age Groups
 Change in Real Median Usual Weekly Wages by Age and Full-Time Status, 2007-08 to 2014-15



Source: OSBM analysis of Current Population Survey microdata. Analysis limited to workers present at work the week prior to being surveyed.

⁸ For both groups (all workers and full-time workers), the median worker reported working forty (40) hours per week in 2007-08 and 2014-15.

General Fund Revenue Forecast

About half of North Carolina's total revenue originates from tax collections and other sources comprising the General Fund. The other half consists of funds from the federal government, highway funds, the Education Lottery, and other receipts and fees (e.g., tuition). General Fund revenues are primarily derived from two sources: the individual income tax and the sales and use tax. Other important sources of tax revenue include corporate income and franchise taxes, taxes on insurance premiums, and excise taxes on alcohol and tobacco products. In addition, nontax revenue, such as judicial fees and earnings from investing state funds, supports the General Fund.

The revisions to the consensus revenue forecast for FY 2016-17 and the remainder of FY 2015-16 reflect a cautious outlook. The consensus revenue forecast for FY 2016-17 was revised upward by \$179.2 million (0.8%) and the current fiscal year is anticipated to register over-collections of \$237.1 million (1.1%).

Specific highlights of the revisions include:

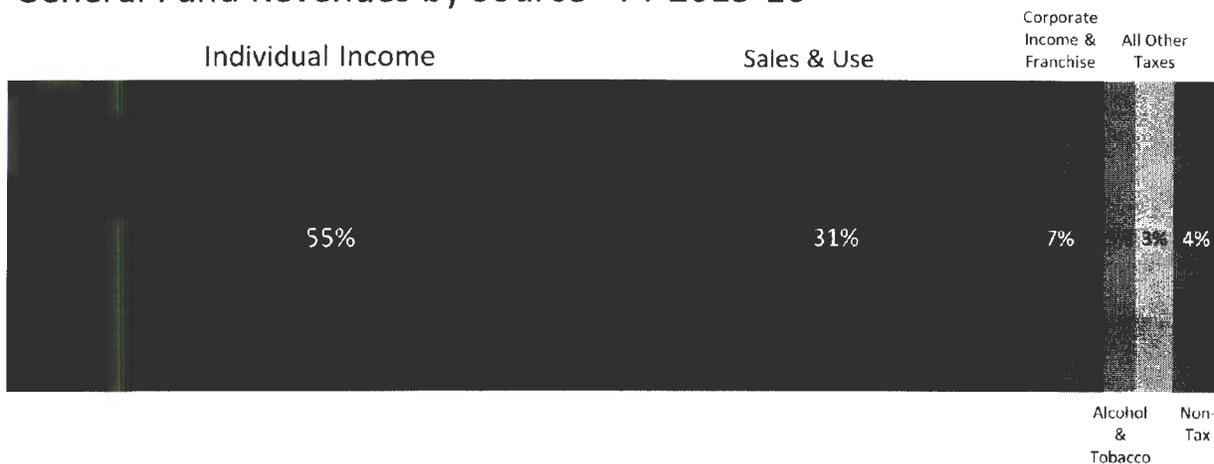
Current Year Revenue

The revised consensus forecast projects net General Fund revenue of \$21.96 billion in FY 2015-16. This amount is 2.4% over the \$21.45 billion collected in FY 2014-15 (see table 11 and figure 12). The revised consensus projection is \$237.1 million (1.1%) higher than the budgeted amount of \$21.72 billion but is well within the median forecast error since 1987.

- **Personal income tax collections** are expected to total \$11.7 billion in FY 2015-16, an increase of 5.9% over FY 2014-15 levels. After adjusting for recommended revenue changes, the revised consensus forecast represents an increase in expected revenue of \$427 million, due primarily to higher-than-expected growth in withholding, quarterly payments, and final payments in the second half of 2015 and early 2016.
- **Sales and use tax collections**, which comprise nearly one-third of General Fund revenue, are forecast to increase 4.7% or \$295 million compared to FY 2014-15. This represents an

Figure 11

General Fund Revenues by Source - FY 2015-16



downward revision of 2.9% or \$197 million compared to budget, driven primarily by lower-than-expected growth in taxable retail sales.

- While the FY 2015-16 forecast assumes continued economic growth, revenue volatility remains a risk. April always has the potential to be a volatile collection month where revenue from dividends, capital gains, and business income can result in sizable swings in income tax collections. Significant tax law changes enacted in recent years – and the timing of taxpayer responses to those changes – may have major impacts on income tax refunds and final payments, adding greater potential short-term forecast volatility for the remainder of FY 2015-16 than normally associated with a revenue forecast.

economic expansions. Table 11 details this forecast adjusted for recommended revenue changes.

- Personal income tax collections, North Carolina’s single largest revenue source, are expected to equal \$11.72 billion in FY 2016-17, a decrease of 0.1% compared to revised FY 2015-16 revenues. Although personal income tax collections for FY 2016-17 are revised upward by \$269 million compared to the budgeted amount, the upward revision is much lower than FY 2015-16 collections. Modest projected year-over-year growth in baseline personal income tax revenues will be almost entirely offset by the phasing in of previously enacted tax reductions during FY 2016-17.
- Growth in consumer spending is expected to remain steady over the rest of the biennium due to lower energy prices and stable consumer confidence. This economic outlook combined with growth from recently enacted revenue changes translates into 5.7% growth in sales and use tax collections, which is modestly higher than the historical average.

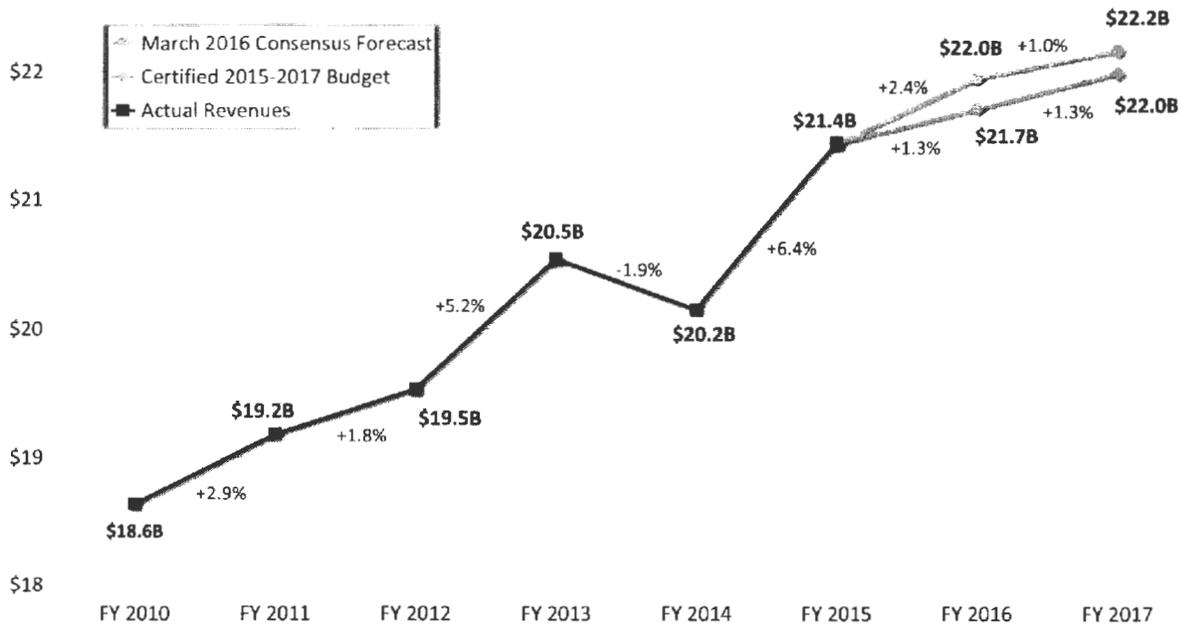
Revenue Outlook for 2016-17 Fiscal Year

Reflecting a cautious outlook, the forecast estimates General Fund revenue will increase a modest 1.0% in FY 2016-17, which is below long-term average growth and typical growth during

Figure 12

Consensus General Fund Revenue Forecast Revised Upward

Billions of Current-Year Dollars



Source: OSBM and NC Fiscal Research Division data and projections

- Corporate profits are expected to rebound in FY 2016-17 after a moderate decline during the current fiscal year. Corporate income tax collections are projected to decline 10.3% in FY 2016-17, primarily the result of revenue loss from corporate rate reductions and other corporate tax changes.
- While the General Fund forecast cautiously assumes below-trend growth, there are still significant risks to the forecast. Global economic turmoil, recent spikes in stock market volatility, and growing fears of a potential recession among some economic forecasters are among the significant sources of risk to the consensus forecast. In addition, state revenue volatility and responsiveness to economic changes has increased in recent years.

Recommended Revenue Changes

- Deduction for teachers' classroom expenses: The Governor recommends conforming to a provision in the Internal Revenue Code making permanent an above-the-line deduction for up to \$250 in eligible classroom expenses of elementary and secondary school teachers.
- Adjustment of Transfer from Insurance Regulatory Fund: As required by GS 58-6-25, the Governor recommends an increase in the Insurance Regulatory Fund transfer of an amount equal to the increase in recommended appropriations to the Department of Insurance.

Table 11
General Fund Revenue by Fiscal Year: Recent History and Forecast
(In Millions)

	2011-12 Actual	2012-13 Actual	2013-14 Actual	2014-15 Actual	2015-16 Budget	2015-16 Revised	% Change 2015-16 Rev./ 2014-15 Act.	2016-17 Budget	2016-17 Revised	% Change 2016-17 Rev./ 2015-16 Rev.
Tax Revenue										
Individual Income	10,272.1	10,953.1	10,272.4	11,078.5	11,303.1	11,730.3	5.9%	11,450.8	11,718.7	-0.1%
Sales and Use	5,257.6	5,294.1	5,566.5	6,252.0	6,744.0	6,547.2	4.7%	7,156.0	6,918.4	5.7%
Corporate Income	1,132.8	1,191.7	1,356.9	1,327.7	1,085.1	1,022.2	-23.0%	823.8	916.8	-10.3%
Franchise	612.5	660.1	697.0	544.1	534.3	541.1	-0.6%	532.6	554.1	2.4%
Insurance	460.4	521.5	440.9	510.7	503.2	520.2	1.9%	515.0	527.7	1.4%
Beverage	287.4	298.6	306.0	318.7	330.5	334.0	4.8%	344.5	337.2	1.0%
Estate	58.1	111.4	19.3	3.0	0.0	2.0	-33.3%	0.0	0.0	-100.0%
Licenses	48.5	46.1	50.0	41.1	49.5	42.8	4.2%	40.2	31.7	-25.9%
Tobacco Products	270.9	255.4	255.5	248.5	243.0	257.0	3.4%	240.2	252.5	-1.8%
Real Estate	0.0	0.0	45.3	55.5	55.3	61.5	10.8%	56.8	59.7	-2.9%
White Goods	0.0	0.0	1.5	2.0	1.7	2.3	16.6%	1.7	2.3	0.0%
Scrap Tire	0.0	0.0	5.0	5.3	5.3	6.2	16.1%	5.3	6.3	1.6%
Mill Machinery	36.2	36.9	35.5	41.1	41.1	42.9	4.3%	42.4	44.8	4.4%
Solid Waste	0.0	0.0	2.1	2.3	2.3	2.2	-4.7%	2.3	2.2	0.0%
Piped Natural Gas	25.9	30.4	30.4	0.0	0.0	0.0	n.a.	0.0	0.0	n.a.
Gift	0.2	0.8	0.5	0.0	0.0	0.0	n.a.	0.0	0.0	n.a.
Miscellaneous	0.6	1.2	1.5	1.8	1.2	1.4	-22.1%	1.2	1.4	0.0%
Total Tax Revenue	18,463.1	19,401.5	19,086.4	20,432.3	20,899.6	21,113.3	3.3%	21,212.8	21,373.8	1.2%
Nontax Revenue										
Investment Income	17.8	12.5	17.3	18.3	17.1	30.8	68.1%	17.4	31.3	1.6%
Judicial Fees	258.8	249.9	235.8	234.5	252.8	243.2	3.7%	250.5	241.9	-0.5%
Insurance Department	72.3	72.6	73.4	76.3	139.0	78.5	2.8%	139.0	79.2	1.0%
Disproportionate Share										
Receipts	115.0	115.0	110.0	109.0	127.5	147.0	34.9%	127.5	147.0	0.0%
Master Settlement Agreement										
	n.a.	n.a.	164.6	138.6	206.3	127.5	-8.0%	169.5	127.5	0.0%
Miscellaneous	313.2	441.1	246.9	224.3	78.4	216.0	-3.7%	79.6	173.4	-19.7%
Total Nontax	777.0	891.1	848.0	801.1	821.1	843.0	5.2%	783.5	800.3	-5.1%
Transfers										
Highway Fund	217.1	27.6	0.0	0.0	0.0	0.0	n.a.	0.0	0.0	n.a.
Highway Trust Fund	76.7	220.3	218.1	215.9	0.0	0.0	-100.0%	0.0	0.0	n.a.
Total Transfers	293.8	247.9	218.1	215.9	0.0	0.0	-100.0%	0.0	0.0	n.a.
Total General Fund Revenue	19,533.9	20,540.5	20,112.6	21,449.3	21,720.7	21,956.3	2.4%	21,996.3	22,174.1	1.0%

Highway Fund Revenue Forecast

The Highway Fund receives support from three revenue sources. The primary source is the excise tax on motor fuels, of which the Highway Fund receives 71%. The second source is licenses and fees collected by the Division of Motor Vehicles. The third source is interest earned on investments of Highway Fund cash balances held by the State Treasurer. Table 12 shows revised forecast estimates for the Highway Fund revenue collections projected for fiscal years 2015-16 and 2016-17.

Current Fiscal Year Update

Fiscal year 2015-16 revenue is projected to be close to the fiscal year 2014-15 level (less than 0.2% increase) and finish about \$88 million above forecast. The excise tax revenue and licenses and fees collections are anticipated to be 5% and 3% higher, respectively, than what was budgeted for the current year. The higher excise revenue is in the context of a lower excise tax rate, which has

reduced the rate's exposure to gas price volatility, and of a lower portion of the excise revenue allocated to the Highway Fund. These results highlight the increase in gasoline consumption (3.4% over last fiscal year) that is driven by continuing lower gas prices and a recovering economy.

Fiscal Year 2016-17 Revenue Projections

Total Highway Fund revenue collections in fiscal year 2016-17 are expected to increase above current year estimates by 0.7%. However, the increase will be driven by revenue from licenses and fees, which is expected to increase 14% over the current year due to increases in DMV fees, growing population, and a continuing economic recovery. Most of this growth is expected to be cancelled out by a 6% decrease in motor fuel tax revenue in FY 2016-17, as gas prices are anticipated to stabilize and reduce fuel consumption by 1.5%.

Table 12

Highway Fund Revenue by Fiscal Year: Recent History and Forecast (In Millions)

Source	2014-15 Actual	2015-16 Budget	2015-16 Revised	Percent Change	2016-17 Budget	2016-17 Revised	Percent Change
Motor Fuels Tax							
Motor Fuels	1,426.2	1,268.8	1,333.9	-6%	1,227.3	1,251.4	-6%
Gasoline Inspection	14.3	13.4	14.0	-2%	13.4	13.8	-1%
Highway Use Reg.	0.4	0.4	0.4	0%	0.3	0.3	-6%
Total Motor Fuel Taxes	1,440.9	1,282.6	1,348.3	-6%	1,241.1	1,265.6	-6%
Licenses and Fees							
Staggered Registration	208.3	239.2	238.4	14%	271.3	271.8	14%
International Registration Plan	115.3	127.1	141.1	22%	142.9	162.5	15%
Driver Licenses	142.4	155.1	165.4	16%	176.8	187.8	14%
Truck Licenses	60.8	74.2	75.1	24%	85.3	84.8	13%
Other Licenses and Fees	55.2	64.7	62.3	13%	67.2	71.4	15%
Total Licenses and Fees	582.0	660.3	682.3	17%	743.5	778.3	14%
Investment Income							
	9.3	4.9	5.0	-46%	5.0	5.0	0%
Total Highway Fund Availability	2,032.2	1,947.8	2,035.6	0%	1,989.6	2,048.9	1%

Totals may differ from the sum of their parts due to rounding.

Highway Trust Fund Revenue

The Highway Trust Fund, established in 1989, receives support from four sources. The primary source is the highway use tax, or sales tax, on vehicle sales. The Highway Trust Fund also receives 29 percent of the excise tax on motor fuels. The other sources of revenue are fees on various title registrations and interest earned from investments of the Highway Trust Fund cash balances held by the State Treasurer. Table 13 shows revised projections for the Highway Trust Fund revenue collections for fiscal years 2015-16 and 2016-17.

Current Fiscal Year Update

Fiscal year 2015-16 revenue is expected to significantly exceed last year's level by 12%, close to \$72 million above the budgeted forecast. The surplus is primarily fueled by a notable growth in car sales, with highway use tax revenue anticipated to finish 8% over FY 2014-15 and \$43.3 million above

forecast. Motor fuel tax revenue is also expected to increase 16% over FY 2014-15 and \$23 million above forecast. This increase is due to the Highway Trust Fund receiving a higher proportion of the excise tax revenue and to lower than expected gas prices that have increased fuel consumption and boosted motor fuel tax revenue despite a lower excise rate. Fee revenue is anticipated to finish the year \$5.5 million above forecast.

Fiscal Year 2016-17 Revenue Projections

Total Highway Trust Fund revenue is expected to decrease by 1.0% in FY 2016-17. Highway use tax revenue is anticipated to grow by 0.5% over the current year and fee revenue by 13 percent as the economy continues to recover. However, this would be offset by a decrease in motor fuel tax revenue of 6%, as gas prices are anticipated to stabilize and reduce fuel consumption by 1.5%.

Table 13

Highway Trust Fund Revenue by Fiscal Year: Recent History and Forecast (In Millions)

Source	2014-15 Actual	2015-16 Budget	2015-16 Revised	Percent Change	2016-17 Budget	2016-17 Revised	Percent Change
Fuel Taxes and Fees							
Motor Fuel Tax	475.0	528.3	551.2	16%	511.1	517.2	-6%
Highway Use	652.4	659.8	703.1	8%	682.7	706.6	0.5%
Certificate of Title Fees	86.7	103.8	108.4	25%	120.7	122.0	13%
Miscellaneous Title Fees	11.7	14.0	14.3	22%	17.3	16.2	14%
Lien Recording	3.7	4.7	5.3	42%	5.4	6.0	14%
Subtotal	1,229.6	1,310.5	1,382.3	12%	1,337.2	1,368.1	-1%
Interest on Investments							
	4.6	2.0	2.0	-57%	2.0	2.0	0%
Total Highway Trust Fund Availability	1,234.2	1,312.5	1,384.3	12.2%	1,339.2	1,370.1	-1%

Totals may differ from the sum of their parts due to rounding.

NC Population Dynamics

Population growth

Rapid population growth has had a strong impact on North Carolina, with the state growing by roughly 580 thousand people between 2010 and 2016 and passing Michigan to become the 9th largest state in the US overall. By the end of the biennium, we project that the state will grow by an additional 100,000 people, from more than 10.05 million people on July 1, 2015 to over 10.26

million people by July 1, 2017. This is equivalent to adding an entire city nearly the size of Fayetteville to North Carolina over two years. In other words, the State is growing by a net 280 people every day (or about 1,995 people every week). Growth is not evenly distributed, however, with large urban areas growing the fastest and some smaller counties projected to lose population.

Figure 13

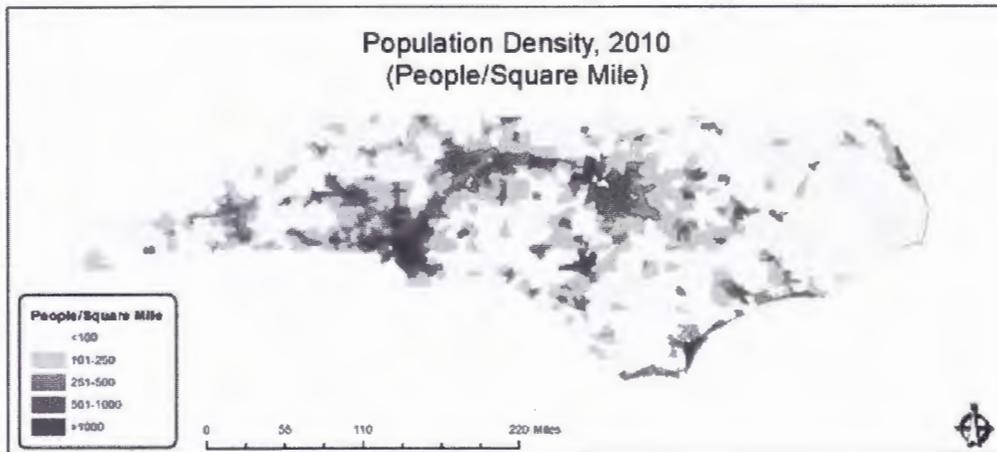


Figure 14

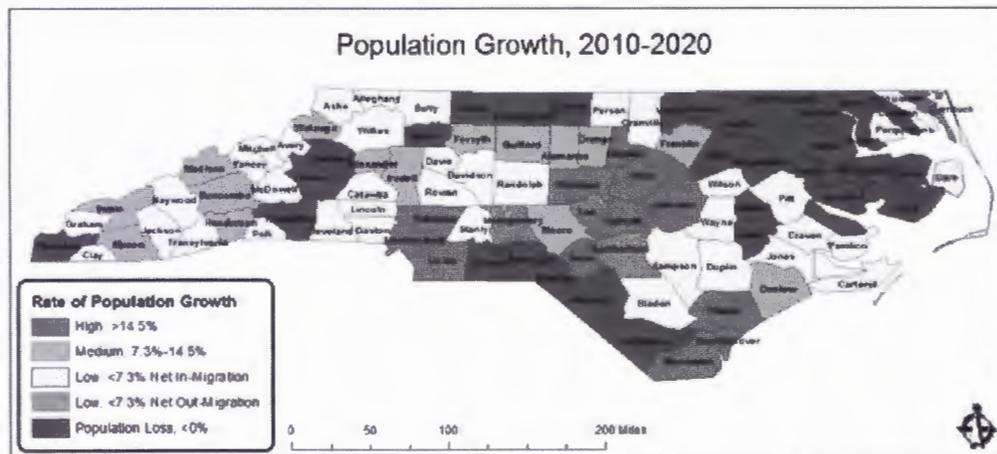
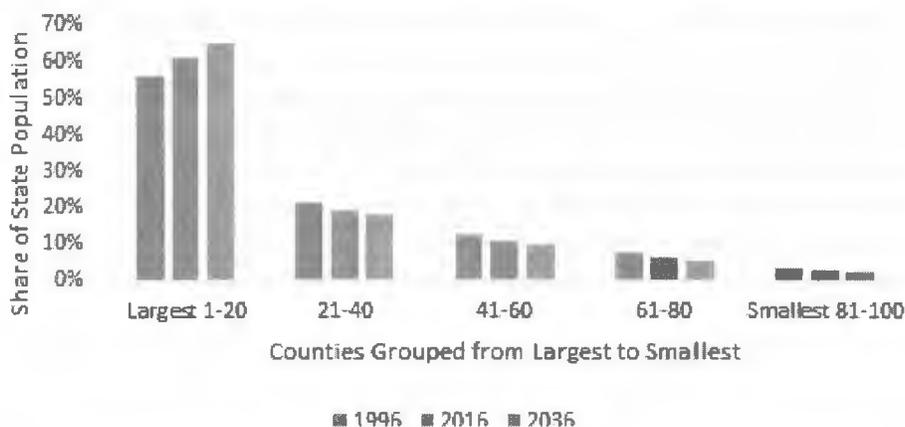


Figure 15

North Carolina's Total Population by County, Counties Grouped by Population Size, 1996-2036



Migration

Net-migration is a major component of population growth in North Carolina. Over the current biennium, we expect people moving into the state to account for approximately 70% of total population growth. This means that of the 285 people that are added to North Carolina's population every day, approximately 201 moved into the State from somewhere else. The majority of movers come from nearby states, with Virginia being the highest

estimate for origin of in-migration. South Carolina is the leading estimated destination for out-migration. About 40% of total migration was from people moving to North Carolina from abroad. By age group, most movers are young, with the highest number of movers into North Carolina in 2014 in the 18-24 age group, followed by adults age 25-34 and children 17 and under.

Figure 16

Number of Movers to North Carolina in 2014 by State of Residence 1-Year Earlier

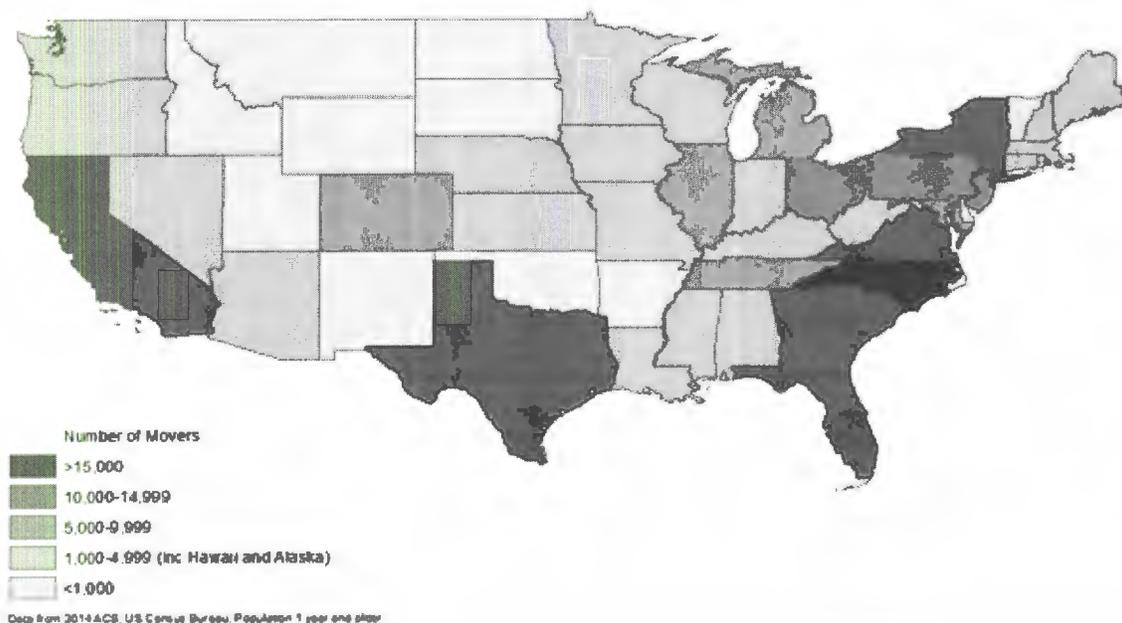
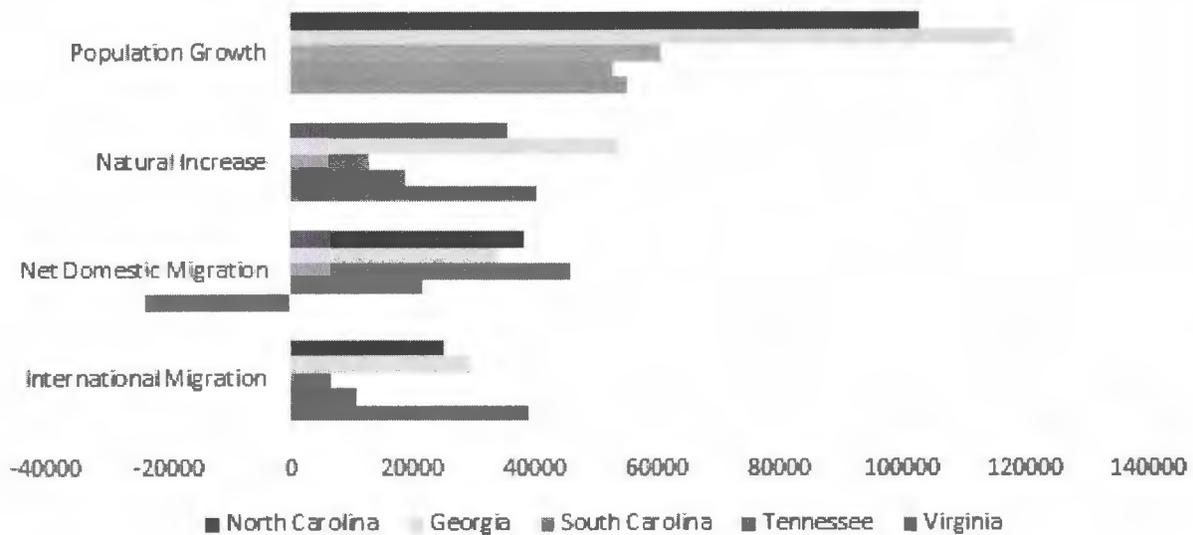


Figure 17
**State Comparison of Population Growth and Its
 Components, 2014-2015**



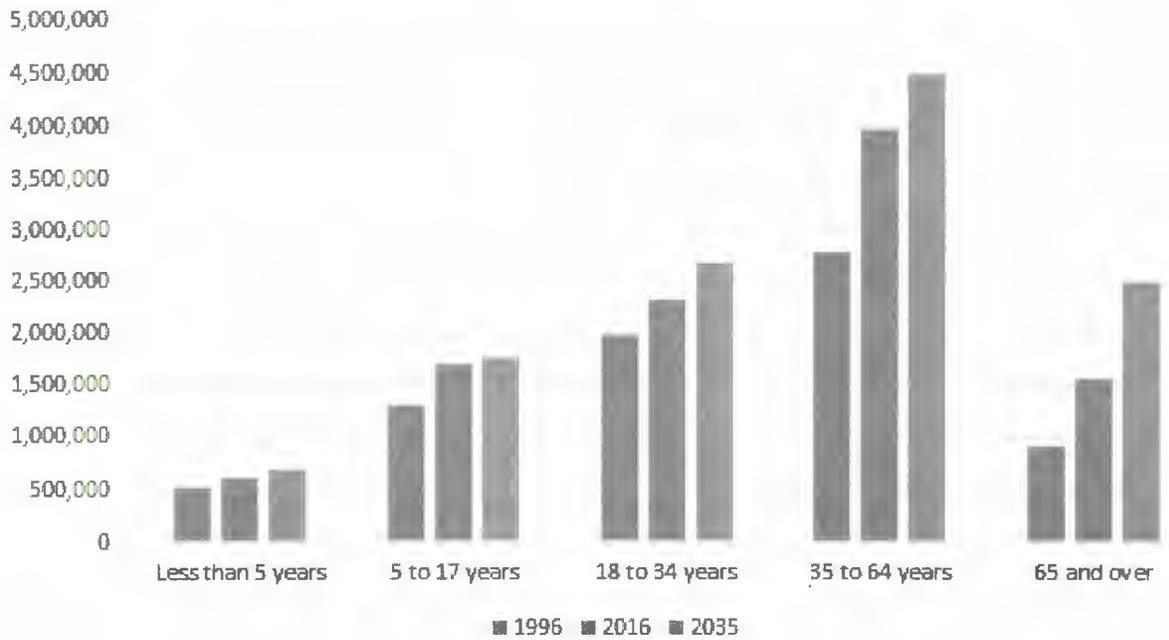
Age

As the State’s population has grown, it has also been aging. Comparing the distribution of the State’s population in 1996 to projections for July 1, 2016 and July 1, 2035, the population 65+ is expected to account for an increasing share of the total population, while the percent of the population under 35 is decreasing. Overall the median age is expected to increase to 38.44 by 2016 and 40.83 by 2035.

Although the fastest growth has been among the 65+ population, every age group has grown significantly. By July 1, 2016 we expect there to be 2.3 million children under 18, an increase of 485,000 from 1996. At the other end of the age distribution, as the baby boomer generation reaches retirement age and life expectancy

increases, the population 65 and over is increasing rapidly. By 2016, we expect this group to reach almost 1.6 million, or roughly 15% of the State’s population. This is an increase of nearly 645,000 people or 71% growth since 1996. By 2035, the population 65 and over is expected to reach 2.5 million, more than 20% of the State’s total population. The population aged 85+ is growing even faster, with an expected 88% increase over 1996 totals by 2016. The total population aged 85 and over by July 1, 2016 is likely to exceed 176,000 people (more than 1.7% of the total population). By 2035 we expect the State to have more than 338,000 residents aged 85+, with nearly 6,000 of them being centenarians.

Figure 18
Changing Age Distribution in North Carolina, 1996-2035



Education Highlights

Total Spend: \$12.8 billion **57% of General Fund Budget**

Respecting and Rewarding Our Teachers

Increases average teacher pay in North Carolina to more than \$50,000 for the first time in state history by providing an average 5% pay increase.

Provides an average 3.5% bonus for teachers and principals with a greater share going to veteran teachers. This will equate to a \$5,000 bonus for our veteran teachers with more than 24 years of service.

Invests \$6 million for a differentiated pay pilot for pioneering school districts to implement or sustain existing differentiated pay plans that establish leadership roles for highly-effective teachers.

Recruiting New Teachers

Establishes a scholarship program by investing \$2 million to attract 300 new, highly qualified math and science teachers to earn degrees and teach math and science in the state's public schools.

Modernizing Classrooms

Empowers schools to trade textbooks for tablets and builds on our commitment to position North Carolina as one of the first states in the nation to connect all classrooms to robust Wi-Fi by 2018.

Expanding Opportunity for Special Needs Students

Expands funding by nearly \$6 million to provide scholarships for an additional 300 special needs students.

Boosting Community College Graduation

Provides support services to ensure community college students graduate with a credential or degree.

Upgrades equipment at our community colleges needed to train students with the skills needed to succeed in today's workforce.

Supporting Our Universities

Establishes a new competitive merit scholarship program for students pursuing science, math and health degrees at our universities to help fill the shortage of skilled workers in these fields.

Provides recurring funding to support the education of future health care professionals at the Brody School of Medicine at East Carolina University.

Increases funding to recruit and retain exceptional faculty at UNC system campuses.

Expands the Historically Black Colleges and Universities (HBCU) Internship Program to connect students with prospective private-sector employers.

Department of Public Instruction

	2015 Session Law-Enacted				2016 Legislative Session-Recommended Change			% Change from 2015-16 Certified	% Change from 2016-17 Certified
	2014-15 Actual	2015-16 Certified	2016-17 Certified	Net Recurring	Net Non-Recurring	Recommended Adjustment	Revised 2016-17		
Total Requirements	\$10,245,871,100	\$12,718,847,989	\$12,647,946,284	\$334,781,890	\$250,067,600	\$584,849,490	\$13,232,795,774	4.04%	4.62%
Less Receipts	\$2,198,666,336	\$4,202,078,692	\$4,228,501,663	\$2,160,484	\$39,000,000	\$41,160,484	\$4,269,662,147	1.61%	0.97%
Total Appropriation	\$8,047,204,764	\$8,516,769,297	\$8,419,444,621	\$332,621,406	\$211,067,600	\$543,689,006	\$8,963,133,627	5.24%	6.46%
Total Positions	-	1,273,827	1,158,827	-	-	-	1,158,827	(9.03)%	-%

	2016-2017 Recommended		
	Recurring Changes	Non Recurring Changes	Total Adjustments
1. Fully Meet the Need for Student Enrollment in Charter and Traditional Schools	Requirements	\$48,941,541	\$48,941,541
Provides full funding for teacher and other instructional positions and supplies that are allocated to the schools per average daily membership (ADM). This funds an additional 155 teachers and 16 school administrators statewide. This will also increase funding for textbooks, testing, and other classroom-related services. Projected ADM for FY 2016-17 is 1,543,518 which includes an increase of 11,437 ADM for charter schools and a decrease of 5,562 ADM for LEAs. Additionally, this item includes increases of \$1.4 million in lottery funds for non-instructional support positions and \$758,237 of Civil Penalty and Forfeiture funds for driver's education.	Less Receipts	\$2,160,484	\$2,160,484
	Appropriation	\$46,781,057	\$46,781,057
	Positions	-	-
2. Increase Average Teacher Salary to \$50,000 and Average Teacher Compensation to More Than \$66,000	Requirements	\$246,616,051	\$246,616,051
Implements a new salary schedule that provides salary increases for each year of advancement on the schedule for the first 20 years. Salary increases range from \$500 to \$5,000 annually. Approximately \$1.5 billion has been invested since 2013-14 to raise the average teacher salary to \$50,000 for the first time in the state's history. When considering health and retirement benefits provided by the state, the average annual teacher compensation will surpass \$66,000.	Less Receipts	-	-
	Appropriation	\$246,616,051	\$246,616,051
	Positions	-	-
3. Increase Salaries for Teachers	Requirements	\$12,695,525	\$12,695,525
Provides an additional \$68 million to teachers who will move to the next step on the new North Carolina Public School Salary Schedule in FY 2016-17. The net new dollars required for this investment total \$12.7 million due to offsetting retirements.	Less Receipts	-	-
	Appropriation	\$12,695,525	\$12,695,525
	Positions	-	-
4. Technical Adjustment for Increase in Average Teacher Salary	Requirements	\$340,587	\$340,587
Adjusts budgeted average salaries using actual 2015-16 sixth pay period as the revised projection base. This adjustment is made annually after reviewing budgeted salary projections for all certified personnel.	Less Receipts	-	-
	Appropriation	\$340,587	\$340,587
	Positions	-	-
5. Reward Teachers and Other Certified Personnel with One-Time Bonus	Requirements	\$166,074,644	\$166,074,644
Funds a \$5,000 bonus for veteran teachers with 25 years of experience or more, a \$1,100 bonus for all other teachers, and an average 3.5% bonus for other certified personnel (up to a maximum bonus of \$3,500 per employee). This bonus shall not be considered part of an employee's annual salary or base rate of pay for retirement purposes. In addition, \$6 million is included for a differentiated pay pilot for pioneering school districts to implement or sustain existing differentiated pay plans in 2016-17 that establish leadership roles for highly-effective teachers. A corresponding special provision will provide more detail.	Less Receipts	-	-
	Appropriation	\$166,074,644	\$166,074,644
	Positions	-	-
6. Increase Salaries for State Agency Teachers	Requirements	\$286,500	\$286,500
Supports experience-based step increases and salary increases associated with the changes to the salary schedule, for State agency teachers and school-based administrators.	Less Receipts	-	-
	Appropriation	\$286,500	\$286,500
	Positions	-	-
7. Increase Salaries for School Administrators	Requirements	\$3,612,004	\$3,612,004
Supports movement of principals and assistant principals, who are eligible based on years of experience, to the next step on the North Carolina Public School Salary Schedule.	Less Receipts	-	-
	Appropriation	\$3,612,004	\$3,612,004
	Positions	-	-
8. Reward Principals and Assistant Principals with One-Time Bonus	Requirements	\$9,627,160	\$9,627,160
Provides funds for an average 3.5% bonus for school-based administrators (up to a maximum of \$3,500 per employee). This bonus shall not be considered part of an employee's annual salary or base rate of pay for retirement purposes.	Less Receipts	-	-
	Appropriation	\$9,627,160	\$9,627,160
	Positions	-	-

North Carolina State Budget
Recommended Adjustments, 2016-17

General Fund
Public Education

9. Reward Other LEA and School-Based Employees with One-Time Bonus	Requirements	-	\$35,265,796	\$35,265,796
Provides funds for an average 3.0% bonus for employees (up to a maximum bonus of \$3,000 per employee). This bonus shall not be considered part of an employee's annual salary or base rate of pay for retirement purposes.	Less Receipts	-	-	-
	Appropriation	-	\$35,265,796	\$35,265,796
	Positions	-	-	-
10. Increase State Retirement Contributions - SPSF	Requirements	\$20,337,256	-	\$20,337,256
Increases the State's contribution for members of the Teachers' and State Employees' Retirement System to fully fund the Actuarially Determined Contribution. The State's total General Fund contribution for retirement systems, disability benefits, death benefits, and retiree health benefits is more than \$1.7 billion annually. For TSERS in FY 2016-17, the State will contribute an amount equal to 15.67% of each employee's salary for these benefits.	Less Receipts	-	-	-
	Appropriation	\$20,337,256	-	\$20,337,256
	Positions	-	-	-
11. Increase State Retirement Contributions - DPI	Requirements	\$156,929	-	\$156,929
Increases the State's contribution for members of the Teachers' and State Employees' Retirement System to fully fund the Actuarially Determined Contribution. The State's total General Fund contribution for retirement systems, disability benefits, death benefit, and retiree health benefit is more than \$1.7 billion annually. For TSERS in FY 2016-17, the State will contribute an amount equal to 15.67% of each employee's salary for these benefits.	Less Receipts	-	-	-
	Appropriation	\$156,929	-	\$156,929
	Positions	-	-	-
12. Expand Early College Opportunities	Requirements	\$4,038,697	-	\$4,038,697
Supports 13 new Cooperative Innovative High Schools (CIHS) approved by the State Board of Education. CIHS programs allow students who are at risk of dropping out of high school, first-generation college students, and students who would benefit from accelerated learning opportunities to earn college credit while completing their high school diploma. Currently, there are more than 100 CIHS programs across the state.	Less Receipts	-	-	-
	Appropriation	\$4,038,697	-	\$4,038,697
	Positions	-	-	-
13. Lead the Nation in School Technology	Requirements	-	\$29,000,000	\$29,000,000
Appropriates \$29 million from lottery funds for the State Board of Education to implement the NC Digital Learning Plan. North Carolina leads the nation in networking infrastructure for schools. Building on this foundation, \$26.4 million will be used for schools to acquire digital content and instructional resources, \$1.5 million is allocated for professional learning to ensure all teachers and principals are prepared to meet the required digital teaching and learning standards, and \$1.1 million will be provided to the Friday Institute at NCSU to manage implementation of the NC Digital Learning Plan.	Less Receipts	-	\$29,000,000	\$29,000,000
	Appropriation	-	-	-
	Positions	-	-	-
14. Increase Funding for Classroom Supplies and Equipment	Requirements	-	\$10,000,000	\$10,000,000
Provides \$10 million from lottery receipts for classroom supplies and equipment in public schools, increasing total funding by more than 20% from FY 2015-16.	Less Receipts	-	\$10,000,000	\$10,000,000
	Appropriation	-	-	-
	Positions	-	-	-
15. Complete Alarm Installation	Requirements	(\$900,000)	\$100,000	(\$800,000)
Provides final funding to complete installation of panic alarms begun in FY 2013-14. S.L. 2013-360 provided \$2 million for public schools to install panic alarm systems that connect with the nearest local law enforcement agency in the event of an emergency. Nonrecurring funds are provided to complete panic alarm installations in 2016-17. The remaining recurring funds are no longer necessary.	Less Receipts	-	-	-
	Appropriation	(\$900,000)	\$100,000	(\$800,000)
	Positions	-	-	-
16. Improve Transparency of Agency IT Expenses	Requirements	\$656,800	-	\$656,800
Increases funding for agency IT budgets to fund Department of Information Technology rates that were updated last year to reflect actual costs.	Less Receipts	-	-	-
	Appropriation	\$656,800	-	\$656,800
	Positions	-	-	-
17. Adjustment for Reduced Price of Fuel	Requirements	(\$2,000,000)	-	(\$2,000,000)
Reflects an adjustment to the budgeted price per gallon for fuel from \$2.17 to \$2.09 to reflect lower projected costs for diesel fuel.	Less Receipts	-	-	-
	Appropriation	(\$2,000,000)	-	(\$2,000,000)
	Positions	-	-	-
Net Adjustments				
Requirements		\$334,781,890	\$250,067,600	\$584,849,490
Less Receipts		\$2,160,484	\$39,000,000	\$41,160,484
Appropriation		\$332,621,406	\$211,067,600	\$543,689,006
Positions		-	-	-

NC Community Colleges System (16800)

	2015 Session Law-Enacted			2016 Legislative Session-Recommended Change			Revised 2016-17	% Change from 2015-16 Certified	% Change from 2016-17 Certified
	2014-15 Actual	2015-16 Certified	2016-17 Certified	Net Recurring	Net Non-Recurring	Recommended Adjustment			
Total Requirements	\$1,458,163,442	\$1,475,442,941	\$1,480,340,859	(\$21,120,293)	\$37,444,242	\$16,324,008	\$1,496,664,868	1.44%	1.10%
Less Receipts	\$415,908,777	\$406,375,943	\$414,445,339	(\$16,476,737)	-	(\$16,476,737)	\$397,968,602	(2.07)%	(3.98)%
Total Appropriation	\$1,042,254,665	\$1,069,066,998	\$1,065,895,520	(\$4,643,496)	\$37,444,242	\$32,800,746	\$1,098,696,266	2.77%	3.08%
Total Positions	-	192,500	192,500	-	-	-	192,500	-%	-%

	2016-2017 Recommended		
	Recurring Changes	Non Recurring Changes	Total Adjustments
1. Enrollment Adjustment			
Enrollment decline due to an improving economy yields \$26 million in savings, which are reinvested below into a number of new and expanded initiatives that encourage students to complete credentials and prepare for today's jobs. This item includes a technical adjustment of \$16.5 million to reflect the lower amount of tuition collected in 2015-16.			
	Requirements	(\$42,685,013)	(\$42,685,013)
	Less Receipts	(\$16,476,737)	(\$16,476,737)
	Appropriation	(\$26,208,276)	(\$26,208,276)
	Positions	-	-
2. Help Community College Students Succeed			
Provides \$16.7 million in locally-determined support services to help ensure students graduate with a credential or degree. Such support services may include career coaches, academic advising and counseling, tutoring labs, and supplemental instruction.			
	Requirements	\$16,672,454	\$16,672,454
	Less Receipts	-	-
	Appropriation	\$16,672,454	\$16,672,454
	Positions	-	-
3. Encourage Community College Students to Pursue Jobs in Areas of Need			
Encourages community college students to pursue programs that will equip them to fill jobs in areas of need and close the skills gap. These funds will be used to purchase a market-data tool that identifies what jobs are needed in a particular region or industry. This information will be provided to community college employees to advise students on which academic programs will enable them to develop the skills needed to fill those jobs.			
	Requirements	\$500,000	\$500,000
	Less Receipts	-	-
	Appropriation	\$500,000	\$500,000
	Positions	-	-
4. Train North Carolina's Workers on Today's Equipment			
Provides \$7.5 million to upgrade and maintain instructional equipment at North Carolina community colleges. Community colleges train workers for North Carolina's jobs by having students use the same equipment in the classroom that they will use as employees. These funds will be in addition to the \$49 million already appropriated for 2016-17. This total of \$56.5 million is a 15% increase over the level appropriated in 2012-13.			
	Requirements	\$7,500,000	\$7,500,000
	Less Receipts	-	-
	Appropriation	\$7,500,000	\$7,500,000
	Positions	-	-
5. Promote Competency-Based Education			
Supports development of a uniform system for granting academic credit for prior learning and experience. Efforts underway include the ability of military veterans to count their experiences as military medics, police, and systems operators toward community college credentials to become emergency management technicians, law enforcement officers, or information technology experts. Once a uniform system is established, these efforts can be extended to all community colleges in North Carolina.			
	Requirements	\$500,000	\$500,000
	Less Receipts	-	-
	Appropriation	\$500,000	\$500,000
	Positions	-	-
6. Increase Access to More Community College Sites			
Supports increased services available at two new multi-campus locations: Mitchell Community College's Mooresville campus and Durham Technical Community College's Orange County campus. A multi-campus site must serve at least 300 full-time equivalent students (FTE) and offer one degree entirely on-site. These locations also offer the full range of student services that are available on the main campus, enabling a student to potentially complete their degree closer to home or to their workplace. The State Board of Community Colleges designated these two locations as multi-campus sites in 2015-16, the first new sites approved since 2012-13. There are currently 33 multi-campus sites with a total allocation of \$18.8 million.			
	Requirements	\$1,035,822	\$1,035,822
	Less Receipts	-	-
	Appropriation	\$1,035,822	\$1,035,822
	Positions	-	-
7. Increase Retirement System Contribution - System Office			
Increases the State's contribution for members of the Teachers' and State Employees' Retirement System to fully fund the Actuarially Required Contribution. The State's total General Fund contribution for retirement systems, disability benefits, death benefits, and retiree health benefits is more than \$1.7 billion annually. For TSERS in FY 2016-17, the State will contribute an amount equal to 15.67% of each employee's salary for these benefits.			
	Requirements	\$42,435	\$42,435
	Less Receipts	-	-
	Appropriation	\$42,435	\$42,435
	Positions	-	-

North Carolina State Budget
Recommended Adjustments, 2016-17

General Fund
Community Colleges

<p>8. Reward Community College Faculty and Staff with One-Time Bonus Provides funds for an average 3.0% bonus for State employees (up to a maximum bonus of \$3,000 per employee). The State Board of Community Colleges, in consultation with the Office of State Human Resources, will determine the distribution of the bonus. This bonus shall not be considered part of an employee's annual salary or base rate of pay for retirement purposes.</p>	<table border="0"> <tr><td>Requirements</td><td style="text-align: right;">-</td><td style="text-align: right;">\$29,076,613</td><td style="text-align: right;">\$29,076,613</td></tr> <tr><td>Less Receipts</td><td style="text-align: right;">-</td><td style="text-align: right;">-</td><td style="text-align: right;">-</td></tr> <tr><td>Appropriation</td><td style="text-align: right;">-</td><td style="text-align: right;">\$29,076,613</td><td style="text-align: right;">\$29,076,613</td></tr> <tr><td>Positions</td><td style="text-align: right;">-</td><td style="text-align: right;">-</td><td style="text-align: right;">-</td></tr> </table>	Requirements	-	\$29,076,613	\$29,076,613	Less Receipts	-	-	-	Appropriation	-	\$29,076,613	\$29,076,613	Positions	-	-	-
Requirements	-	\$29,076,613	\$29,076,613														
Less Receipts	-	-	-														
Appropriation	-	\$29,076,613	\$29,076,613														
Positions	-	-	-														
<p>9. Reward Community College System Office Employees with One-Time Bonus Provides funds for an average 3.0% bonus for State employees (up to a maximum bonus of \$3,000 per employee). The State Board of Community Colleges, in consultation with the Office of State Human Resources, will determine the distribution of the bonus. This bonus shall not be considered part of an employee's annual salary or base rate of pay for retirement purposes.</p>	<table border="0"> <tr><td>Requirements</td><td style="text-align: right;">-</td><td style="text-align: right;">\$367,629</td><td style="text-align: right;">\$367,629</td></tr> <tr><td>Less Receipts</td><td style="text-align: right;">-</td><td style="text-align: right;">-</td><td style="text-align: right;">-</td></tr> <tr><td>Appropriation</td><td style="text-align: right;">-</td><td style="text-align: right;">\$367,629</td><td style="text-align: right;">\$367,629</td></tr> <tr><td>Positions</td><td style="text-align: right;">-</td><td style="text-align: right;">-</td><td style="text-align: right;">-</td></tr> </table>	Requirements	-	\$367,629	\$367,629	Less Receipts	-	-	-	Appropriation	-	\$367,629	\$367,629	Positions	-	-	-
Requirements	-	\$367,629	\$367,629														
Less Receipts	-	-	-														
Appropriation	-	\$367,629	\$367,629														
Positions	-	-	-														
<p>10. Improve Transparency of Agency IT Expenses Increases funding for agency IT budgets to fund Department of Information Technology rates that were updated last year to reflect actual costs.</p>	<table border="0"> <tr><td>Requirements</td><td style="text-align: right;">\$81,300</td><td style="text-align: right;">-</td><td style="text-align: right;">\$81,300</td></tr> <tr><td>Less Receipts</td><td style="text-align: right;">-</td><td style="text-align: right;">-</td><td style="text-align: right;">-</td></tr> <tr><td>Appropriation</td><td style="text-align: right;">\$81,300</td><td style="text-align: right;">-</td><td style="text-align: right;">\$81,300</td></tr> <tr><td>Positions</td><td style="text-align: right;">-</td><td style="text-align: right;">-</td><td style="text-align: right;">-</td></tr> </table>	Requirements	\$81,300	-	\$81,300	Less Receipts	-	-	-	Appropriation	\$81,300	-	\$81,300	Positions	-	-	-
Requirements	\$81,300	-	\$81,300														
Less Receipts	-	-	-														
Appropriation	\$81,300	-	\$81,300														
Positions	-	-	-														
<p>11. Increase Retirement Contribution - State Aid Increases the State's contribution for members of the Teachers' and State Employees' Retirement System to fully fund the Actuarially Required Contribution. The State's total General Fund contribution for retirement systems, disability benefits, death benefits, and retiree health benefits is more than \$1.7 billion annually. For TSERS in FY 2016-17, the State will contribute an amount equal to 15.67% of each employee's salary for these benefits.</p>	<table border="0"> <tr><td>Requirements</td><td style="text-align: right;">\$3,232,769</td><td style="text-align: right;">-</td><td style="text-align: right;">\$3,232,769</td></tr> <tr><td>Less Receipts</td><td style="text-align: right;">-</td><td style="text-align: right;">-</td><td style="text-align: right;">-</td></tr> <tr><td>Appropriation</td><td style="text-align: right;">\$3,232,769</td><td style="text-align: right;">-</td><td style="text-align: right;">\$3,232,769</td></tr> <tr><td>Positions</td><td style="text-align: right;">-</td><td style="text-align: right;">-</td><td style="text-align: right;">-</td></tr> </table>	Requirements	\$3,232,769	-	\$3,232,769	Less Receipts	-	-	-	Appropriation	\$3,232,769	-	\$3,232,769	Positions	-	-	-
Requirements	\$3,232,769	-	\$3,232,769														
Less Receipts	-	-	-														
Appropriation	\$3,232,769	-	\$3,232,769														
Positions	-	-	-														

Net Adjustments

Requirements	(\$21,120,233)	\$37,444,242	\$16,324,009
Less Receipts	(\$16,476,737)	-	(\$16,476,737)
Appropriation	(\$4,643,496)	\$37,444,242	\$32,800,746
Positions	-	-	-

Table 14

**Six Year Expenditure History and Current Certified Budget
NC Community College System Budget Code 16800**

	2009-2010 (Actuals)	2010-2011 (Actuals)	2011-2012 (Actuals)	2012-2013 (Actuals)	2013-2014 (Actuals)	2014-2015 (Actuals)	2015-2016 Certified Budget BD307
Requirements	\$ 1,283,622,509	\$ 1,414,755,409	\$ 1,408,984,454	\$ 1,458,457,154	\$ 1,440,356,392	\$ 1,458,163,442	\$ 1,475,442,941
Tuition Receipts	\$ 263,204,965	\$ 308,175,055	\$ 347,167,143	\$ 350,990,466	\$ 352,027,054	\$ 338,981,874	\$ 350,495,365
Federal Receipts	\$ 37,894,598	\$ 40,060,178	\$ 28,441,771	\$ 31,624,245	\$ 28,959,063	\$ 30,222,878	\$ 34,064,481
Other Receipts	\$ 37,224,104	\$ 52,710,795	\$ 31,293,932	\$ 39,589,037	\$ 43,409,627	\$ 46,704,025	\$ 21,816,097
Total Receipts	\$ 338,323,667	\$ 400,946,028	\$ 406,902,845	\$ 422,203,748	\$ 424,395,744	\$ 415,908,777	\$ 406,375,943
Appropriation	\$ 945,298,842	\$ 1,013,809,381	\$ 1,002,081,608	\$ 1,036,253,406	\$ 1,015,960,648	\$ 1,042,254,665	\$ 1,069,066,998
Tuition Receipts + Appropriation	\$ 1,208,503,807	\$ 1,321,984,437	\$ 1,349,248,751	\$ 1,387,243,872	\$ 1,367,987,702	\$ 1,381,236,539	\$ 1,419,562,363
% Tuition Receipts + Appropriation	94.1%	93.4%	95.8%	95.1%	95.0%	94.7%	96.2%
% Tuition Receipts	20.50%	21.78%	24.64%	24.07%	24.44%	23.25%	23.76%
% Federal Receipts	2.95%	2.83%	2.02%	2.17%	2.01%	2.07%	2.31%
% Other Receipts	2.90%	3.73%	2.22%	2.71%	3.01%	3.20%	1.48%
% Appropriation	73.64%	71.66%	71.12%	71.05%	70.54%	71.48%	72.46%
State Authorized Tuition Receipts	\$ 263,204,965	\$ 308,175,055	\$ 347,167,143	\$ 350,990,466	\$ 352,027,054	\$ 338,981,874	\$ 350,495,365
State Authorized Appropriation	\$ 945,298,842	\$ 1,013,809,381	\$ 1,002,081,608	\$ 1,036,253,406	\$ 1,015,960,648	\$ 1,042,254,665	\$ 1,069,066,998
Subtotal State Funding	\$ 1,208,503,807	\$ 1,321,984,437	\$ 1,349,248,751	\$ 1,387,243,872	\$ 1,367,987,702	\$ 1,381,236,539	\$ 1,419,562,363
Annual \$ Change		\$ 113,480,630	\$ 27,264,314	\$ 37,995,122	\$ (19,256,170)	\$ 13,248,837	\$ 38,325,824
Annual % Change		9.4%	2.1%	2.8%	-1.4%	1.0%	2.8%
\$ Increase from 2009-10		\$ 113,480,630	\$ 140,744,944	\$ 178,740,066	\$ 159,483,895	\$ 172,732,732	\$ 211,058,556
% Increase from 2009-10		9.4%	11.6%	14.8%	13.2%	14.3%	17.5%

Source: Actuals from June 29 BD701 Reports.

The University of North Carolina (160xx)

	2015 Session Law-Enacted			2016 Legislative Session-Recommended Change			Revised 2016-17	% Change	% Change
	2014-15	2015-16	2016-17	Net	Net	Recommended		from	from
	Actual	Certified	Certified	Recurring	Non-Recurring	Adjustment		2015-16	2016-17
Total Requirements	\$ 4,354,969,838	\$ 4,463,610,618	\$ 4,400,355,967	\$80,676,970	\$54,544,209	\$135,221,179	\$ 4,535,577,146	1.61%	3.07%
Less Receipts	\$ 1,737,265,893	\$ 1,717,048,040	\$ 1,717,048,040	\$30,312,070	\$4,000,000	\$34,312,070	\$1,751,360,110	2.00%	2.00%
Total Appropriation	\$ 2,617,703,945	\$ 2,746,562,578	\$ 2,683,307,927	\$50,364,900	\$50,544,209	\$100,909,109	\$ 2,784,217,036	1.37%	3.76%
Total Positions	-	34,763.580	34,763.580	-	-	-	34,763.580	0.00%	0.00%

	2016-2017 Recommended		
	Recurring Changes	Nonrecurring Changes	Total Adjustments
1. Fully Meet the Need for UNC Student Enrollment	Requirements	\$50,484,603	\$50,484,603
Fully funds 2016-17 regular term and distance education enrollment at all University of North Carolina institutions. Total enrollment is projected to be 206,139 full-time equivalent students (FTE). This is an increase of 3,125 FTE (or 1.5%) above 2015-16's total enrollment of 203,014 FTE. This item includes an additional \$17.5 million in anticipated tuition receipts collected from the increased student enrollment.	Less Receipts	\$17,512,070	\$17,512,070
	Appropriation	\$32,972,533	\$32,972,533
	Positions	-	-
2. Reward State Employees with One-Time Bonus	Requirements	\$58,544,209	\$58,544,209
Provides funds for an average 3.0% bonus for State employees (up to a maximum bonus of \$3,000 per employee). The UNC Board of Governors, in consultation with the Office of State Human Resources, will determine the distribution of the bonus. This bonus shall not be considered part of an employee's annual salary or base rate of pay for retirement purposes.	Less Receipts	-	-
	Appropriation	\$58,544,209	\$58,544,209
	Positions	-	-
3. Increase Salaries for NC School of Science & Math Teachers and Administrators	Requirements	\$192,711	\$192,711
Supports experience-based step increases and salary increases associated with the changes to the salary schedule for State agency teachers and school-based administrators at the North Carolina School of Science and Mathematics.	Less Receipts	-	-
	Appropriation	\$192,711	\$192,711
	Positions	-	-
4. Increase Funding for K-12 Special Education Scholarships	Requirements	\$5,800,000	\$5,800,000
Expands the Special Education Scholarship Program by 300 students and ensures adequate funding to provide the maximum scholarship award of \$4,000 per semester for a total of 1,065 students. Scholarship funds allow parents of students with special needs to pay for private school tuition, therapy, necessary adaptive educational equipment, and other related services. This \$5.8 million from lottery receipts more than doubles the 2015-16 funding for the program and brings total funding to \$10 million.	Less Receipts	\$5,800,000	\$5,800,000
	Appropriation	-	-
	Positions	-	-
5. Establish a New Math, Science and Health Degree Merit Scholarship	Requirements	\$5,000,000	\$5,000,000
Establishes a new, merit-based scholarship program to encourage academically gifted and highly sought-after undergraduate math, science and health degree-seeking in-state students to attend UNC institutions. Lottery funds of \$5 million will provide at least 1,000 scholarships at an average award of \$5,000.	Less Receipts	\$5,000,000	\$5,000,000
	Appropriation	-	-
	Positions	-	-
6. Support Long-Term Investment in ECU Brody School of Medicine	Requirements	\$8,000,000	(\$8,000,000)
Provides recurring funding to the Brody School of Medicine at East Carolina University to stabilize operations.	Less Receipts	-	-
	Appropriation	\$8,000,000	(\$8,000,000)
	Positions	-	-
7. New Math and Science Teacher Recruitment Program	Requirements	\$2,000,000	\$2,000,000
Establishes a scholarship program to recruit and train new, highly qualified math and science teachers. The program will support scholarships in the amount of \$6,500 for 300 prospective teachers to attend in-state universities, earn degrees in education, and ultimately teach math and science in the state's public schools.	Less Receipts	-	-
	Appropriation	\$2,000,000	\$2,000,000
	Positions	-	-
8. Expand HBCU Internship Program	Requirements	\$183,000	\$183,000
Expands the internship program established in 2014-15 to provide internships and career-based opportunities for students attending Historically Black Colleges and Universities. With these additional funds, the total funding for this program will be \$500,000.	Less Receipts	-	-
	Appropriation	\$183,000	\$183,000
	Positions	-	-

North Carolina State Budget
Recommended Adjustments, 2016-17

General Fund
The University of North Carolina

<p>9. Recruit and Retain Exceptional Faculty Replenishes the UNC Faculty Recruitment and Retention Fund which supports the UNC System's ability to recruit and retain the highest and best qualified faculty. Appropriation supporting this fund has not increased since 2012-13. Since 2007, the program has had a 75% success rate in recruitment and 92% success rate in the retention of the most qualified faculty.</p>	<table border="0"> <tr><td>Requirements</td><td>\$3,000,000</td><td>-</td><td>\$3,000,000</td></tr> <tr><td>Less Receipts</td><td>-</td><td>-</td><td>-</td></tr> <tr><td>Appropriation</td><td>\$3,000,000</td><td>-</td><td>\$3,000,000</td></tr> <tr><td>Positions</td><td>-</td><td>-</td><td>-</td></tr> </table>	Requirements	\$3,000,000	-	\$3,000,000	Less Receipts	-	-	-	Appropriation	\$3,000,000	-	\$3,000,000	Positions	-	-	-
Requirements	\$3,000,000	-	\$3,000,000														
Less Receipts	-	-	-														
Appropriation	\$3,000,000	-	\$3,000,000														
Positions	-	-	-														
<p>10. Leveraging Technology for Part-Way Home Students Provides Lottery funding to develop flexible academic pathways that improve efforts to recruit, retain, and graduate "part-way home," military-affiliated, and other non-traditional students, especially in high-demand fields. This funding will allow universities to collect data on preferences and unique needs of these students; provide specialized tutoring and advising; further develop online and competency-based degree programs; and develop assessments to award credit for prior learning.</p>	<table border="0"> <tr><td>Requirements</td><td>\$700,000</td><td>\$2,300,000</td><td>\$3,000,000</td></tr> <tr><td>Less Receipts</td><td>\$700,000</td><td>\$2,300,000</td><td>\$3,000,000</td></tr> <tr><td>Appropriation</td><td>-</td><td>-</td><td>-</td></tr> <tr><td>Positions</td><td>-</td><td>-</td><td>-</td></tr> </table>	Requirements	\$700,000	\$2,300,000	\$3,000,000	Less Receipts	\$700,000	\$2,300,000	\$3,000,000	Appropriation	-	-	-	Positions	-	-	-
Requirements	\$700,000	\$2,300,000	\$3,000,000														
Less Receipts	\$700,000	\$2,300,000	\$3,000,000														
Appropriation	-	-	-														
Positions	-	-	-														
<p>11. Improve Student Success with Data-Centric Systems Provides Lottery funds to improve overall student success and completion rates through predictive analytics, targeted evaluations, and programs focused on high impact practices. Funding in the amount of \$1.3 million is for the purpose of acquiring multi-year contracts for student success data analytic systems. Remaining funding will be used for in-house programming, coding, and coordination efforts associated with this initiative.</p>	<table border="0"> <tr><td>Requirements</td><td>\$1,300,000</td><td>\$1,700,000</td><td>\$3,000,000</td></tr> <tr><td>Less Receipts</td><td>\$1,300,000</td><td>\$1,700,000</td><td>\$3,000,000</td></tr> <tr><td>Appropriation</td><td>-</td><td>-</td><td>-</td></tr> <tr><td>Positions</td><td>-</td><td>-</td><td>-</td></tr> </table>	Requirements	\$1,300,000	\$1,700,000	\$3,000,000	Less Receipts	\$1,300,000	\$1,700,000	\$3,000,000	Appropriation	-	-	-	Positions	-	-	-
Requirements	\$1,300,000	\$1,700,000	\$3,000,000														
Less Receipts	\$1,300,000	\$1,700,000	\$3,000,000														
Appropriation	-	-	-														
Positions	-	-	-														
<p>12. Improve Transparency of Agency IT Expenses Increases funding for agency IT budgets to fund Department of Information Technology rates that were updated last year to reflect actual costs.</p>	<table border="0"> <tr><td>Requirements</td><td>\$36,300</td><td>-</td><td>\$36,300</td></tr> <tr><td>Less Receipts</td><td>-</td><td>-</td><td>-</td></tr> <tr><td>Appropriation</td><td>\$36,300</td><td>-</td><td>\$36,300</td></tr> <tr><td>Positions</td><td>-</td><td>-</td><td>-</td></tr> </table>	Requirements	\$36,300	-	\$36,300	Less Receipts	-	-	-	Appropriation	\$36,300	-	\$36,300	Positions	-	-	-
Requirements	\$36,300	-	\$36,300														
Less Receipts	-	-	-														
Appropriation	\$36,300	-	\$36,300														
Positions	-	-	-														
<p>13. Increase State Retirement Contributions Increases the State's contribution for members of the Teachers' and State Employees' Retirement System to fully fund the Actuarially Determined Contribution. The State's total General Fund contribution for retirement systems, disability benefits, death benefits, and retiree health benefits is more than \$1.7 billion annually. For TSERS in FY 2016-17, the State will contribute an amount equal to 15.67% of each employee's salary for these benefits; for Law Enforcement Officers, the State will contribute an amount equal to 20.67% of each officer's salary for these benefits. For the Optional Retirement Program in FY 2016-17, the State will contribute an amount equal to 12.85% of each employee's salary for these benefits.</p>	<table border="0"> <tr><td>Requirements</td><td>\$3,980,356</td><td>-</td><td>\$3,980,356</td></tr> <tr><td>Less Receipts</td><td>-</td><td>-</td><td>-</td></tr> <tr><td>Appropriation</td><td>\$3,980,356</td><td>-</td><td>\$3,980,356</td></tr> <tr><td>Positions</td><td>-</td><td>-</td><td>-</td></tr> </table>	Requirements	\$3,980,356	-	\$3,980,356	Less Receipts	-	-	-	Appropriation	\$3,980,356	-	\$3,980,356	Positions	-	-	-
Requirements	\$3,980,356	-	\$3,980,356														
Less Receipts	-	-	-														
Appropriation	\$3,980,356	-	\$3,980,356														
Positions	-	-	-														

Net Adjustments

Requirements	\$80,676,970	\$54,544,209	\$135,221,179
Less Receipts	\$30,312,070	\$4,000,000	\$34,312,070
Appropriation	\$50,364,900	\$50,544,209	\$100,909,109
Positions	-	-	-

Table 15

**Six Year Expenditure History and Current Certified Budget
University of North Carolina Budget Codes 16010-16095**

	2009-2010 (Actuals)	2010-2011 (Actuals)	2011-2012 (Actuals)	2012-2013 (Actuals)	2013-2014 (Actuals)	2014-2015 (Actuals)	2015-2016 Certified Budget BD 307
Requirements Total	\$ 4,063,031,174	\$ 4,242,018,735	\$ 4,081,836,595	\$ 4,256,834,231	\$ 4,275,146,894	\$ 4,354,932,384	\$ 4,463,610,618
Tuition Receipts	\$ 959,392,692	\$ 1,129,797,558	\$ 1,208,768,560	\$ 1,326,817,472	\$ 1,397,358,748	\$ 1,454,595,852	\$ 1,488,285,700
Federal Receipts	\$ 159,104,141	\$ 139,019,253	\$ 20,752,453	\$ 19,955,206	\$ 21,250,136	\$ 18,147,332	\$ 14,269,720
Other Receipts	\$ 344,137,329	\$ 382,391,461	\$ 301,380,047	\$ 258,214,204	\$ 283,780,770	\$ 264,522,708	\$ 214,492,620
Total Receipts	\$ 1,462,634,162	\$ 1,651,208,272	\$ 1,530,901,060	\$ 1,604,986,881	\$ 1,702,389,653	\$ 1,737,265,893	\$ 1,717,048,040
Appropriation	\$ 2,600,397,013	\$ 2,590,810,462	\$ 2,550,935,536	\$ 2,651,847,350	\$ 2,572,757,241	\$ 2,617,666,491	\$ 2,746,562,578
Tuition Receipts + Appropriation	\$ 3,559,789,704	\$ 3,720,608,020	\$ 3,759,704,096	\$ 3,978,664,822	\$ 3,970,115,988	\$ 4,072,262,343	\$ 4,234,848,278
% Tuition Receipts + Appropriation	87.6%	87.7%	92.1%	93.5%	92.9%	93.5%	94.9%
% Tuition Receipts	23.61%	26.63%	29.61%	31.17%	32.69%	33.40%	33.34%
% Federal Receipts	3.92%	3.28%	0.51%	0.47%	0.50%	0.42%	0.32%
% Other Receipts	8.47%	9.01%	7.38%	6.07%	6.64%	6.07%	4.81%
% Appropriation	64.00%	61.07%	62.49%	62.30%	60.18%	60.11%	61.53%

State Authorized Tuition Receipts	\$ 959,392,692	\$ 1,129,797,558	\$ 1,208,768,560	\$ 1,326,817,472	\$ 1,397,358,748	\$ 1,454,595,852	\$ 1,488,285,700
State Authorized Appropriation	\$ 2,600,397,013	\$ 2,590,810,462	\$ 2,550,935,536	\$ 2,651,847,350	\$ 2,572,757,241	\$ 2,617,666,491	\$ 2,746,562,578
Subtotal State Funding	\$ 3,559,789,704	\$ 3,720,608,020	\$ 3,759,704,096	\$ 3,978,664,822	\$ 3,970,115,988	\$ 4,072,262,343	\$ 4,234,848,278

Annual \$ Change		\$ 160,818,316	\$ 39,096,075	\$ 218,960,726	\$ (8,548,833)	\$ 102,146,355	\$ 162,585,935
Annual % Change		4.52%	1.05%	5.82%	-0.21%	2.57%	3.99%
\$ Increase from 2009-10	\$	160,818,316	\$ 199,914,392	\$ 418,875,118	\$ 410,326,284	\$ 512,472,639	\$ 675,058,574
% Increase from 2009-10		4.52%	5.62%	11.77%	11.53%	14.40%	18.96%

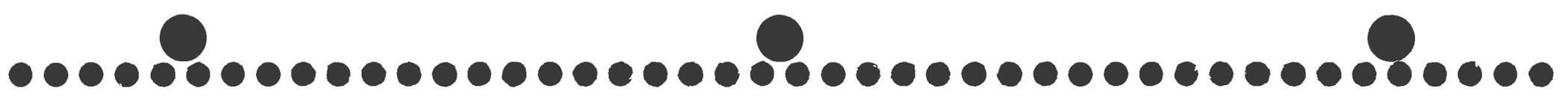
Source: Actuals from June 29 BD701 Reports

Table 16

North Carolina State General Fund Operating Appropriation For Public Schools, Community Colleges, and Higher Education, 1981-82 to 2016-17
(Including Carry-Forwards for Encumbrances)

Year	General Fund		Public Schools		Community Colleges		Higher Education		Percent of Total Education	Other
	Total Current Operations#	Amount	Percent	Amount	Percent	Amount	Percent			
1981-82	\$ 3,401,694,904	\$ 1,495,263,953	44.0	\$ 194,452,082	5.7	\$ 567,573,821	16.7	66.4	\$ 1,144,405,048	
1982-83	\$ 3,561,142,890	\$ 1,515,742,033	42.6	\$ 205,585,837	5.8	\$ 599,235,054	16.8	65.2	\$ 1,240,579,966	
1983-84	\$ 3,812,808,921	\$ 1,620,044,340	42.5	\$ 232,195,091	6.1	\$ 653,091,405	17.1	65.7	\$ 1,307,478,085	
1984-85	\$ 4,319,568,173	\$ 1,886,700,077	43.7	\$ 259,101,105	6.0	\$ 746,998,910	17.3	67.0	\$ 1,426,768,081	
1985-86	\$ 4,877,060,744	\$ 2,185,803,123	44.8	\$ 281,875,727	5.8	\$ 840,311,094	17.2	67.8	\$ 1,569,070,800	
1986-87	\$ 5,233,578,633	\$ 2,346,139,866	44.8	\$ 307,102,490	5.9	\$ 909,134,150	17.4	68.1	\$ 1,671,202,127	
1987-88	\$ 5,805,245,729	\$ 2,639,237,658	45.5	\$ 326,296,294	5.6	\$ 980,746,492	16.9	68.0	\$ 1,858,965,285	
1988-89	\$ 6,302,733,865	\$ 2,930,643,886	46.5	\$ 332,064,381	5.3	\$ 1,039,510,499	16.5	68.3	\$ 2,000,515,099	
1989-90	\$ 6,883,003,393	\$ 3,134,428,205	45.5	\$ 365,537,274	5.3	\$ 1,109,917,895	16.1	67.0	\$ 2,273,120,019	
1990-91	\$ 7,249,549,110	\$ 3,329,171,720	45.9	\$ 387,611,956	5.3	\$ 1,143,216,957	15.8	67.0	\$ 2,389,548,477	
1991-92	\$ 7,350,501,134	\$ 3,293,699,663	44.8	\$ 344,131,858	4.7	\$ 1,121,976,740	15.3	64.8	\$ 2,590,692,873	
1992-93	\$ 7,881,908,182	\$ 3,435,634,234	43.6	\$ 398,689,471	5.1	\$ 1,170,947,533	14.9	63.5	\$ 2,876,636,944	
1993-94	\$ 8,674,510,752 a	\$ 3,632,087,114	41.9	\$ 423,253,702	4.9	\$ 1,229,449,670	14.2	60.9	\$ 3,389,720,266	
1994-95	\$ 9,595,509,023 a	\$ 3,962,959,317 b)	41.3	\$ 455,651,184	4.7	\$ 1,296,558,991	13.5	59.6	\$ 3,880,339,531	
1995-96	\$ 9,793,062,378	\$ 3,998,978,216	40.8	\$ 470,880,697	4.8	\$ 1,301,040,079	13.3	58.9	\$ 4,022,163,386	
1996-97	\$ 10,450,411,229	\$ 4,301,626,282	41.2	\$ 501,802,184	4.8	\$ 1,385,611,961	13.3	59.2	\$ 4,261,370,802	
1997-98	\$ 11,258,582,548	\$ 4,697,892,305	41.7	\$ 534,873,175	4.8	\$ 1,489,866,397	13.2	59.7	\$ 4,535,950,671	
1998-99	\$ 12,327,025,974	\$ 5,068,634,951	41.1	\$ 587,542,475	4.8	\$ 1,628,888,154	13.2	59.1	\$ 5,041,960,394	
1999-00	c) \$ 13,441,610,285	\$ 5,497,075,780	40.9	\$ 589,634,008	4.4	\$ 1,682,143,914	12.5	57.8	\$ 5,672,756,583	
2000-01	d) \$ 13,785,142,760	\$ 5,851,733,197 f)	42.4	\$ 651,456,631	4.7	\$ 1,778,278,150	12.9	60.1	\$ 5,503,674,782	
2001-02	e) \$ 14,309,884,168	\$ 5,922,505,768 f)	41.4	\$ 650,089,707	4.5	\$ 1,802,904,395	12.6	58.5	\$ 5,934,384,298	
2002-03	d) \$ 14,323,937,462	\$ 5,946,490,760 f)	41.5	\$ 669,281,390	4.7	\$ 1,768,097,109	12.3	58.5	\$ 5,940,068,203	
2003-04	\$ 14,835,621,783	\$ 6,114,518,997 f,d)	41.2	\$ 665,027,719	4.5	\$ 1,792,141,661	12.1	57.8	\$ 6,263,933,406	
2004-05	\$ 15,873,167,528	\$ 6,287,744,646 f,d)	39.6	\$ 691,811,541	4.4	\$ 1,878,813,497	11.8	55.8	\$ 7,014,797,844	
2005-06	\$ 17,126,460,791	\$ 6,721,053,466 f,d)	39.2	\$ 817,427,539 d)	4.8	\$ 2,126,803,399	12.4	56.4	\$ 7,461,176,387	
2006-07	\$ 18,659,616,984	\$ 7,096,499,112 f,d)	38.0	\$ 893,085,886 d)	4.8	\$ 2,365,613,366 d)	12.7	55.5	\$ 8,304,418,620	
2007-08	\$ 20,428,846,612	\$ 7,949,900,491 f,d)	38.9	\$ 938,106,160	4.6	\$ 2,626,271,017	12.9	56.4	\$ 8,914,568,944	
2008-09	\$ 21,226,885,372	\$ 7,993,668,839 f,d)	37.7	\$ 961,282,701 d)	4.5	\$ 2,756,110,358 d)	13.0	55.2	\$ 9,515,823,474	
2009-10	\$ 19,010,057,199	\$ 7,458,261,240 f,d)	39.2	\$ 999,833,122	5.3	\$ 2,706,834,335	14.2	58.7	\$ 7,845,128,502	
2010-11	\$ 18,947,720,772	\$ 7,085,588,912 f,d)	37.4	\$ 1,055,135,961	5.6	\$ 2,666,935,206	14.1	57.0	\$ 8,140,060,693	
2011-12	\$ 19,898,013,097	\$ 7,572,712,912 f,d)	38.1	\$ 1,016,629,522	5.1	\$ 2,657,835,835	13.4	56.5	\$ 8,650,834,828	
2012-13	\$ 20,378,817,261	\$ 7,598,568,534 f,d)	37.3	\$ 1,022,312,530	5.0	\$ 2,670,455,384	13.1	55.4	\$ 9,087,480,813	
2013-14	\$ 20,602,828,645	\$ 7,867,960,649 f,d)	38.2	\$ 1,021,295,467	5.0	\$ 2,583,048,270	12.5	55.7	\$ 9,130,524,259	
2014-15	\$ 21,068,550,145	\$ 8,104,976,608 f,d)	38.3	\$ 1,040,911,271	4.8	\$ 2,629,382,937	12.5	55.9	\$ 9,293,279,329	
2015-16	\$ 21,717,958,405	\$ 8,516,769,297 f,d)	39.3	\$ 1,069,066,998	4.8	\$ 2,746,562,578	12.6	56.8	\$ 9,385,559,532	
2016-17	\$ 22,319,268,926	\$ 8,963,133,627 f,d)	40.2	\$ 1,098,696,266	4.9	\$ 2,784,217,036	12.5	57.6	\$ 9,473,221,997	

Note: Figures in all categories include compensation increases.
 # Operating budget excludes capital and local government appropriations.
 a) 1993-94 and 1994-95 excludes \$214 million (1993-94) and \$120 million (1994-95) for payroll restoration.
 b) 1994-95 includes \$42 million for education technology equipment.
 c) 1999-00 includes all appropriation as of June 30, 2000.
 d) Amounts include Compensation Increase Reserve.
 e) Amounts include Compensation Increase, Health Plan Increase, and Retirement Rate Adjustment.
 f) Encumbrance carryforwards for 11th and 12th month are no longer included.



General Government and Information Technology

Total Spend: \$397 million
2% of General Fund Budget

Encouraging Job Growth and Promoting Innovation

Leverages our university research advantage to attract venture capital and a new generation of entrepreneurs, as well as help retain North Carolina's home-grown talent through the University Innovation Commercialization Grant Program, as recommended by the Governor's Innovation to Jobs initiative.

Establishes the Rallying Investors and Skilled Entrepreneurs for NC (NC RISE) program to develop and leverage existing entrepreneurial management talent and recruit world-class investors and skilled entrepreneurs to the state, as recommended by the Governor's Innovation to Jobs initiative

Connects our military veterans with jobs by establishing a new disabled veteran cyber security apprenticeship program with the Department of Information Technology.

Leveraging Technology to Promote Transparency and Security

Promotes transparency and accountability by implementing an updated and integrated online education program for individuals covered under the State Ethics Act.

Protects the public against identity theft and data loss by providing tools to create a multilayer identity verification platform in the Department of Revenue.

Serving North Carolina

Increases access to permanent, community-based integrated housing for individuals with disabilities by appropriating funds transferred from the Department of Health and Human Services for the Community Living Housing Fund.

Honors the sacrifice of our veterans by ensuring North Carolina's Veterans Cemeteries are adequately staffed to maintain cemetery grounds and meet the growing demand for burials.

Increases transparency of voter and campaign finance data by implementing a new campaign finance program and establishing five positions to improve voter outreach and ensure application of federal and state laws.

General Assembly | Office of the Governor | Office of State Budget and Management
North Carolina Housing Finance Authority | Office of the Lieutenant Governor | Department of Secretary of State
Office of the State Auditor | Department of State Treasurer | Department of Insurance | Department of Administration
Office of the State Controller | Department of Revenue | Department of Cultural Resources | Roanoke Island Commission
Department of Information Technology | State Board of Elections | Office of Administrative Hearings
Department of Military and Veterans Affairs

General Assembly (11000)

	2015 Session Law-Enacted			2016 Legislative Session-Recommended Change			Revised 2016-17	% Change from	% Change from
	2014-15 Actual	2015-16 Certified	2016-17 Certified	Net Recurring	Net Non-Recurring	Recommended Adjustment		2015-16 Certified	2016-17 Certified
Total Requirements	\$60,127,611	\$58,626,304	\$58,225,706	\$2,414,133	\$1,172,713	\$3,586,846	\$61,812,552	5.43%	6.16%
Less Receipts	\$7,635,023	\$1,216,655	\$1,216,655	-	\$2,267,571	\$2,267,571	\$3,484,226	186.38%	186.38%
Total Appropriation	\$52,492,588	\$57,409,649	\$57,009,051	\$2,414,133	(\$1,094,858)	\$1,319,275	\$58,328,326	1.60%	2.31%
Total Positions	-	315.250	315.250	-	-	-	315.250	-%	-%

	2016-2017 Recommended		
	Recurring Changes	Non Recurring Changes	Total Adjustments
1. Reward State Employees with One-Time Bonus			
Provides funds for an average 3.0% bonus for State employees (up to a maximum bonus of \$3,000 per employee). Each agency head, in consultation with the Office of State Human Resources, will determine the distribution of the bonus. This bonus shall not be considered part of an employee's annual salary or base rate of pay for retirement purposes.			
	Requirements	\$1,172,713	\$1,172,713
	Less Receipts	-	-
	Appropriation	\$1,172,713	\$1,172,713
	Positions	-	-
2. Improve Transparency of IT Expenses			
Increases funding for agency IT budgets to fund Department of Information Technology rates that were updated last year to reflect actual costs.			
	Requirements	\$10,900	\$10,900
	Less Receipts	-	-
	Appropriation	\$10,900	\$10,900
	Positions	-	-
3. State Retirement Contribution Rate Increase			
Increases the State's contribution for members of the Teachers' and State Employees' Retirement System to fully fund the Actuarially Determined Contribution. The State's total General Fund contribution for retirement systems, disability benefits, death benefits, and retiree health benefits is more than \$1.7 billion annually. For TSERS in FY 2016-17, the State will contribute an amount equal to 15.67% of each employee's salary for these benefits; for Law Enforcement Officers, the State will contribute an amount equal to 20.67% of each officer's salary for these benefits.			
	Requirements	\$135,662	\$135,662
	Less Receipts	-	-
	Appropriation	\$135,662	\$135,662
	Positions	-	-
4. Realign Operating Budget			
Realigns the General Assembly's structural operating budget to account for differences in expenditures between Short Session and Long Session.			
	Requirements	\$2,267,571	\$2,267,571
	Less Receipts	-	\$2,267,571
	Appropriation	\$2,267,571	(\$2,267,571)
	Positions	-	-
Net Adjustments			
Requirements	\$2,414,133	\$1,172,713	\$3,586,846
Less Receipts	-	\$2,267,571	\$2,267,571
Appropriation	\$2,414,133	(\$1,094,858)	\$1,319,275
Positions	-	-	-

Office of the Governor (13000)

	2015 Session Law-Enacted			2016 Legislative Session-Recommended Change				% Change	% Change
	2014-15 Actual	2015-16 Certified	2016-17 Certified	Net Recurring	Net Non-Recurring	Recommended Adjustment	Revised 2016-17	from 2015-16 Certified	from 2016-17 Certified
Total Requirements	\$7,201,600	\$6,376,772	\$6,120,837	\$11,550	\$103,354	\$114,904	\$6,235,741	(2.21)%	1.88%
Less Receipts	\$1,686,718	\$554,663	\$554,663	-	-	-	\$554,663	-%	-%
Total Appropriation	\$5,514,882	\$5,822,109	\$5,566,174	\$11,550	\$103,354	\$114,904	\$5,681,078	(2.42)%	2.06%
Total Positions	-	54.201	54.201	-	-	-	54.201	-%	-%

	2016-2017 Recommended		
	Recurring Changes	Non Recurring Changes	Total Adjustments
1. Reward State Employees with One-Time Bonus			
Provides funds for an average 3.0% bonus for State employees (up to a maximum bonus of \$3,000 per employee). Each agency head, in consultation with the Office of State Human Resources, will determine the distribution of the bonus. This bonus shall not be considered part of an employee's annual salary or base rate of pay for retirement purposes.			
Requirements	-	\$103,354	\$103,354
Less Receipts	-	-	-
Appropriation	-	\$103,354	\$103,354
Positions	-	-	-
2. State Retirement Contribution Rate Increase			
Increases the State's contribution for members of the Teachers' and State Employees' Retirement System to fully fund the Actuarially Determined Contribution. The State's total General Fund contribution for retirement systems, disability benefits, death benefits, and retiree health benefits is more than \$1.7 billion annually. For TSERS in FY 2016-17, the State will contribute an amount equal to 15.67% of each employee's salary for these benefits.			
Requirements	\$11,550	-	\$11,550
Less Receipts	-	-	-
Appropriation	\$11,550	-	\$11,550
Positions	-	-	-

Net Adjustments

Requirements	\$11,550	\$103,354	\$114,904
Less Receipts	-	-	-
Appropriation	\$11,550	\$103,354	\$114,904
Positions	-	-	-

Office of State Budget and Management (13005)

	2015 Session Law-Enacted			2016 Legislative Session-Recommended Change			Revised 2016-17	% Change	% Change
	2014-15	2015-16	2016-17	Net		Recommended		from	from
	Actual	Certified	Certified	Recurring	Non-Recurring	Adjustment		2015-16 Certified	2016-17 Certified
Total Requirements	\$11,683,419	\$8,255,832	\$8,103,291	\$157,656	\$162,674	\$320,330	\$8,423,621	2.03%	3.95%
Less Receipts	\$3,889,065	\$571,883	\$571,883	-	-	-	\$571,883	-%	-%
Total Appropriation	\$7,794,354	\$7,683,949	\$7,531,408	\$157,656	\$162,674	\$320,330	\$7,851,738	2.18%	4.25%
Total Positions	-	69.310	69.310	-	-	-	69.310	-%	-%

	2016-2017 Recommended		
	Recurring Changes	Non Recurring Changes	Total Adjustments
1. Reward State Employees with One-Time Bonus			
Provides funds for an average 3.0% bonus for State employees (up to a maximum bonus of \$3,000 per employee). Each agency head, in consultation with the Office of State Human Resources, will determine the distribution of the bonus. This bonus shall not be considered part of an employee's annual salary or base rate of pay for retirement purposes.			
Requirements	-	\$162,674	\$162,674
Less Receipts	-	-	-
Appropriation	-	\$162,674	\$162,674
Positions	-	-	-
2. State Retirement Contribution Rate Increase			
Increases the State's contribution for members of the Teachers' and State Employees' Retirement System to fully fund the Actuarially Determined Contribution. The State's total General Fund contribution for retirement systems, disability benefits, death benefits, and retiree health benefits is more than \$1.7 billion annually. For TSERS in FY 2016-17, the State will contribute an amount equal to 15.67% of each employee's salary for these benefits.			
Requirements	\$17,456	-	\$17,456
Less Receipts	-	-	-
Appropriation	\$17,456	-	\$17,456
Positions	-	-	-
3. Improve Transparency of IT Expenses			
Increases funding for agency IT budgets to fund Department of Information Technology rates that were updated last year to reflect actual costs.			
Requirements	\$140,200	-	\$140,200
Less Receipts	-	-	-
Appropriation	\$140,200	-	\$140,200
Positions	-	-	-
Net Adjustments			
Requirements	\$157,656	\$162,674	\$320,330
Less Receipts	-	-	-
Appropriation	\$157,656	\$162,674	\$320,330
Positions	-	-	-

OSBM - Reserve for Special Appropriation (13085)

	2015 Session Law-Enacted			2016 Legislative Session-Recommended Change				% Change	% Change
	2014-15 Actual	2015-16 Certified	2016-17 Certified	Net Recurring	Net Non-Recurring	Recommended Adjustment	Revised 2016-17	from 2015-16 Certified	from 2016-17 Certified
Total Requirements	\$1,575,000	\$14,781,688	\$2,000,000	-	\$6,000,000	\$6,000,000	\$8,000,000	(45.88)%	300.00%
Less Receipts	\$333,557	-	-	-	\$1,000,000	\$1,000,000	\$1,000,000	-%	-%
Total Appropriation	\$1,241,443	\$14,781,688	\$2,000,000	-	\$5,000,000	\$5,000,000	\$7,000,000	(52.64)%	250.00%
Total Positions	-	-	-	-	-	-	-	-%	-%

	2016-2017 Recommended		
	Recurring Changes	Non Recurring Changes	Total Adjustments
1. Innovation to Jobs - Rallying Investors and Skilled Entrepreneurs for NC (RISE NC)			
Creates a statewide network that develops and leverages existing North Carolina entrepreneurial management talent, and recruits world-class investors, skilled entrepreneurs, and managers to NC. Coordinated components include the statewide expansion of the successful Blackstone Entrepreneurs Network, an entrepreneurial fellowship program, recruiting targeted professionals with NC ties, and a campaign targeting professionals in high-cost technology states. Funds will be leveraged 1:2 by private sources.			
Requirements	-	\$2,500,000	\$2,500,000
Less Receipts	-	-	-
Appropriation	-	\$2,500,000	\$2,500,000
Positions	-	-	-
2. Innovation to Jobs - Establish the University Innovation Commercialization Grant Program			
Provides \$2.5 million in 2016-17 for the University Innovation Commercialization Grant Program. The program would use NC's community of industry and commercialization experts, organized and funded through two hosting nonprofit or other relevant entities, to: 1)select university technologies based on commercial potential, 2) create a development plan of key activities to make the technologies more attractive to investors, and 3) guide implementation of these activities to assure efficient development of funds and commercial-quality results.			
Requirements	-	\$2,500,000	\$2,500,000
Less Receipts	-	-	-
Appropriation	-	\$2,500,000	\$2,500,000
Positions	-	-	-
3. School Facility Needs Assessment			
Lottery funds in the amount of \$1 million is provided for the Department of Administration to conduct or contract with an outside entity to complete a public school construction needs assessment for the 50 counties determined by the low-wealth school funding formula to have the lowest ability to pay for school facilities.			
Requirements	-	\$1,000,000	\$1,000,000
Less Receipts	-	\$1,000,000	\$1,000,000
Appropriation	-	-	-
Positions	-	-	-
Net Adjustments			
Requirements	-	\$6,000,000	\$6,000,000
Less Receipts	-	\$1,000,000	\$1,000,000
Appropriation	-	\$5,000,000	\$5,000,000
Positions	-	-	-

North Carolina Housing Finance Agency (13010)

	2015 Session Law-Enacted			2016 Legislative Session-Recommended Change				% Change	% Change
	2014-15	2015-16	2016-17	Net	Net	Recommended	Revised	from	from
	Actual	Certified	Certified	Recurring	Non-Recurring	Adjustment	2016-17	2015-16	2016-17
								Certified	Certified
Total Requirements	\$18,241,954	\$21,618,739	\$25,660,000	-	\$5,519,750	\$5,519,750	\$31,179,750	44.23%	21.51%
Less Receipts	-	-	-	-	\$5,519,750	\$5,519,750	\$5,519,750	-%	-%
Total Appropriation	\$18,241,954	\$21,618,739	\$25,660,000	-	-	-	\$25,660,000	18.69%	-%
Total Positions	-	-	-	-	-	-	-	-%	-%

	2016-2017 Recommended		
	Recurring Changes	Non Recurring Changes	Total Adjustments
1. Appropriate Community Living Housing Funds			
Requirements	-	\$5,519,750	\$5,519,750
Less Receipts	-	\$5,519,750	\$5,519,750
Appropriation	-	-	-
Positions	-	-	-

Appropriates funding for the Community Living Housing Fund. These funds increase access to permanent, community-based integrated housing for individuals with disabilities, directly supporting the Olmstead Settlement. The Fund can be used to increase the number of apartments within Low-Income Housing Tax Credit developments that are specifically designed to be affordable for the inclusion of individuals with disabilities.

Net Adjustments		
Requirements	-	\$5,519,750
Less Receipts	-	\$5,519,750
Appropriation	-	-
Positions	-	-

Department of Military and Veterans Affairs (13050)

	2015 Session Law-Enacted			2016 Legislative Session-Recommended Change			Revised 2016-17	% Change from 2015-16	% Change from 2016-17
	2014-15 Actual	2015-16 Certified	2016-17 Certified	Net Recurring	Net Non-Recurring	Recommended Adjustment		2015-16 Certified	2016-17 Certified
Total Requirements	-	\$9,536,995	\$7,806,254	\$411,098	\$103,619	\$514,717	\$8,320,971	(12.75)%	6.59%
Less Receipts	-	-	-	-	-	-	-	-%	-%
Total Appropriation	-	\$9,536,995	\$7,806,254	\$411,098	\$103,619	\$514,717	\$8,320,971	(12.75)%	6.59%
Total Positions	-	77.900	77.900	8.000	-	8.000	85.900	10.27%	10.27%

	2016-2017 Recommended		
	Recurring Changes	Non Recurring Changes	Total Adjustments
1 Reward State Employees with One-Time Bonus			
Provides funds for an average 3.0% bonus for State employees (up to a maximum bonus of \$3,000 per employee). Each agency head, in consultation with the Office of State Human Resources, will determine the distribution of the bonus. This bonus shall not be considered part of an employee's annual salary or base rate of pay for retirement purposes.			
Requirements	-	\$103,619	\$103,619
Less Receipts	-	-	-
Appropriation	-	\$103,619	\$103,619
Positions	-	-	-
2. Honor Our Veterans			
Establishes eight positions to support North Carolina's Veterans Cemeteries. These positions will help to meet growing demand for burials, implement the action plan required by federal audit, and accommodate weekend burials.			
Requirements	\$400,000	-	\$400,000
Less Receipts	-	-	-
Appropriation	\$400,000	-	\$400,000
Positions	8.000	-	8.000
3 State Retirement Contribution Rate Increase			
Increases the State's contribution for members of the Teachers' and State Employees' Retirement System to fully fund the Actuarially Determined Contribution. The State's total General Fund contribution for retirement systems, disability benefits, death benefits, and retiree health benefits is more than \$1.7 billion annually. For TSERS in FY 2016-17, the State will contribute an amount equal to 15.67% of each employee's salary for these benefits.			
Requirements	\$11,098	-	\$11,098
Less Receipts	-	-	-
Appropriation	\$11,098	-	\$11,098
Positions	-	-	-

Net Adjustments

Requirements	\$411,098	\$103,619	\$514,717
Less Receipts	-	-	-
Appropriation	\$411,098	\$103,619	\$514,717
Positions	8.000	-	8.000

Office of the Lieutenant Governor (13100)

	2015 Session Law-Enacted			2016 Legislative Session-Recommended Change			Revised 2016-17	% Change from 2015-16	% Change from 2016-17
	2014-15 Actual	2015-16 Certified	2016-17 Certified	Net Recurring	Net Non-Recurring	Recommended Adjustment		2015-16 Certified	2016-17 Certified
Total Requirements	\$689,901	\$682,875	\$677,972	\$7,179	\$14,018	\$21,197	\$699,169	2.39%	3.13%
Less Receipts	\$16,589	-	-	-	-	-	-	-%	-%
Total Appropriation	\$673,312	\$682,875	\$677,972	\$7,179	\$14,018	\$21,197	\$699,169	2.39%	3.13%
Total Positions	-	6.000	6.000	-	-	-	6.000	-%	-%

	2016-2017 Recommended		
	Recurring Changes	Non Recurring Changes	Total Adjustments
1. Reward State Employees with One-Time Bonus			
Provides funds for an average 3.0% bonus for State employees (up to a maximum bonus of \$3,000 per employee). Each agency head, in consultation with the Office of State Human Resources, will determine the distribution of the bonus. This bonus shall not be considered part of an employee's annual salary or base rate of pay for retirement purposes.			
Requirements	-	\$14,018	\$14,018
Less Receipts	-	-	-
Appropriation	-	\$14,018	\$14,018
Positions	-	-	-
2. Improve Transparency of IT Expenses			
Increases funding for agency IT budgets to fund Department of Information Technology rates that were updated last year to reflect actual costs.			
Requirements	\$5,500	-	\$5,500
Less Receipts	-	-	-
Appropriation	\$5,500	-	\$5,500
Positions	-	-	-
3. State Retirement Contribution Rate Increase			
Increases the State's contribution for members of the Teachers' and State Employees' Retirement System to fully fund the Actuarially Determined Contribution. The State's total General Fund contribution for retirement systems, disability benefits, death benefits, and retiree health benefits is more than \$1.7 billion annually. For TSERS in FY 2016-17, the State will contribute an amount equal to 15.67% of each employee's salary for these benefits.			
Requirements	\$1,679	-	\$1,679
Less Receipts	-	-	-
Appropriation	\$1,679	-	\$1,679
Positions	-	-	-
Net Adjustments			
Requirements	\$7,179	\$14,018	\$21,197
Less Receipts	-	-	-
Appropriation	\$7,179	\$14,018	\$21,197
Positions	-	-	-

Department of Secretary of State (13200)

	2015 Session Law-Enacted			2016 Legislative Session-Recommended Change				% Change	% Change
	2014-15	2015-16	2016-17	Net		Recommended	Revised	from	from
	Actual	Certified	Certified	Recurring	Non-Recurring	Adjustment	2016-17	2015-16	2016-17
Total Requirements	\$11,803,767	\$11,950,316	\$11,812,320	\$659,018	\$241,246	\$900,264	\$12,712,584	6.38%	7.62%
Less Receipts	\$315,844	\$61,625	\$61,625	-	-	-	\$61,625	-%	-%
Total Appropriation	\$11,487,924	\$11,888,691	\$11,750,695	\$659,018	\$241,246	\$900,264	\$12,650,959	6.41%	7.66%
Total Positions	-	169.883	169.883	6.000	-	6.000	175.883	3.53%	3.53%

	2016-2017 Recommended		
	Recurring Changes	Non Recurring Changes	Total Adjustments
1. Reward State Employees with One-Time Bonus			
Provides funds for an average 3.0% bonus for State employees (up to a maximum bonus of \$3,000 per employee). Each agency head, in consultation with the Office of State Human Resources, will determine the distribution of the bonus. This bonus shall not be considered part of an employee's annual salary or base rate of pay for retirement purposes.			
Requirements	-	\$241,246	\$241,246
Less Receipts	-	-	-
Appropriation	-	\$241,246	\$241,246
Positions	-	-	-
2. Streamline Business Formation and Improve Access to Capital			
Provides six positions to improve business efforts to obtain capital resulting from avoidable securities transaction mistakes and to reduce the time necessary to resolve complaints involving the sale of financial securities. Due to recent Federal regulatory reforms, the pool of eligible North Carolina businesses and eligible North Carolina investors who can engage in the offer, purchase, and sale of the more complex securities products has increased dramatically. Funds will support implementation of pending legislation to authorize intrastate crowdfunding.			
Requirements	\$632,615	-	\$632,615
Less Receipts	-	-	-
Appropriation	\$632,615	-	\$632,615
Positions	6.000	-	6.000
3. State Retirement Contribution Rate Increase			
Increases the State's contribution for members of the Teachers' and State Employees' Retirement System to fully fund the Actuarially Determined Contribution. The State's total General Fund contribution for retirement systems, disability benefits, death benefits, and retiree health benefits is more than \$1.7 billion annually. For TSERS in FY 2016-17, the State will contribute an amount equal to 15.67% of each employee's salary for these benefits; for Law Enforcement Officers, the State will contribute an amount equal to 20.67% of each officer's salary for these benefits.			
Requirements	\$26,403	-	\$26,403
Less Receipts	-	-	-
Appropriation	\$26,403	-	\$26,403
Positions	-	-	-

Net Adjustments

Requirements	\$659,018	\$241,246	\$900,264
Less Receipts	-	-	-
Appropriation	\$659,018	\$241,246	\$900,264
Positions	6.000	-	6.000

Office of the State Auditor (13300)

	2015 Session Law-Enacted			2016 Legislative Session-Recommended Change			% Change	% Change
	2014-15	2015-16	2016-17	Net	Net	Recommended	from	from
	Actual	Certified	Certified	Recurring	Non-Recurring	Adjustment	2015-16	2016-17
Total Requirements	\$16,295,883	\$17,675,408	\$17,576,536	\$99,565	\$269,130	\$368,695	1.53%	2.10%
Less Receipts	\$6,216,694	\$5,571,745	\$5,571,745	-	-	-	-%	-%
Total Appropriation	\$10,079,189	\$12,103,663	\$12,004,791	\$99,565	\$269,130	\$368,695	2.23%	3.07%
Total Positions	-	168.000	168.000	1.000	-	1.000	-%	-%

	2016-2017 Recommended		
	Recurring Changes	Non Recurring Changes	Total Adjustments
1. Reward State Employees with One-Time Bonus			
Provides funds for an average 3.0% bonus for State employees (up to a maximum bonus of \$3,000 per employee). Each agency head, in consultation with the Office of State Human Resources, will determine the distribution of the bonus. This bonus shall not be considered part of an employee's annual salary or base rate of pay for retirement purposes.			
	Requirements	\$261,824	\$261,824
	Less Receipts	-	-
	Appropriation	\$261,824	\$261,824
	Positions	-	-
2. Establish a Full-Time Security Presence at Secretary of State/State Auditor Building			
Ensure the safety of the public and state employees working and visiting the Old Revenue state building.			
	Requirements	\$7,306	\$62,371
	Less Receipts	-	-
	Appropriation	\$7,306	\$62,371
	Positions	1.000	1.000
3. Improve Transparency of IT Expenses			
Increases funding for agency IT budgets to reflect Department of Information Technology shared services rate increases.			
	Requirements	\$13,500	\$13,500
	Less Receipts	-	-
	Appropriation	\$13,500	\$13,500
	Positions	-	-
4. State Retirement Contribution Rate Increase			
Increases the State's contribution for members of the Teachers' and State Employees' Retirement System to fully fund the Actuarially Determined Contribution. The State's total General Fund contribution for retirement systems, disability benefits, death benefits, and retiree health benefits is more than \$1.7 billion annually. For TSERS in FY 2016-17, the State will contribute an amount equal to 15.67% of each employee's salary for these benefits.			
	Requirements	\$31,000	\$31,000
	Less Receipts	-	-
	Appropriation	\$31,000	\$31,000
	Positions	-	-
Net Adjustments			
Requirements	\$99,565	\$269,130	\$368,695
Less Receipts	-	-	-
Appropriation	\$99,565	\$269,130	\$368,695
Positions	1.000	-	1.000

Department of State Treasurer (13410)

	2015 Session Law-Enacted			2016 Legislative Session-Recommended Change				% Change	% Change
	2014-15	2015-16	2016-17	Net		Recommended	Revised	from	from
	Actual	Certified	Certified	Recurring	Non-Recurring	Adjustment	2016-17	2015-16	2016-17
Total Requirements	\$49,539,111	\$52,380,334	\$51,609,807	\$759,623	\$248,453	\$1,008,076	\$52,617,883	0.45%	1.95%
Less Receipts	\$40,875,231	\$42,117,423	\$41,261,423	\$715,000	-	\$715,000	\$41,976,423	(0.33)%	1.73%
Total Appropriation	\$8,663,879	\$10,262,911	\$10,348,384	\$44,623	\$248,453	\$293,076	\$10,641,460	3.69%	2.83%
Total Positions	-	373.750	373.750	-	-	-	373.750	-%	-%

	2016-2017 Recommended		
	Recurring Changes	Non Recurring Changes	Total Adjustments
1. Reward State Employees with One-Time Bonus			
Provides funds for an average 3.0% bonus for State employees (up to a maximum bonus of \$3,000 per employee). Each agency head, in consultation with the Office of State Human Resources, will determine the distribution of the bonus. This bonus shall not be considered part of an employee's annual salary or base rate of pay for retirement purposes.			
	Requirements	\$23,453	\$23,453
	Less Receipts	-	-
	Appropriation	\$23,453	\$23,453
	Positions	-	-
2. Implement the Achieving a Better Life Experience (NC ABLE) Program Trust			
Appropriates funding for marketing, communications, and other essential informational materials produced and distributed by the Department of State Treasurer among the target population served by the NC ABLE Program Trust. The fund will enable the department to promptly and effectively reach out to potentially eligible individuals with disabilities within North Carolina.			
	Requirements	\$225,000	\$225,000
	Less Receipts	-	-
	Appropriation	\$225,000	\$225,000
	Positions	-	-
3. Fund Operating Expenses for New Facility			
Supports new and incremental expenditures for utilities and other facility costs as a result of the change in office location.			
	Requirements	\$751,000	\$751,000
	Less Receipts	\$715,000	\$715,000
	Appropriation	\$36,000	\$36,000
	Positions	-	-
4. Improve Transparency of IT Expenses			
Increases funding for agency IT budgets to fund Department of Information Technology rates that were updated last year to reflect actual costs.			
	Requirements	\$5,200	\$5,200
	Less Receipts	-	-
	Appropriation	\$5,200	\$5,200
	Positions	-	-
5. State Retirement Contribution Rate Increase			
Increases the State's contribution for members of the Teachers' and State Employees' Retirement System to fully fund the Actuarially Determined Contribution. The State's total General Fund contribution for retirement systems, disability benefits, death benefits, and retiree health benefits is more than \$1.7 billion annually. For TSERS in FY 2016-17, the State will contribute an amount equal to 15.67% of each employee's salary for these benefits.			
	Requirements	\$3,423	\$3,423
	Less Receipts	-	-
	Appropriation	\$3,423	\$3,423
	Positions	-	-
Net Adjustments			
Requirements	\$759,623	\$248,453	\$1,008,076
Less Receipts	\$715,000	-	\$715,000
Appropriation	\$44,623	\$248,453	\$293,076
Positions	-	-	-

Department of Insurance (13900)

	2015 Session Law-Enacted			2016 Legislative Session-Recommended Change			Revised 2016-17	% Change from 2015-16	% Change from 2016-17
	2014-15 Actual	2015-16 Certified	2016-17 Certified	Net Recurring	Net Non-Recurring	Recommended Adjustment		2015-16 Certified	2016-17 Certified
Total Requirements	\$45,992,709	\$49,847,320	\$49,550,287	\$393,855	\$709,230	\$1,103,085	\$50,653,372	1.62%	2.23%
Less Receipts	\$10,241,737	\$11,195,041	\$11,195,041	\$158,000	-	\$158,000	\$11,353,041	1.41%	1.41%
Total Appropriation	\$35,750,972	\$38,652,279	\$38,355,246	\$235,855	\$709,230	\$945,085	\$39,300,331	1.68%	2.46%
Total Positions	-	422.680	422.680	-	-	-	422.680	-%	-%

	2016-2017 Recommended		
	Recurring Changes	Non Recurring Changes	Total Adjustments
1. Reward State Employees with One-Time Bonus			
Provides funds for an average 3.0% bonus for State employees (up to a maximum bonus of \$3,000 per employee). Each agency head, in consultation with the Office of State Human Resources, will determine the distribution of the bonus. This bonus shall not be considered part of an employee's annual salary or base rate of pay for retirement purposes.			
	Requirements	\$709,230	\$709,230
	Less Receipts	-	-
	Appropriation	\$709,230	\$709,230
	Positions	-	-
2. Increase Staff to Support North Carolina's Captive Insurance Market			
Appropriates funding for the actuary position authorized under Session Law 2015-241. The position will provide customer service to the captive insurance industry and will continue to market and promote the NC captive insurance program.			
	Requirements	\$146,887	\$146,887
	Less Receipts	-	-
	Appropriation	\$146,887	\$146,887
	Positions	-	-
3. Continue State Fire Protection Program			
Continues to transfer funds from the Department of Transportation to the Department of Insurance for the State Fire Protection Fund, which underwent a continuation review in 2015-16.			
	Requirements	\$158,000	\$158,000
	Less Receipts	\$158,000	\$158,000
	Appropriation	-	-
	Positions	-	-
4. Improve Transparency of IT Expenses			
Increases funding for agency IT budgets to fund Department of Information Technology rates that were updated last year to reflect actual costs.			
	Requirements	\$9,200	\$9,200
	Less Receipts	-	-
	Appropriation	\$9,200	\$9,200
	Positions	-	-
5. State Retirement Contribution Rate Increase			
Increases the State's contribution for members of the Teachers' and State Employees' Retirement System to fully fund the Actuarially Determined Contribution. The State's total General Fund contribution for retirement systems, disability benefits, death benefits, and retiree health benefits is more than \$1.7 billion annually. For TSERS in FY 2016-17, the State will contribute an amount equal to 15.67% of each employee's salary for these benefits; for Law Enforcement Officers, the State will contribute an amount equal to 20.67% of each officer's salary for these benefits.			
	Requirements	\$79,768	\$79,768
	Less Receipts	-	-
	Appropriation	\$79,768	\$79,768
	Positions	-	-
Net Adjustments			
Requirements	\$393,855	\$709,230	\$1,103,085
Less Receipts	\$158,000	-	\$158,000
Appropriation	\$235,855	\$709,230	\$945,085
Positions	-	-	-

Department of Insurance - Special Fund - Interest-bearing (23900)

	2015 Session Law-Enacted			2016 Legislative Session-Recommended Change				% Change	% Change
	2014-15	2015-16	2016-17	Net		Recommended	Revised	from	from
	Actual	Certified	Certified	Recurring	Non-Recurring	Adjustment	2016-17	2015-16	2016-17
Total Requirements	\$45,133,645	\$47,028,407	\$45,571,476	\$1,456,931	-	\$1,456,931	\$47,028,407	-%	3.20%
Less Receipts	\$44,076,924	\$47,028,407	\$45,571,476	\$1,456,931	-	\$1,456,931	\$47,028,407	-%	3.20%
Δ Fund Balance	-	-	-	-	-	-	-	-%	-%
Total Positions	-	2.900	2.900	-	-	-	2.900	-%	-%

	2016-2017 Recommended		
	Recurring Changes	Non Recurring Changes	Total Adjustments
1. Continue Funding for Rescue Squad Workers' Relief			
Continues to transfer funds from the Highway Fund to the Department of Insurance for the Rescue Squad Workers' Relief Fund, which was under continuation review in 2015-16.			
Requirements	\$1,456,931	-	\$1,456,931
Less Receipts	\$1,456,931	-	\$1,456,931
Appropriation	-	-	-
Positions	-	-	-
Net Adjustments			
Requirements	\$1,456,931	-	\$1,456,931
Less Receipts	\$1,456,931	-	\$1,456,931
Change in Fund Balance	-	-	-
Positions	-	-	-

Department of Insurance - Special Fund - Non-Interest-bearing (23901)

	2015 Session Law-Enacted			2016 Legislative Session-Recommended Change				% Change	% Change
	2014-15	2015-16	2016-17	Net		Recommended	Revised	from	from
	Actual	Certified	Certified	Recurring	Non-Recurring	Adjustment	2016-17	2015-16	2016-17
Total Requirements	\$1,218,324	\$1,303,585	\$346,233	\$957,352	-	\$957,352	\$1,303,585	-%	276.51%
Less Receipts	\$1,369,185	\$1,303,585	\$346,233	\$957,352	-	\$957,352	\$1,303,585	-%	276.51%
Δ Fund Balance	-	-	-	-	-	-	-	-%	-%
Total Positions	-	3.500	3.500	-	-	-	3.500	-%	-%

	2016-2017 Recommended		
	Recurring Changes	Non Recurring Changes	Total Adjustments
1. Continue Volunteer Rescue/EMS Grants			
Continues to transfer funds from the Highway Fund to the Department of Insurance for the Volunteer Rescue/EMS Grant Program, which was under continuation review in 2015-16.			
Requirements	\$957,352	-	\$957,352
Less Receipts	\$957,352	-	\$957,352
Appropriation	-	-	-
Positions	-	-	-
Net Adjustments			
Requirements	\$957,352	-	\$957,352
Less Receipts	\$957,352	-	\$957,352
Change in Fund Balance	-	-	-
Positions	-	-	-

Department of Administration (14100)

	2015 Session Law-Enacted			2016 Legislative Session-Recommended Change				% Change	% Change
	2014-15 Actual	2015-16 Certified	2016-17 Certified	Net Recurring	Net Non-Recurring	Recommended Adjustment	Revised 2016-17	from 2015-16 Certified	from 2016-17 Certified
Total Requirements	\$116,881,653	\$118,712,801	\$117,513,117	\$1,386,368	\$1,957,938	\$3,344,306	\$120,857,423	1.81%	2.85%
Less Receipts	\$53,739,586	\$57,371,889	\$58,848,632	-	-	-	\$58,848,632	2.57%	-%
Total Appropriation	\$63,142,066	\$61,340,912	\$58,664,485	\$1,386,368	\$1,957,938	\$3,344,306	\$62,008,791	1.09%	5.70%
Total Positions	-	452.156	445.956	14.200	-	14.200	460.156	1.77%	3.18%

	2016-2017 Recommended		
	Recurring Changes	Non Recurring Changes	Total Adjustments
1. Reward State Employees with One-Time Bonus			
Provides funds for an average 3.0% bonus for State employees (up to a maximum bonus of \$3,000 per employee). Each agency head, in consultation with the Office of State Human Resources, will determine the distribution of the bonus. This bonus shall not be considered part of an employee's annual salary or base rate of pay for retirement purposes.			
	Requirements	\$691,838	\$691,838
	Less Receipts	-	-
	Appropriation	\$691,838	\$691,838
	Positions	-	-
2. Department Legal Services			
Provides nonrecurring funding to pay legal fees for litigation involving the State.			
	Requirements	\$408,000	\$408,000
	Less Receipts	-	-
	Appropriation	\$408,000	\$408,000
	Positions	-	-
3. Increase Human Relations Commission Resources			
Appropriates \$545,407 in recurring funding for the Human Relations Commission, which was funded with non-recurring appropriation in 2015-16 while it underwent a continuation review. Also provides \$242,669 for an additional 4 positions for intake, investigation, and conciliation of equal employment opportunity complaints.			
	Requirements	\$788,076	\$788,076
	Less Receipts	-	-
	Appropriation	\$788,076	\$788,076
	Positions	10.200	10.200
4. State Ethics Commission - Improve Transparency and Accountability in Ethics Requirements			
Appropriates funding to design, develop, implement and maintain a new application for individuals covered under the State Ethics Act to electronically file and amend Statements of Economic Interests. The application will include a searchable database, comprehensive management tools, and an updated online education program.			
	Requirements	\$20,000	\$870,000
	Less Receipts	-	-
	Appropriation	\$20,000	\$870,000
	Positions	-	-
5. State Ethics Commission - Host the International Ethics Conference in North Carolina			
Provides recurring funding to participate in the annual Council on Governmental Ethics Laws (COGEL) conference and non-recurring fund to prepare to host the 2018 International Ethics Conference in North Carolina.			
	Requirements	\$2,300	\$10,400
	Less Receipts	-	-
	Appropriation	\$2,300	\$10,400
	Positions	-	-
6. Office of State Human Resources - Additional Positions to Help Close State Employee Workers' Compensation Claims			
Establishes four positions to help close out open cases and reduce abuse and fraud within the workers' compensation system.			
	Requirements	\$378,497	\$378,497
	Less Receipts	-	-
	Appropriation	\$378,497	\$378,497
	Positions	4.000	4.000
7. Improve Transparency of IT Expenses			
Increases funding for agency IT budgets to fund Department of Information Technology rates that were updated last year to reflect actual costs.			
	Requirements	\$129,600	\$129,600
	Less Receipts	-	-
	Appropriation	\$129,600	\$129,600
	Positions	-	-
8. State Retirement Contribution Rate Increase			
Increases the State's contribution for members of the Teachers' and State Employees' Retirement System to fully fund the Actuarially Determined Contribution. The State's total General Fund contribution for retirement systems, disability benefits, death benefits, and retiree health benefits is more than \$1.7 billion annually. For TSERS in FY 2016-17, the State will contribute an amount equal to 15.67% of each employee's salary for these benefits.			
	Requirements	\$67,895	\$67,895
	Less Receipts	-	-
	Appropriation	\$67,895	\$67,895
	Positions	-	-
Net Adjustments			
Requirements	\$1,386,368	\$1,957,938	\$3,344,306
Less Receipts	-	-	-
Appropriation	\$1,386,368	\$1,957,938	\$3,344,306
Positions	14.200	-	14.200

Office of the State Controller (14160)

	2015 Session Law-Enacted			2016 Legislative Session-Recommended Change				% Change	% Change
	2014-15	2015-16	2016-17	Net	Net	Recommended	Revised	from	from
	Actual	Certified	Certified	Recurring	Non-Recurring	Adjustment	2016-17	2015-16	2016-17
Total Requirements	\$23,990,391	\$23,782,197	\$23,654,804	\$897,743	\$341,020	\$1,238,763	\$24,893,567	4.67%	5.24%
Less Receipts	\$2,474,605	\$928,418	\$928,418	\$496,578	-	\$496,578	\$1,424,996	53.49%	53.49%
Total Appropriation	\$21,515,786	\$22,853,779	\$22,726,386	\$401,165	\$341,020	\$742,185	\$23,468,571	2.69%	3.27%
Total Positions	-	169,009	169,009	-	-	-	169,009	-%	-%

	2016-2017 Recommended		
	Recurring Changes	Non Recurring Changes	Total Adjustments
1. Reward State Employees with One-Time Bonus			
Provides funds for an average 3.0% bonus for State employees (up to a maximum bonus of \$3,000 per employee). Each agency head, in consultation with the Office of State Human Resources, will determine the distribution of the bonus. This bonus shall not be considered part of an employee's annual salary or base rate of pay for retirement purposes.			
Requirements	-	\$341,020	\$341,020
Less Receipts	-	-	-
Appropriation	-	\$341,020	\$341,020
Positions	-	-	-
2. Continue BEACON Positions			
Continues to transfer funds from the Department of Transportation to the State Controller for BEACON positions, which were under continuation review in 2015-16.			
Requirements	\$496,578	-	\$496,578
Less Receipts	\$496,578	-	\$496,578
Appropriation	-	-	-
Positions	-	-	-
3. Improve Transparency of IT Expenses			
Increases funding for agency IT budgets to fund Department of Information Technology rates that were updated last year to reflect actual costs.			
Requirements	\$362,400	-	\$362,400
Less Receipts	-	-	-
Appropriation	\$362,400	-	\$362,400
Positions	-	-	-
4. State Retirement Contribution Rate Increase			
Increases the State's contribution for members of the Teachers' and State Employees' Retirement System to fully fund the Actuarially Determined Contribution. The State's total General Fund contribution for retirement systems, disability benefits, death benefits, and retiree health benefits is more than \$1.7 billion annually. For TSERS in FY 2016-17, the State will contribute an amount equal to 15.67% of each employee's salary for these benefits.			
Requirements	\$38,765	-	\$38,765
Less Receipts	-	-	-
Appropriation	\$38,765	-	\$38,765
Positions	-	-	-
Net Adjustments			
Requirements	\$897,743	\$341,020	\$1,238,763
Less Receipts	\$496,578	-	\$496,578
Appropriation	\$401,165	\$341,020	\$742,185
Positions	-	-	-

Department of Information Technology (14660)

	<u>2015 Session Law-Enacted</u>			<u>2016 Legislative Session-Recommended Change</u>			Revised 2016-17	% Change from 2015-16	% Change from 2016-17
	2014-15 Actual	2015-16 Certified	2016-17 Certified	Net Recurring	Net Non-Recurring	Recommended Adjustment		Certified	Certified
Total Requirements	-	-	-	\$478	\$7,742	\$8,220	-	-%	-%
Less Receipts	-	-	-	-	-	-	-	-%	-%
Total Appropriation	-	-	-	\$478	\$7,742	\$8,220	-	-%	-%
Total Positions	-	-	-	-	-	-	-	-%	-%

14660	2016-2017 Recommended		
	Recurring Changes	Non Recurring Changes	Total Adjustments
1. Reward State Employees with One-Time Bonus			
Provides funds for an average 3.0% bonus for State employees (up to a maximum bonus of \$3,000 per employee). Each agency head, in consultation with the Office of State Human Resources, will determine the distribution of the bonus. This bonus shall not be considered part of an employee's annual salary or base rate of pay for retirement purposes.			
Requirements	-	\$7,742	\$7,742
Less Receipts	-	-	-
Appropriation	-	\$7,742	\$7,742
Positions	-	-	-
2. State Retirement Contribution Rate Increase			
Increases the State's contribution for members of the Teachers' and State Employees' Retirement System to fully fund the Actuarially Determined Contribution. The State's total General Fund contribution for retirement systems, disability benefits, death benefits, and retiree health benefits is more than \$1.7 billion annually. For TSERS in FY 2016-17, the State will contribute an amount equal to 15.67% of each employee's salary for these benefits.			
Requirements	\$478	-	\$478
Less Receipts	-	-	-
Appropriation	\$478	-	\$478
Positions	-	-	-
Net Adjustments			
Requirements	\$478	\$7,742	\$8,220
Less Receipts	-	-	-
Appropriation	\$478	\$7,742	\$8,220
Positions	-	-	-

19044

<p>1. IT Fund - Reward State Employees One-Time Bonus Provides funds for an average 3.0% bonus for State employees (up to a maximum bonus of \$3,000 per employee). Each agency head, in consultation with the Office of State Human Resources, will determine the distribution of the bonus. This bonus shall not be considered part of an employee's annual salary or base rate of pay for retirement purposes.</p>	<table border="0"> <tr><td>Requirements</td><td>-</td><td>\$290,723</td><td>\$290,723</td></tr> <tr><td>Less Receipts</td><td>-</td><td>-</td><td>-</td></tr> <tr><td>Appropriation</td><td>-</td><td>\$290,723</td><td>\$290,723</td></tr> <tr><td>Positions</td><td>-</td><td>-</td><td>-</td></tr> </table>	Requirements	-	\$290,723	\$290,723	Less Receipts	-	-	-	Appropriation	-	\$290,723	\$290,723	Positions	-	-	-
Requirements	-	\$290,723	\$290,723														
Less Receipts	-	-	-														
Appropriation	-	\$290,723	\$290,723														
Positions	-	-	-														
<p>2. IT Fund - Improve Geolocating and Address Data for Emergency Management and 2020 Census Supports emergency management, 2020 Census operations, and state business processes reliant on address information. The AddressNC database will be a foundation for reducing duplicative effort and increasing the efficiency of address data management for state and local governments.</p>	<table border="0"> <tr><td>Requirements</td><td>\$180,000</td><td>\$520,000</td><td>\$700,000</td></tr> <tr><td>Less Receipts</td><td>-</td><td>-</td><td>-</td></tr> <tr><td>Appropriation</td><td>\$180,000</td><td>\$520,000</td><td>\$700,000</td></tr> <tr><td>Positions</td><td>-</td><td>-</td><td>-</td></tr> </table>	Requirements	\$180,000	\$520,000	\$700,000	Less Receipts	-	-	-	Appropriation	\$180,000	\$520,000	\$700,000	Positions	-	-	-
Requirements	\$180,000	\$520,000	\$700,000														
Less Receipts	-	-	-														
Appropriation	\$180,000	\$520,000	\$700,000														
Positions	-	-	-														
<p>3. IT Fund - State Retirement Contribution Rate Increase Department of Information Technology Increases the State's contribution for members of the Teachers' and State Employees' Retirement System to fully fund the Actuarially Determined Contribution. The State's total General Fund contribution for retirement systems, disability benefits, death benefit, and retiree health benefit is more than \$1.7 billion annually. For TSERS in FY 2016-17, the State will contribute an amount equal to 15.67% of each employee's salary for these benefits.</p>	<table border="0"> <tr><td>Requirements</td><td>\$33,516</td><td>-</td><td>\$33,516</td></tr> <tr><td>Less Receipts</td><td>-</td><td>-</td><td>-</td></tr> <tr><td>Appropriation</td><td>\$33,516</td><td>-</td><td>\$33,516</td></tr> <tr><td>Positions</td><td>-</td><td>-</td><td>-</td></tr> </table>	Requirements	\$33,516	-	\$33,516	Less Receipts	-	-	-	Appropriation	\$33,516	-	\$33,516	Positions	-	-	-
Requirements	\$33,516	-	\$33,516														
Less Receipts	-	-	-														
Appropriation	\$33,516	-	\$33,516														
Positions	-	-	-														
<p>4. IT Fund - Continue Implementation of Data Systems to Connect Student Outcomes and Employment Provides \$190,000 to maintain the Common Follow-Up System and \$270,000 to maintain the P-20 SchoolWorks System within the Government Data Analytics Center (GDAC). These systems are used to track performance measures related to current and former participants in state job training, education, and placement programs, as well as to maintain the statewide student longitudinal database.</p>	<table border="0"> <tr><td>Requirements</td><td>\$460,000</td><td>-</td><td>\$460,000</td></tr> <tr><td>Less Receipts</td><td>-</td><td>-</td><td>-</td></tr> <tr><td>Appropriation</td><td>\$460,000</td><td>-</td><td>\$460,000</td></tr> <tr><td>Positions</td><td>-</td><td>-</td><td>-</td></tr> </table>	Requirements	\$460,000	-	\$460,000	Less Receipts	-	-	-	Appropriation	\$460,000	-	\$460,000	Positions	-	-	-
Requirements	\$460,000	-	\$460,000														
Less Receipts	-	-	-														
Appropriation	\$460,000	-	\$460,000														
Positions	-	-	-														
<p>5. IT Fund - Begin to Plan and Design an Enterprise Resource Planning system (ERP) Provides funding to begin planning and design of an enterprise resource planning system (ERP) through business process reengineering. The Department of Information Technology (DIT), in coordination with the Office of the State Controller (OSC) and the Office of State Budget and Management (OSBM), will begin planning for the implementation of an ERP system that addresses, at a minimum, core financial management, grants, asset and inventory, fleet management and human resources management.</p>	<table border="0"> <tr><td>Requirements</td><td>-</td><td>\$500,000</td><td>\$500,000</td></tr> <tr><td>Less Receipts</td><td>-</td><td>-</td><td>-</td></tr> <tr><td>Appropriation</td><td>-</td><td>\$500,000</td><td>\$500,000</td></tr> <tr><td>Positions</td><td>-</td><td>-</td><td>-</td></tr> </table>	Requirements	-	\$500,000	\$500,000	Less Receipts	-	-	-	Appropriation	-	\$500,000	\$500,000	Positions	-	-	-
Requirements	-	\$500,000	\$500,000														
Less Receipts	-	-	-														
Appropriation	-	\$500,000	\$500,000														
Positions	-	-	-														
<p>6. IT Fund - Establish a Cybersecurity Apprenticeship Program for Disabled Veterans Establishes a disabled veteran cybersecurity apprenticeship program within the Department of Information Technology. This two-year program will train five disabled veterans in cybersecurity governance while allowing them to work toward their Information Systems Security Professional certification (CISSP). At the conclusion the program, each veteran will be prepared for a permanent role within state government or private sector.</p>	<table border="0"> <tr><td>Requirements</td><td>\$600,000</td><td>-</td><td>\$600,000</td></tr> <tr><td>Less Receipts</td><td>-</td><td>-</td><td>-</td></tr> <tr><td>Appropriation</td><td>\$600,000</td><td>-</td><td>\$600,000</td></tr> <tr><td>Positions</td><td>5.000</td><td>-</td><td>5.000</td></tr> </table>	Requirements	\$600,000	-	\$600,000	Less Receipts	-	-	-	Appropriation	\$600,000	-	\$600,000	Positions	5.000	-	5.000
Requirements	\$600,000	-	\$600,000														
Less Receipts	-	-	-														
Appropriation	\$600,000	-	\$600,000														
Positions	5.000	-	5.000														
<p>7. IT Fund - Improve Transparency in IT Budget Supports operating functions of the new Department of Information Technology which include costs for facility management, finance, administration, human resources, and in-kind services. These costs are currently billed to other agencies as a subscription charge. Removal of these costs from the service rate structure provides greater accountability and transparency into the actual costs of providing IT services to the state.</p>	<table border="0"> <tr><td>Requirements</td><td>\$8,300,000</td><td>-</td><td>\$8,300,000</td></tr> <tr><td>Less Receipts</td><td>-</td><td>-</td><td>-</td></tr> <tr><td>Appropriation</td><td>\$8,300,000</td><td>-</td><td>\$8,300,000</td></tr> <tr><td>Positions</td><td>68.000</td><td>-</td><td>68.000</td></tr> </table>	Requirements	\$8,300,000	-	\$8,300,000	Less Receipts	-	-	-	Appropriation	\$8,300,000	-	\$8,300,000	Positions	68.000	-	68.000
Requirements	\$8,300,000	-	\$8,300,000														
Less Receipts	-	-	-														
Appropriation	\$8,300,000	-	\$8,300,000														
Positions	68.000	-	68.000														
<p>8. IT Fund - Develop IT Security Risk Management Tool Provides funding to the Network Simplification Program to develop an enterprise security risk management (SRM) tool. The SRM tool will allow the Department of Information Technology to perform seamless reviews of network security devices and ensure compliance with state security policies. The tool will ensure a consistent and standardized approach to the management of all security boundary devices.</p>	<table border="0"> <tr><td>Requirements</td><td>\$150,000</td><td>\$400,000</td><td>\$550,000</td></tr> <tr><td>Less Receipts</td><td>-</td><td>-</td><td>-</td></tr> <tr><td>Appropriation</td><td>\$150,000</td><td>\$400,000</td><td>\$550,000</td></tr> <tr><td>Positions</td><td>-</td><td>-</td><td>-</td></tr> </table>	Requirements	\$150,000	\$400,000	\$550,000	Less Receipts	-	-	-	Appropriation	\$150,000	\$400,000	\$550,000	Positions	-	-	-
Requirements	\$150,000	\$400,000	\$550,000														
Less Receipts	-	-	-														
Appropriation	\$150,000	\$400,000	\$550,000														
Positions	-	-	-														

Net Adjustments

Requirements	\$9,723,516	\$1,710,723	\$11,434,239
Less Receipts	-	-	-
Appropriation	\$9,723,516	\$1,710,723	\$11,434,239
Positions	73.000	-	73.000

Department of Revenue (14700)

	2015 Session Law-Enacted			2016 Legislative Session-Recommended Change				% Change	% Change
	2014-15	2015-16	2016-17	Net		Recommended	Revised	from	from
	Actual	Certified	Certified	Recurring	Non-Recurring	Adjustment	2016-17	2015-16	2016-17
Total Requirements	\$116,057,196	\$135,818,190	\$133,915,718	\$3,883,863	\$2,426,207	\$6,310,070	\$140,225,788	3.25%	4.71%
Less Receipts	\$35,982,549	\$54,758,651	\$53,458,039	-	-	-	\$53,458,039	(2.38)%	-%
Total Appropriation	\$80,074,647	\$81,059,539	\$80,457,679	\$3,883,863	\$2,426,207	\$6,310,070	\$86,767,749	7.04%	7.84%
Total Positions	-	1,470,250	1,471,250	-	-	-	1,471,250	0.07%	-%

	2016-2017 Recommended		
	Recurring Changes	Non Recurring Changes	Total Adjustments
1. Reward State Employees with One-Time Bonus			
Provides funds for an average 3.0% bonus for State employees (up to a maximum bonus of \$3,000 per employee). Each agency head, in consultation with the Office of State Human Resources, will determine the distribution of the bonus. This bonus shall not be considered part of an employee's annual salary or base rate of pay for retirement purposes.			
	Requirements	\$1,493,407	\$1,493,407
	Less Receipts	-	-
	Appropriation	\$1,493,407	\$1,493,407
	Positions	-	-
2. Combat Taxpayer Identity Theft			
Protect the public from identity theft and data loss through creation of a multilayer identity verification platform to assist in protecting personal identifying information, and prevent the issuance of erroneous refunds to identity thieves.			
	Requirements	\$3,000,000	\$3,000,000
	Less Receipts	-	-
	Appropriation	\$3,000,000	\$3,000,000
	Positions	-	-
3. Streamline Business Functions			
Provides funding to identify opportunities to lower operational costs through automation or outsourcing of paper-driven processes.			
	Requirements	\$350,000	\$350,000
	Less Receipts	-	-
	Appropriation	\$350,000	\$350,000
	Positions	-	-
4. State Retirement Contribution Rate Increase			
Increases the State's contribution for members of the Teachers' and State Employees' Retirement System to fully fund the Actuarially Determined Contribution. The State's total General Fund contribution for retirement systems, disability benefits, death benefits, and retiree health benefits is more than \$1.7 billion annually. For TSERS in FY 2016-17, the State will contribute an amount equal to 15.67% of each employee's salary for these benefits; for Law Enforcement Officers, the State will contribute an amount equal to 20.67% of each officer's salary for these benefits.			
	Requirements	\$165,563	\$165,563
	Less Receipts	-	-
	Appropriation	\$165,563	\$165,563
	Positions	-	-
5. Implementation of New Tax Types			
Provides funding for programming the insurance and liquid nicotine tax types to enable automated collection. Liquid Nicotine (Other Tobacco Product - OTP) taxing legislation was part of S.L. 2014-3 and Energy Severance Tax - Energy Modernization Act was part of S.L. 2014-4.			
	Requirements	\$582,800	\$582,800
	Less Receipts	-	-
	Appropriation	\$582,800	\$582,800
	Positions	-	-
6. Improve Transparency of IT Expenses			
Increases funding for agency IT budgets to fund Department of Information Technology rates that were updated last year to reflect actual costs.			
	Requirements	\$718,300	\$718,300
	Less Receipts	-	-
	Appropriation	\$718,300	\$718,300
	Positions	-	-
Net Adjustments			
Requirements	\$3,883,863	\$2,426,207	\$6,310,070
Less Receipts	-	-	-
Appropriation	\$3,883,863	\$2,426,207	\$6,310,070
Positions	-	-	-

Department of Revenue - IT Projects (24708)

	2015 Session Law-Enacted			2016 Legislative Session-Recommended Change				% Change	% Change
	2014-15	2015-16	2016-17	Net		Recommended	Revised	from	from
	Actual	Certified	Certified	Recurring	Non-Recurring	Adjustment	2016-17	2015-16	2016-17
Total Requirements	\$11,225,269	\$20,862,540	\$2,047,600	-	\$12,000,000	\$12,000,000	\$14,047,600	(32.67)%	586.05%
Less Receipts	\$7,549,000	\$10,047,600	\$2,047,600	-	-	-	\$2,047,600	(79.62)%	-%
Δ Fund Balance	-	-	-	-	(\$12,000,000)	-	-	-%	-%
Total Positions	-	7.000	7.000	-	-	-	7.000	-%	-%

	2016-2017 Recommended		
	Recurring Changes	Non Recurring Changes	Total Adjustments
1. Fund Critical IT Operations			
Authorizes the Department of Revenue to spend up to \$12 million from the ITAS replacement fund 2478 for operations and maintenance of critical tax systems including Enterprise Tax Management (ETM), Portfolio Warehouse (DTax), and Modernize eFile (MeF). These funds may be utilized only after receiving approval from the Department of Information Technology and Office of State Budget and Management of a Department of Revenue IT spending plan.			
Requirements	-	\$12,000,000	\$12,000,000
Less Receipts	-	-	-
Appropriation	-	(\$12,000,000)	(\$12,000,000)
Positions	-	-	-

Net Adjustments			
Requirements	-	\$12,000,000	\$12,000,000
Less Receipts	-	-	-
Change in Fund Balance	-	(\$12,000,000)	(\$12,000,000)
Positions	-	-	-

State Board of Elections (18025)

	2015 Session Law-Enacted			2016 Legislative Session-Recommended Change				% Change	% Change
	2014-15 Actual	2015-16 Certified	2016-17 Certified	Net Recurring	Net Non-Recurring	Recommended Adjustment	Revised 2016-17	from 2015-16 Certified	from 2016-17 Certified
Total Requirements	\$6,651,781	\$6,869,377	\$6,617,898	\$985,182	\$115,069	\$1,100,251	\$7,718,149	12.36%	16.63%
Less Receipts	\$905,525	\$104,535	\$104,535	-	-	-	\$104,535	-%	-%
Total Appropriation	\$5,746,256	\$6,764,842	\$6,513,363	\$985,182	\$115,069	\$1,100,251	\$7,613,614	12.55%	16.89%
Total Positions	-	61.000	61.000	8.000	-	8.000	69.000	13.11%	13.11%

	2016-2017 Recommended		
	Recurring Changes	Non Recurring Changes	Total Adjustments
1. Reward State Employees with One-Time Bonus			
Provides funds for an average 3.0% bonus for State employees (up to a maximum bonus of \$3,000 per employee). Each agency head, in consultation with the Office of State Human Resources, will determine the distribution of the bonus. This bonus shall not be considered part of an employee's annual salary or base rate of pay for retirement purposes.			
	Requirements	\$115,069	\$115,069
	Less Receipts	-	-
	Appropriation	\$115,069	\$115,069
	Positions	-	-
2. Expand Elections Outreach			
Establishes five elections outreach positions to help ensure fair elections, protect constitutional rights of voters and candidates through equal application of federal and state laws, and promote voter registration and participation.			
	Requirements	\$336,030	\$336,030
	Less Receipts	-	-
	Appropriation	\$336,030	\$336,030
	Positions	5.000	5.000
3. Implement New Campaign e-Filing and Improve Data Accuracy			
Provides funding for three positions and new campaign finance software to meet the new e-filing requirements of GS 163-278.9(j) and improve data accuracy.			
	Requirements	\$592,687	\$592,687
	Less Receipts	-	-
	Appropriation	\$592,687	\$592,687
	Positions	3.000	3.000
4. State Retirement Contribution Rate Increase			
Increases the State's contribution for members of the Teachers' and State Employees' Retirement System to fully fund the Actuarially Determined Contribution. The State's total General Fund contribution for retirement systems, disability benefits, death benefits, and retiree health benefits is more than \$1.7 billion annually. For TSERS in FY 2016-17, the State will contribute an amount equal to 15.67% of each employee's salary for these benefits.			
	Requirements	\$12,565	\$12,565
	Less Receipts	-	-
	Appropriation	\$12,565	\$12,565
	Positions	-	-
5. Improve Transparency of IT Expenses			
Increases funding for agency IT budgets to fund Department of Information Technology rates that were updated last year to reflect actual costs.			
	Requirements	\$43,900	\$43,900
	Less Receipts	-	-
	Appropriation	\$43,900	\$43,900
	Positions	-	-

Net Adjustments			
Requirements	\$985,182	\$115,069	\$1,100,251
Less Receipts	-	-	-
Appropriation	\$985,182	\$115,069	\$1,100,251
Positions	8.000	-	8.000

Office of Administrative Hearings (18210)

	2015 Session Law-Enacted			2016 Legislative Session-Recommended Change				% Change	% Change
	2014-15	2015-16	2016-17	Net		Recommended	Revised	from	from
	Actual	Certified	Certified	Recurring	Non-Recurring	Adjustment	2016-17	2015-16	2016-17
Total Requirements	\$6,089,142	\$6,962,676	\$6,925,905	\$44,292	\$99,093	\$143,385	\$7,069,290	1.53%	2.07%
Less Receipts	\$1,726,780	\$1,782,492	\$1,782,492	-	-	-	\$1,782,492	-%	-%
Total Appropriation	\$4,362,362	\$5,180,184	\$5,143,413	\$44,292	\$99,093	\$143,385	\$5,286,798	2.06%	2.79%
Total Positions	-	45,000	45,000	-	-	-	45,000	-%	-%

	2016-2017 Recommended		
	Recurring Changes	Non Recurring Changes	Total Adjustments
1. Reward State Employees with One-Time Bonus			
Provides funds for an average 3.0% bonus for State employees (up to a maximum bonus of \$3,000 per employee). Each agency head, in consultation with the Office of State Human Resources, will determine the distribution of the bonus. This bonus shall not be considered part of an employee's annual salary or base rate of pay for retirement purposes.			
	Requirements	\$99,093	\$99,093
	Less Receipts	-	-
	Appropriation	\$99,093	\$99,093
	Positions	-	-
2. Improve Transparency of IT Expenses			
Increases funding for agency IT budgets to fund Department of Information Technology rates that were updated last year to reflect actual costs.			
	Requirements	\$33,200	\$33,200
	Less Receipts	-	-
	Appropriation	\$33,200	\$33,200
	Positions	-	-
3. State Retirement Contribution Rate Increase			
Increases the State's contribution for members of the Teachers' and State Employees' Retirement System to fully fund the Actuarially Determined Contribution. The State's total General Fund contribution for retirement systems, disability benefits, death benefits, and retiree health benefits is more than \$1.7 billion annually. For TSERS in FY 2016-17, the State will contribute an amount equal to 15.67% of each employee's salary for these benefits.			
	Requirements	\$11,092	\$11,092
	Less Receipts	-	-
	Appropriation	\$11,092	\$11,092
	Positions	-	-
Net Adjustments			
Requirements	\$44,292	\$99,093	\$143,385
Less Receipts	-	-	-
Appropriation	\$44,292	\$99,093	\$143,385
Positions	-	-	-



Health and Human Services

Total Spend: \$5 billion
23% of General Fund Budget

Improving the Lives of People with Mental Illness and Substance Use Disorders

Invests \$30 million to implement the recommendations of the Governor's Task Force on Mental Health and Substance Use, including transitional housing, case management, mental health first aid training, child crisis centers and tools to combat the heroin and opioid epidemic.

Expanding Medicaid and State Services for Older Adults, Including Those with Alzheimer's

Provides \$3 million to expand Medicaid services for older adults, including those with Alzheimer's disease, by adding 320 new slots to the Community Alternatives Program for Disabled Adults.

Increases funding by \$1 million for family caregiver support services, including respite care for caregivers.

Expanding Medicaid Services for People with Developmental Disabilities

Invests \$2.5 million to expand Medicaid services for people with developmental disabilities. This investment supports an additional 250 Medicaid Innovations Waiver slots providing the needed services to help individuals with developmental disabilities live successful lives in the community.

Investing in Education and Safety of Children

Continues the commitment to providing high quality early childhood programs by investing \$4 million in Pre-K to serve up to an additional 800 at-risk 4 year olds, bringing the total budget to \$148 million.

Invests \$8.6 million to implement a Federal Improvement Plan to strengthen the state's child protection system.

Preparing North Carolina to respond to the Zika Virus and Other Vector Borne Diseases

Provides \$750,000 to support surveillance across the state to identify and track the primary carrier of the Zika virus and other vector borne diseases.

Central Management and Support Aging and Adult Services Child Development and Early Education
Public Health Social Services Medical Assistance NC Health Choice
Mental Health/Developmental Disabilities/Substance Abuse Services
Services for the Blind, Deaf and Hard of Hearing Health Services Regulation Vocational Rehabilitation

Health and Human Services (144xx)

	2014-15 Actual	2015 Session Law-Enacted		2016 Legislative Session-Recommended Change			Revised 2016-17	% Change from 2015-16 Certified	% Change from 2016-17 Certified
		2015-16 Certified	2016-17 Certified	Net Recurring	Net Non-Recurring	Recommended Adjustment			
		Total Requirements	\$18,953,234,738	\$19,638,246,062	\$20,169,173,124	(\$575,575,402)			
Less Receipts	\$13,942,468,267	\$14,507,696,536	\$14,901,577,516	(\$320,262,359)	\$34,260,537	(\$286,001,822)	\$14,615,575,694	0.74%	-1.92%
Total Appropriation	\$5,010,766,471	\$5,130,549,526	\$5,267,595,608	(\$255,313,043)	\$31,412,084	(\$223,900,959)	\$5,043,694,649	-1.69%	-4.25%
Total Positions	-	17,037.785	17,039.785	123.000	-	123.000	17,162.785	0.73%	0.72%

Division of Central Management and Support (14410)

	2015 Session Law-Enacted			2016 Legislative Session-Recommended Change				% Change	% Change
	2014-15	2015-16	2016-17	Net		Recommended	Revised	from	from
	Actual	Certified	Certified	Recurring	Non-Recurring	Adjustment	2016-17	2015-16	2016-17
Total Requirements	\$149,775,999	\$203,222,094	\$216,674,084	\$4,907,823	\$24,472,621	\$29,380,444	\$246,054,528	21.08%	13.56%
Less Receipts	\$57,916,823	\$80,755,508	\$86,640,831	-	\$14,560,537	\$14,560,537	\$101,201,368	25.29%	16.81%
Total Appropriation	\$91,859,176	\$122,466,586	\$130,033,253	\$4,907,823	\$9,912,084	\$14,819,907	\$144,853,160	18.28%	11.40%
Total Positions	-	743.750	745.750	-	-	-	745.750	0.27%	-%

	2016-2017 Recommended		
	Recurring Changes	Non Recurring Changes	Total Adjustments
1. Reward State Employees with One-Time Bonus			
Provides funds for an average of 3% bonus for state employees (up to a maximum bonus of \$3,000 per employee). Each agency head, in consultation with the Office of State Human Resources, will determine the distribution of the bonus. This bonus shall not be considered part of an employee's annual salary or base rate of pay for retirement purposes. This excludes bonuses for the Division of Medical Assistance staff, which are considered in the Medicaid Workforce Retention and Stabilization request.			
	Requirements	\$7,993,260	\$7,993,260
	Less Receipts	-	-
	Appropriation	\$7,993,260	\$7,993,260
	Positions	-	-
2. State Employees and Teacher Retirement Contribution			
Increases the State's contribution for members of the Teachers' and State Employees' Retirement System to fully fund the Annual Required Contribution. The State's total General Fund contribution for retirement systems, disability benefits, death benefits, and retiree health benefits is more than \$1.7 billion annually. For TSERS in FY 2016-17, the State will contribute an amount equal to 15.67% of each employee's salary for these benefits.			
	Requirements	\$1,052,900	\$1,052,900
	Less Receipts	-	-
	Appropriation	\$1,052,900	\$1,052,900
	Positions	-	-
3. State Agency Teachers and School-Based Administrators Salary Increases			
Supports experience-based step increases and salary increases associated with the changes to the North Carolina Public School Salary Schedule for state agency teachers and school-based administrators.			
	Requirements	\$354,923	\$354,923
	Less Receipts	-	-
	Appropriation	\$354,923	\$354,923
	Positions	-	-
4. Enhance Data Analytics and Performance - Client Services Data Warehouse			
Continues the State's investment in its data analytics capabilities. The Client Services Data Warehouse is a department-wide client data system that provides extensive data reporting for business users, including the department, federal government, General Assembly, and GDAC. An aging system, which was acquired in FY 2009-10, demands of the business users, and incorporating sizable systems, e.g., Health Information System (HIS) and NC FAST, challenges the current configuration. Replacing the current hardware will move the Department toward an enterprise solution with enhanced performance and technical support. The total 2016-17 budget will be \$4.5 million.			
	Requirements	\$2,253,089	\$2,253,089
	Less Receipts	\$334,265	\$334,265
	Appropriation	\$1,918,824	\$1,918,824
	Positions	-	-
5. Invest in Rural Health Care - Graduate Medical Education (GME)			
More than 70 of North Carolina's counties are designated health professionals shortage areas (HPSA). Physician shortages in primary care, general surgery, and psychiatry services are a fundamental challenge to access to care and the well-being of citizens. This proposal would provide funding for residency programs in rural and underserved areas of the state.			
	Requirements	\$3,500,000	\$3,500,000
	Less Receipts	-	-
	Appropriation	\$3,500,000	\$3,500,000
	Positions	-	-
6. Fund Federally-Required Next Phase of NC FAST			
Continues the State's investment in technology that supports client services. The Affordable Care Act requires increased client self-service functionality, including secure inbox, document upload, renewals, and online appeals (Project 9). Additionally, to enhance project management, CMS has requested a dedicated Quality Assurance Manager and increased reporting. For these eligibility and enrollment system improvements, the Department will be able to finance these measures through the A87 Cost Waiver, with the state share supported by prior year earned revenue.			
	Requirements	\$14,226,272	\$14,226,272
	Less Receipts	\$14,226,272	\$14,226,272
	Appropriation	-	-
	Positions	-	-

Net Adjustments

Requirements	\$4,907,823	\$24,472,621	\$29,380,444
Less Receipts	-	\$14,560,537	\$14,560,537
Appropriation	\$4,907,823	\$9,912,084	\$14,819,907
Positions	-	-	-

Division of Aging and Adult Services (14411)

	<u>2015 Session Law-Enacted</u>			<u>2016 Legislative Session-Recommended Change</u>				% Change	% Change
	2014-15	2015-16	2016-17	Net		Recommended	Revised	from	from
	Actual	Certified	Certified	Recurring	Non-Recurring	Adjustment	2016-17	2015-16	2016-17
								Certified	Certified
Total Requirements	\$103,883,885	\$105,646,211	\$105,473,473	\$1,000,000	-	\$1,000,000	\$106,473,473	0.78%	0.95%
Less Receipts	\$61,558,422	\$61,830,874	\$61,658,136	-	-	-	\$61,658,136	-0.28%	-%
Total Appropriation	\$42,325,463	\$43,815,337	\$43,815,337	\$1,000,000	-	\$1,000,000	\$44,815,337	2.28%	2.28%
Total Positions	-	76.500	76.500	-	-	-	76.500	-%	-%

	<u>2016-2017 Recommended</u>			
	Recurring Changes	Non Recurring Changes	Total Adjustments	
1. Expand Support for Alzheimer's Patients and Their Families Through Project CARE	Requirements	\$1,000,000	-	\$1,000,000
	Less Receipts	-	-	-
	Appropriation	\$1,000,000	-	\$1,000,000
	Positions	-	-	-

Increases funding to support families acting as caregivers for family members with Alzheimer's disease. Project CARE is a nationally recognized best practice model providing family consultation and respite services to persons who are caring at home for a family member with Alzheimer's disease or related dementia. Project CARE is the only state funded dementia specific community based program and funds three full time family consultants. This increased funding would provide vouchers for respite services and three additional full-time family consultants for Project CARE.

The budget for Project CARE in 2016-2017 is \$300,000 and this adjustment would increase the budget by an additional \$1 million. This investment will provide for respite care and result in an additional 225-250 families receiving family support services.

<u>Net Adjustments</u>			
Requirements	\$1,000,000	-	\$1,000,000
Less Receipts	-	-	-
Appropriation	\$1,000,000	-	\$1,000,000
Positions	-	-	-

Division of Child Development and Early Education (14420)

	2015 Session Law-Enacted			2016 Legislative Session-Recommended Change			% Change	% Change	
	2014-15	2015-16	2016-17	Net	Net	Recommended	from	from	
	Actual	Certified	Certified	Recurring	Non-Recurring	Adjustment	2015-16	2016-17	
Total Requirements	\$676,387,627	\$671,404,190	\$671,468,663	\$4,663,435	-	\$4,663,435	\$676,132,098	0.70%	0.69%
Less Receipts	\$459,123,582	\$438,941,361	\$428,434,687	\$4,663,435	-	\$4,663,435	\$433,098,122	(1.33)%	1.09%
Total Appropriation	\$217,264,044	\$232,462,829	\$243,033,976	-	-	-	\$243,033,976	4.55%	-%
Total Positions	-	298.750	298.750	10.000	-	10.000	308.750	3.35%	3.35%

	2016-2017 Recommended		
	Recurring Changes	Non-Recurring Changes	Total Adjustments
1. Serve More Four-Year-Olds Through NC Pre-K			
Continues the Governor's commitment to high quality early childhood programs through NC Pre-K. This investment of additional lottery receipts will increase access for at-risk 4 year olds to high quality educational experiences. At an estimated \$5,000 per slot, the total \$148 million will enable more than 29,400 four-year-olds to participate in Pre-K, an increase of 15.6% compared to FY 2012-13.	Requirements	\$4,000,000	\$4,000,000
	Less Receipts	\$4,000,000	\$4,000,000
	Appropriation	-	-
	Positions	-	-
2. Improve Quality of Child Care in NC			
Continues North Carolina's investment in quality child care through additional resources for criminal background checks, enhanced training, and improved fraud prevention and detection. Federal CCFD Block Grants require that an increasing proportion of these funds be used towards quality initiatives and activities. Eligible quality activities, along with the requested positions would: expand criminal records verifications for child care staff by three FTEs, increase training for licensing staff and consumer education to the public with an additional two FTEs, provide enhanced oversight and the development of training opportunities and verifications for child care staff with one FTE and augment fraud prevention and detection efforts with the addition of four FTEs.	Requirements	\$663,435	\$663,435
	Less Receipts	\$663,435	\$663,435
	Appropriation	-	-
	Positions	10.000	10.000
The budget for the CCFD block grant in 2016-2017 is \$187.81 million. The increased focus on quality activities and initiatives benefit all NC children participating in regulated child care programs. The positions are 100% receipt supported.			

Net Adjustments

Requirements	\$4,663,435	-	\$4,663,435
Less Receipts	\$4,663,435	-	\$4,663,435
Appropriation	-	-	-
Positions	10.000	-	10.000

North Carolina State Budget
 Recommended Adjustments, 2016-17

General Fund
 DHHS - Division of Social Services

5. **Technical Adjustment - Adjusts Adoption based on Participation**

Adjusts the budget based upon projected enrollment. Adoption Services are designed to find permanent homes for children and provide support to the families who adopt them. This includes the monthly maintenance payments for eligible children until they reach the age of 21. It was initially projected that adoption would increase at a rate of 6% in FY 2016-17 and the more up-to-date projections are indicating the rate of growth will be less, resulting in a projected savings to the program. In 2012-13 the budget for Adoption Services was \$125.19 million. The budget for Adoption Services in 2016-17 is \$133.12 million and this technical adjustment would decrease the budget by \$1.33 million.

Requirements	(\$1,333,333)	-	(\$1,333,333)
Less Receipts	(\$333,333)	-	(\$333,333)
Appropriation	(\$1,000,000)	-	(\$1,000,000)
Positions	-	-	-

Net Adjustments

Requirements	\$11,743,504	-	\$11,743,504
Less Receipts	\$2,876,805	-	\$2,876,805
Appropriation	\$8,866,699	-	\$8,866,699
Positions	23,000	-	23,000

Division of Medical Assistance (14445)

	2015 Session Law-Enacted			2016 Legislative Session-Recommended Change			Revised 2016-17	% Change from 2015-16 Certified	% Change from 2016-17 Certified
	2014-15	2015-16	2016-17	Net	Net	Recommended			
	Actual	Certified	Certified	Recurring	Non-Recurring	Adjustment			
Total Requirements	\$13,744,373,932	\$14,330,198,161	\$14,896,932,911	(\$613,559,787)	\$4,000,000	(\$609,559,787)	\$14,287,373,124	(0.30)%	(4.09)%
Less Receipts	\$10,186,684,468	\$10,593,623,218	\$10,980,695,639	(\$303,633,886)	\$2,000,000	(\$301,633,886)	\$10,679,061,753	0.81%	(2.75)%
Total Appropriation	\$3,557,689,464	\$3,736,574,943	\$3,916,237,272	(\$309,925,901)	\$2,000,000	(\$307,925,901)	\$3,608,311,371	(3.43)%	(7.86)%
Total Positions	-	400.510	400.510	45.000	-	45.000	445.510	11.24%	11.24%

	2016-2017 Recommended		
	Recurring Changes	Non Recurring Changes	Total Adjustments
1. Medicaid Rebase			
Adjusts Medicaid funding to continue the program at the current level of service. Each year, the Medicaid program is evaluated to estimate the funding required to continue services and benefits without changes to state policy, which is referred to as the Medicaid "forecast." Factors taken into consideration in developing the forecast include changes in enrollment, anticipated costs per recipient, and utilization of services, as well as federal matching funds. The forecast is then compared to the Medicaid base budget to determine the Medicaid "rebase" for a particular state fiscal year. The forecast and rebase estimates included in the Governor's Recommended Adjustments are based on forecasting and analysis by the Department of Health and Human Services using actual expenditures through February 29, 2016. Total requirements for Medicaid in 2012-13 equaled \$13.4 billion. Total requirements in the Medicaid budget for 2016-17 equal \$14.3 billion.	Requirements	(\$636,493,272)	-\$636,493,272
	Less Receipts	(\$317,912,000)	-\$317,912,000
	Appropriation	(\$318,581,272)	-\$318,581,272
	Positions	-	-
2. Expand Support for Alzheimer's Patients and Their Families Through Community Alternatives Program for Disabled Adults (CAP/DA) Waiver Slots			
Expand the CAP/DA program for individuals who qualify for institutional level care due to a disability, but can be served under a community alternatives program in their homes. Currently there are 11,214 slots in the CAP/DA program. It is estimated that up to 20% of the individuals on the wait list for CAP/DA services have Alzheimer's disease or related dementia. The Community Alternatives Program for Disabled Adults (CAP/DA) covers services including adult day care, personal care, and caregiver respite services that are well suited to support individuals with Alzheimer's disease or related dementia, as well as their families.	Requirements	\$9,014,423	\$9,014,423
	Less Receipts	\$6,014,423	\$6,014,423
	Appropriation	\$3,000,000	\$3,000,000
	Positions	-	-
3. Reduce Backlog and Expand Medicaid Services for Individuals with Developmental Disabilities			
Adds 250 slots under the NC Innovations 1915(c) Waiver for individuals who qualify for institutional level care due to intellectual or developmental disabilities, but can be served under a community alternatives program in their homes. There are currently 12,448 slots on the NC Innovations Waiver for individuals with intellectual or developmental disabilities. Additional slots will decrease the number of individuals waiting for Innovations Waiver funding. Funding assumes a January 1, 2017 effective date.	Requirements	\$7,800,000	\$7,800,000
	Less Receipts	\$5,204,160	\$5,204,160
	Appropriation	\$2,595,840	\$2,595,840
	Positions	-	-
4. Retain and Train Medicaid Workforce			
Provides funding to retain and train critical Division of Medical Assistance (DMA) personnel during the transition to Medicaid managed care, with the goals of preventing interruptions in DMA operations and loss of critical personnel during the transition, and preparing the Division's high performers for new roles under managed care. Includes \$341,122 for a non-recurring 3.0% bonus.	Requirements	\$4,000,000	\$4,000,000
	Less Receipts	\$2,000,000	\$2,000,000
	Appropriation	\$2,000,000	\$2,000,000
	Positions	-	-
5. Medicaid Critical Personnel			
Provides necessary funding and personnel for the Division to adequately staff and operate three critical organizational units (Business Information Office, Clinical Management, and Operations). Staff will 1) support systems automation, 2) conduct data retrieval/analytics for the Division of Medical Assistance and outside stakeholders, 3) provide oversight and management of DMA policies, vendors, and other stakeholders, including quality management, and 4) continue provider and recipient customer service, including appeals and claims resolution. As the Division of Health Benefits becomes operational, these staff will be transferred to the new Division.	Requirements	\$4,119,062	\$4,119,062
	Less Receipts	\$2,059,531	\$2,059,531
	Appropriation	\$2,059,531	\$2,059,531
	Positions	45.000	45.000

North Carolina State Budget
 Recommended Adjustments, 2016-17

General Fund
 DHHS - Division of Medical Assistance

6. **Invest in Medicaid Reform**

Increase funding for transfer to the Division of Health Benefits. The increase allows the division to continue its administrative efforts to transform the North Carolina Medicaid and Health Choice programs. State appropriations for the Division in 2015-16 totaled \$5 million. The budget for the Division's Medicaid reform and transformation for 2016-17 totals \$6 million in state appropriations.

Requirements	\$2,000,000	-	\$2,000,000
Less Receipts	\$1,000,000	-	\$1,000,000
Appropriation	\$1,000,000	-	\$1,000,000
Positions	-	-	-

Net Adjustments

Requirements		(\$613,559,787)	\$4,000,000	(\$609,559,787)
Less Receipts		(\$303,633,886)	\$2,000,000	(\$301,633,886)
Appropriation		(\$309,925,901)	\$2,000,000	(\$307,925,901)
Positions		45,000	-	45,000

NC Health Choice (14446)

	2015 Session Law-Enacted			2016 Legislative Session-Recommended Change				% Change	% Change
	2014-15	2015-16	2016-17	Net		Recommended	Revised	from	from
	Actual	Certified	Certified	Recurring	Non-Recurring	Adjustment	2016-17	2015-16	2016-17
Total Requirements	\$175,150,489	\$199,247,331	\$202,808,764	(\$17,917,314)		- (\$17,917,314)	\$184,891,450	(7.21)%	(8.83)%
Less Receipts	\$133,486,328	\$186,690,989	\$202,062,006	(\$18,265,376)		- (\$18,265,376)	\$183,796,630	(1.55)%	(9.04)%
Total Appropriation	\$41,664,162	\$12,556,342	\$746,758	\$348,062		- \$348,062	\$1,094,820	(91.28)%	46.61%
Total Positions	-	5.000	5.000	-		-	5.000	-%	-%

	2016-2017 Recommended		
	Recurring Changes	Non Recurring Changes	Total Adjustments
1. Health Choice Rebase			
Adjusts Health Choice funding to continue the program at the current level of service. Each year, the Health Choice program is evaluated to estimate the funding required to continue services and benefits without changes to state policy, which is referred to as the Health Choice "forecast." Factors taken into consideration in developing the forecast include changes in enrollment, anticipated costs per recipient, and utilization of services, as well as federal matching funds. The forecast is then compared to the Health Choice base budget to determine the Health Choice "rebase" for a particular state fiscal year. The forecast and rebase estimates included in the Governor's Recommended Adjustments are based on forecasting and analysis by the Department of Health and Human Services using actual expenditures through February 29, 2016. Total requirements in the Health Choice budget for 2016-17 total \$184.9 million.			
Requirements	(\$17,917,314)	-	(\$17,917,314)
Less Receipts	(\$18,265,376)	-	(\$18,265,376)
Appropriation	\$348,062	-	\$348,062
Positions	-	-	-

Net Adjustments			
Requirements		(\$17,917,314)	- (\$17,917,314)
Less Receipts		(\$18,265,376)	- (\$18,265,376)
Appropriation		\$348,062	- \$348,062
Positions			

Division of Mental Health (14460)

	2015 Session Law-Enacted			2016 Legislative Session-Recommended Change				% Change	% Change
	2014-15	2015-16	2016-17	Net	Net	Recommended	Revised	from	from
	Actual	2015-16 Certified	2016-17 Certified	Recurring	Non-Recurring	Adjustment	2016-17	2015-16 Certified	2016-17 Certified
Total Requirements	\$1,380,743,926	\$1,323,910,069	\$1,266,437,595	\$32,739,340	\$20,200,000	\$52,939,340	\$1,319,376,935	(0.34)%	4.18%
Less Receipts	\$695,008,652	\$727,827,649	\$728,576,287	\$799,066	\$20,200,000	\$20,999,066	\$749,575,353	2.99%	2.88%
Total Appropriation	\$685,735,274	\$596,082,420	\$537,861,308	\$31,940,274	-	\$31,940,274	\$569,801,582	(4.41)%	5.94%
Total Positions	-	11,330.580	11,330.580	39.000	-	39.000	11,369.580	0.34%	0.34%

	2016-2017 Recommended		
	Recurring Changes	Non Recurring Changes	Total Adjustments
1. Hire and Train New Broughton Hospital Staff			
The construction of the new Broughton Hospital (Morganton) is anticipated to be completed in June 2017. To prepare for the transition to the new hospital, additional staff must be hired, trained on the more advanced technology systems (information, mechanical and electrical), and manage the transition of clients and staff. Of the positions being requested, 25.6 FTEs will be supported by state appropriations and 10.4 FTEs will be supported by receipts.			
Requirements	\$2,739,340	-	\$2,739,340
Less Receipts	\$799,066	-	\$799,066
Appropriation	\$1,940,274	-	\$1,940,274
Positions	36.000	-	36.000
2. Implement Governor's Task Force for Mental Health and Substance Use Recommendations			
Continues Governor McCrory's commitment to mental health and substance use treatment and recovery. Executive Order Number 76 created the Governor's Task Force on Mental Health and Substance Use. The Task Force includes representation from each branch of government, county leadership, the provider community, and consumers. Three workgroups - Adults; Opioid Abuse and Heroin Resurgence; and Children, Youth, and Families - in a comprehensive manner, assessed issues surrounding access to mental health and substance use treatment and recovery services. The workgroups developed recommendations to combat the state's heroin and prescription drug use (\$9 million), support therapeutic courts and diversion from the justice system to treatment (\$5 million), case management (\$13 million), and emergency housing for those with mental illness transitioning out of emergency departments and correctional facilities (\$3 million).			
Requirements	\$30,000,000	-	\$30,000,000
Less Receipts	-	-	-
Appropriation	\$30,000,000	-	\$30,000,000
Positions	3.000	-	3.000
3. Mental Health Investments through the Dorothea Dix Trust Fund			
Continues the commitment to enhancing the community mental health system. This request funds a series of initiatives to train people in our communities to identify symptoms of mental illness and to render assistance (\$2.5 million); fund 6 scholarships for individuals proficient in American Sign Language to serve those with mental illness and substance use issues (\$150,000); divert people with behavioral health issues from the justice system to treatment (\$3 million); build local in-patient bed capacity for children (\$2 million) and rural hospital bed construction and/or conversion (\$12 million); and, as informed by the Task Force on Mental Health and Substance Use, support the development of psychiatric advance directives (\$300,000) to communicate an individual's preferences regarding treatment, and support a veterans' outreach initiative to connect vets to housing (\$250,000).			
Requirements	-	\$20,200,000	\$20,200,000
Less Receipts	-	\$20,200,000	\$20,200,000
Appropriation	-	-	-
Positions	-	-	-
Net Adjustments			
Requirements	\$32,739,340	\$20,200,000	\$52,939,340
Less Receipts	\$799,066	\$20,200,000	\$20,999,066
Appropriation	\$31,940,274	-	\$31,940,274
Positions	39.000	-	39.000

Justice and Public Safety

Total Spend: \$2.6 billion
12% of General Fund Budget

Increasing Salaries for Law Enforcement, Justice and Public Safety Employees

Invests \$10 million to support pay increases and an updated salary schedule for correctional officers.

Provides an average 5 percent pay increase for State Bureau of Investigation and Alcohol Law Enforcement agents, Assistant District Attorneys and Assistant Public Defenders.

Funds experience-based pay increases for qualifying State Highway Patrol Troopers, Assistant and Deputy Clerks and Magistrates.

Promoting Safer Schools

Deploys an anonymous tip reporting application ('SPK UP NC') for students in schools across the state.

Supports four new emergency management professionals to help local schools districts develop and implement school safety plans.

Leveraging Technology to Deter and Combat Crime

Uses technology to detect and prevent prisoner access to cell phones.

Enhances highway safety and improves response time by adding additional State Highway Patrol emergency telecommunicators.

Safeguards law enforcement communications by replacing the outdated monitoring system for the Voice Interoperability Plan for Emergency Responders (VIPER) network enabling law enforcement to more effectively communicate and respond during emergencies.

Improves criminal justice intelligence capabilities by investing in a case management tool that gives law enforcement officers analytics to solve crimes.

Improving Our Criminal Justice System

Supports the recommendations of the Governor's Task Force on Mental Health and Substance Use by establishing evidence-based specialty courts.

Provides additional resources to support the payment of private assigned counsel to represent indigent clients throughout the state.

Increases resources for State Crime Lab analysis and outsourcing cases to significantly reduce criminal case backlogs and improve turnaround time.

Reduces the backlog of criminal cases by opening the Western Crime Lab and increasing the capabilities of the State Crime Lab.

Judicial Branch (12000)

	2015 Session Law-Enacted			2016 Legislative Session-Recommended Change			Revised 2016-17	% Change from 2015-16 Certified	% Change from 2016-17 Certified
	2014-15	2015-16	2016-17	Net		Net Recommended			
	Actual	Certified	Certified	Recurring	Non-Recurring	Adjustment			
Total Requirements	\$468,817,401	\$486,212,689	\$485,407,793	\$11,665,520	\$9,958,855	\$21,624,375	\$507,032,168	4.28%	4.45%
Less Receipts	\$1,327,486	\$1,281,472	\$1,281,472	\$2,500,000	-	\$2,500,000	\$3,781,472	195.09%	195.09%
Total Appropriation	\$467,489,915	\$484,931,217	\$484,126,321	\$9,165,520	\$9,958,855	\$19,124,375	\$503,250,696	3.78%	3.95%
Total Positions	-	5,788.313	5,794.313	-	-	-	5,794.313	0.10%	0.00%

	2016-2017 Recommended		
	Recurring Changes	Non Recurring Changes	Total Adjustments
1. Reward State Employees with One-Time Bonus			
Provides funds for an average 3.0% bonus for State employees (up to a maximum bonus of \$3,000 per employee). Each agency head, in consultation with the Office of State Human Resources, will determine the distribution of the bonus. This bonus shall not be considered part of an employee's annual salary or base rate of pay for retirement purposes.			
Requirements	-	\$9,958,855	\$9,958,855
Less Receipts	-	-	-
Appropriation	-	\$9,958,855	\$9,958,855
Positions	-	-	-
2. Increase Salaries for Qualifying Assistant and Deputy Clerks			
Provides funds for an experience-based step increase for Assistant and Deputy Clerks pursuant to GS 7A-102.			
Requirements	\$3,713,393	-	\$3,713,393
Less Receipts	-	-	-
Appropriation	\$3,713,393	-	\$3,713,393
Positions	-	-	-
3. Increase Salaries for Qualifying Magistrates			
Provides funds for an experience-based step increase for Magistrates pursuant to GS 7A-171.1.			
Requirements	\$1,205,761	-	\$1,205,761
Less Receipts	-	-	-
Appropriation	\$1,205,761	-	\$1,205,761
Positions	-	-	-
4. Increase Salaries for Assistant District Attorneys			
Provides funding for a market-based adjustment, averaging 5.0%, for Assistant District Attorneys.			
Requirements	\$2,494,062	-	\$2,494,062
Less Receipts	-	-	-
Appropriation	\$2,494,062	-	\$2,494,062
Positions	-	-	-
5. Implement Governor's Task Force for Mental Health and Substance Use Recommendations			
Provides \$2.5 million through a transfer from the Department of Health and Human Services for specialty courts serving special populations including veterans, and those with mental health and substance abuse issues. DHHS shall allocate \$2.5 million for treatment for individuals assigned to specialty court programs. AOC is directed to conduct or contract for a study to develop the most effective program model, develop criteria and standards, and identify appropriate judicial districts for establishing new specialty courts leveraging existing resources for such courts currently operating. The Drug Treatment Court Advisory Committee shall review the proposed framework and locations, and provide recommendations to the AOC Director regarding implementation. AOC may use up to 10% of transferred funds to administer the specialty courts.			
Requirements	\$2,500,000	-	\$2,500,000
Less Receipts	\$2,500,000	-	\$2,500,000
Appropriation	-	-	-
Positions	-	-	-
6. Improve Transparency of Agency IT Expenses			
Increases funding for agency IT budgets to fund Department of Information Technology rates that were updated last year to reflect actual costs.			
Requirements	\$57,300	-	\$57,300
Less Receipts	-	-	-
Appropriation	\$57,300	-	\$57,300
Positions	-	-	-

North Carolina State Budget
 Recommended Adjustments, 2016-17

General Fund
 Judicial Branch

7. State Retirement Contribution Rate Increase

Increases the State's contribution for members of the Teachers' and State Employees' Retirement System and the Consolidated Judicial Retirement System to fully fund the Actuarially Determined Contribution. The State's total General Fund contribution for retirement systems, disability benefits, death benefits, and retiree health benefits is more than \$1.7 billion annually. For TSERS in FY 2016-17, the State will contribute an amount equal to 15.67% of each employee's salary for these benefits; for Law Enforcement Officers, the State will contribute an amount equal to 20.67% of each officer's salary for these benefits. For CJRS in FY 2016-17, the State will contribute an amount equal to 34.13% of each employee's salary for these benefits.

Requirements	\$1,695,004	-	\$1,695,004
Less Receipts	-	-	-
Appropriation	\$1,695,004	-	\$1,695,004
Positions	-	-	-

Net Adjustments

Requirements	\$11,665,520	\$9,958,855	\$21,024,375
Less Receipts	\$2,500,000	-	\$2,500,000
Appropriation	\$9,165,520	\$9,958,855	\$19,124,375
Positions	-	-	-

Judicial Branch - Indigent Defense (12001)

	2015 Session Law-Enacted			2016 Legislative Session-Recommended Change				% Change	% Change
	2014-15	2015-16	2016-17	Net		Recommended	Revised	from	from
	Actual	Certified	Certified	Recurring	Non-Recurring	Adjustment	2016-17	2015-16	2016-17
Total Requirements	\$122,430,307	\$126,347,025	\$126,974,092	\$1,222,832	\$4,540,578	\$5,763,410	\$132,737,502	5.06%	4.54%
Less Receipts	\$10,332,515	\$10,344,128	\$10,344,128	-	-	-	\$10,344,128	-%	-%
Total Appropriation	\$112,097,792	\$116,002,897	\$116,629,964	\$1,222,832	\$4,540,578	\$5,763,410	\$122,393,374	5.51%	4.94%
Total Positions	-	519.350	519.350	-	-	-	519.350	-%	-%

	2016-2017 Recommended		
	Recurring Changes	Non Recurring Changes	Total Adjustments
1. Reward State Employees with One-Time Bonus			
Provides funds for an average 3.0% bonus for State employees (up to a maximum bonus of \$3,000 per employee). Each agency head, in consultation with the Office of State Human Resources, will determine the distribution of the bonus. This bonus shall not be considered part of an employee's annual salary or base rate of pay for retirement purposes.			
	Requirements	\$1,040,578	\$1,040,578
	Less Receipts	-	-
	Appropriation	\$1,040,578	\$1,040,578
	Positions	-	-
2. Increase Salaries for Assistant Public Defenders			
Provides funding for a market-based adjustment, averaging 5.0%, for Assistant Public Defenders.			
	Requirements	\$1,081,439	\$1,081,439
	Less Receipts	-	-
	Appropriation	\$1,081,439	\$1,081,439
	Positions	-	-
3. Increase Funds for Indigent Defense			
Provides additional resources for private counsel assigned to represent persons declared indigent by the courts. This investment reduces a budget shortfall that traditionally requires suspension of payments prior to the end of the fiscal year. Since FY 2012-13, an additional \$11.6 million in funds has substantially reduced the amount of debt carried into subsequent fiscal years.			
	Requirements	\$3,500,000	\$3,500,000
	Less Receipts	-	-
	Appropriation	\$3,500,000	\$3,500,000
	Positions	-	-
4. State Retirement Contribution Rate Increase			
Increases the State's contribution for members of the Teachers' and State Employees' Retirement System and the Consolidated Judicial Retirement System to fully fund the Actuarially Determined Contribution. The State's total General Fund contribution for retirement systems, disability benefits, death benefits, and retiree health benefits is more than \$1.7 billion annually. For TSERS in FY 2016-17, the State will contribute an amount equal to 15.67% of each employee's salary for these benefits; for CJRS in FY 2016-17, the State will contribute an amount equal to 34.13% of each employee's salary for these benefits.			
	Requirements	\$141,393	\$141,393
	Less Receipts	-	-
	Appropriation	\$141,393	\$141,393
	Positions	-	-
Net Adjustments			
Requirements	\$1,222,832	\$4,540,578	\$5,763,410
Less Receipts	-	-	-
Appropriation	\$1,222,832	\$4,540,578	\$5,763,410
Positions	-	-	-

Department of Justice (13600)

	2015 Session Law-Enacted			2016 Legislative Session-Recommended Change				% Change	% Change
	2014-15	2015-16	2016-17	Net	Net	Recommended	Revised	from	from
	Actual	Certified	Certified	Recurring	Non-Recurring	Adjustment	2016-17	2015-16	2016-17
Total Requirements	\$78,676,345	\$86,342,312	\$85,208,440	\$424,787	\$4,370,122	\$4,794,909	\$90,003,349	4.24%	5.63%
Less Receipts	\$28,810,653	\$32,492,818	\$32,492,848	-	-	-	\$32,492,848	-%	-%
Total Appropriation	\$49,865,692	\$53,849,494	\$52,715,592	\$424,787	\$4,370,122	\$4,794,909	\$57,510,501	6.80%	9.10%
Total Positions	-	820.760	820.760	1.000	-	1.000	821.760	0.12%	0.12%

	2016-2017 Recommended		
	Recurring Changes	Non Recurring Changes	Total Adjustments
1. Reward State Employees with One-Time Bonus			
Provides funds for an average 3.0% bonus for State employees (up to a maximum bonus of \$3,000 per employee). Each agency head, in consultation with the Office of State Human Resources, will determine the distribution of the bonus. This bonus shall not be considered part of an employee's annual salary or base rate of pay for retirement purposes.			
Requirements	-	\$1,085,205	\$1,085,205
Less Receipts	-	-	-
Appropriation	-	\$1,085,205	\$1,085,205
Positions	-	-	-
2. Reduce Crime Lab Backlog of Criminal Drug Cases			
Provides additional funds for outsourcing toxicology cases in order to improve turnaround time of evidence analysis. These funds will enable the Crime Lab to substantially reduce its backlog of cases. This increase raises the total outsourcing budget in FY 2016-17 to \$2,447,114.			
Requirements	-	\$2,197,114	\$2,197,114
Less Receipts	-	-	-
Appropriation	-	\$2,197,114	\$2,197,114
Positions	-	-	-
3. Establish Western Crime Lab Operations			
Funds startup utilities, equipment, and one maintenance position, for the Western regional lab in Edneyville, scheduled for completion in March 2017.			
Requirements	\$301,276	\$1,087,803	\$1,389,079
Less Receipts	-	-	-
Appropriation	\$301,276	\$1,087,803	\$1,389,079
Positions	1.000	-	1.000
4. State Retirement Contribution Rate Increase			
Increases the State's contribution for members of the Teachers' and State Employees' Retirement System to fully fund the Actuarially Determined Contribution. The State's total General Fund contribution for retirement systems, disability benefits, death benefits, and retiree health benefits is more than \$1.7 billion annually. For TSERS in FY 2016-17, the State will contribute an amount equal to 15.67% of each employee's salary for these benefits; for Law Enforcement Officers, the State will contribute an amount equal to 20.67% of each officer's salary for these benefits.			
Requirements	\$123,511	-	\$123,511
Less Receipts	-	-	-
Appropriation	\$123,511	-	\$123,511
Positions	-	-	-
Net Adjustments			
Requirements	\$424,787	\$4,370,122	\$4,794,909
Less Receipts	-	-	-
Appropriation	\$424,787	\$4,370,122	\$4,794,909
Positions	1.000	-	1.000

Department of Public Safety (14550)

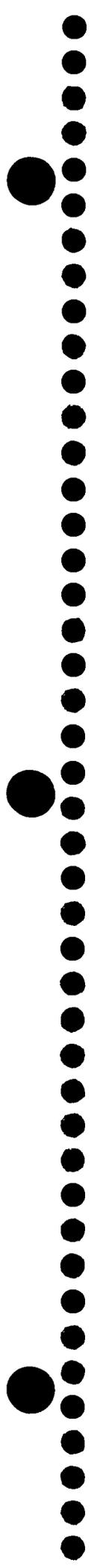
	2015 Session Law-Enacted			2016 Legislative Session-Recommended Change			% Change	% Change	
	2014-15	2015-16	2016-17	Net	Net	Recommended	from	from	
	Actual	Certified	Certified	Recurring	Non-Recurring	Adjustment	2015-16	2016-17	
Total Requirements	\$1,908,153,518	\$1,999,614,278	\$2,000,925,794	\$28,343,880	\$38,006,422	\$66,350,302	\$2,067,276,096	3.38%	3.32%
Less Receipts	\$181,488,340	\$151,485,168	\$153,560,168	\$9,040,000	-	\$9,040,000	\$162,600,168	7.34%	5.89%
Total Appropriation	\$1,726,665,179	\$1,848,129,110	\$1,847,365,626	\$19,303,880	\$38,006,422	\$57,310,302	\$1,904,675,928	3.06%	3.10%
Total Positions	-	24,790,446	24,900,446	12,000	-	12,000	24,912,446	0.49%	0.05%

	2016-2017 Recommended		
	Recurring Changes	Non Recurring Changes	Total Adjustments
1. Reward State Employees with One-Time Bonus			
Provides funds for an average 3.0% bonus for State employees (up to a maximum bonus of \$3,000 per employee). Each agency head, in consultation with the Office of State Human Resources, will determine the distribution of the bonus. This bonus shall not be considered part of an employee's annual salary or base rate of pay for retirement purposes.			
	Requirements	\$31,070,089	\$31,070,089
	Less Receipts	-	-
	Appropriation	\$31,070,089	\$31,070,089
	Positions	-	-
2. Continue Commitment to Increase Pay for Correctional Officers			
Provides funds to continue implementation of custody-level pay for correctional officers, custody supervisors, and prison facility administrators. This builds on \$26M already invested in the new pay plan.			
	Requirements	\$10,000,000	\$10,000,000
	Less Receipts	-	-
	Appropriation	\$10,000,000	\$10,000,000
	Positions	-	-
3. Increase Salaries for Qualifying State Highway Patrol Troopers			
Provides funds for an experience-based step increase for eligible State Highway Patrol Troopers pursuant to GS 20-187.3.			
	Requirements	\$1,840,597	\$1,840,597
	Less Receipts	-	-
	Appropriation	\$1,840,597	\$1,840,597
	Positions	-	-
4. Increase Salaries for State Bureau of Investigation and Alcohol Law Enforcement Agents			
Provides average 5.0% salary increases for State Bureau of Investigation and Alcohol Law Enforcement agents. The Director of the SBI, in consultation with the Office of State Human Resources, will determine the distribution of the increases.			
	Requirements	\$986,487	\$986,487
	Less Receipts	-	-
	Appropriation	\$986,487	\$986,487
	Positions	-	-
5. Increase Salaries for Teachers and Principals in Public Safety Facilities			
Supports experience-based step increases and salary increases associated with the changes to the North Carolina Public School Salary Schedule for State agency teachers and school-based administrators.			
	Requirements	\$280,098	\$280,098
	Less Receipts	-	-
	Appropriation	\$280,098	\$280,098
	Positions	-	-
6. Detect and Prevent Prisoner Access to Cell Phones			
Enhances prison security and public safety through the use of technology to secure cell phone access inside prison facilities. Funding to implement this technology at two prisons is included in the 2015-17 biennial budget, and this recommendation will support system implementation at two additional prisons.			
	Requirements	\$600,000	\$4,600,000
	Less Receipts	-	-
	Appropriation	\$600,000	\$4,600,000
	Positions	-	-
7. Promote Safer Schools			
Provides nonrecurring funds to deploy a student anonymous tip reporting application (SPK UP NC) statewide, and to complete development of mandated school risk management plans. Invests recurring funds for four positions in Emergency Management - two IT positions to maintain the applications required by the School Risk and Response Management System and two community planners to provide support and technical assistance to schools in planning and executing required school safety drills and exercises. Additionally, this recommendation includes operating funds for the Center for Safer Schools and ongoing maintenance costs for the school safety applications.			
	Requirements	\$1,287,156	\$2,823,489
	Less Receipts	-	-
	Appropriation	\$1,287,156	\$2,823,489
	Positions	4,000	4,000
8. Improve Intelligence Capabilities for State and Local Law Enforcement Officers			
Funds a data analysis and case management tool to improve ability to detect and predict crime trends, and to solve crimes.			
	Requirements	\$500,000	\$600,000
	Less Receipts	-	-
	Appropriation	\$500,000	\$600,000
	Positions	-	-

North Carolina State Budget
Recommended Adjustments, 2016-17

General Fund
Department of Public Safety

9. Safeguard Law Enforcement Communication	Requirements	-	\$1,300,000	\$1,300,000
Safeguards law enforcement communications by replacing the monitoring system for the Voice Interoperability Plan for Emergency Responders (VIPER) network to allow for real-time detection of system malfunction.	Less Receipts	-	-	-
	Appropriation	-	\$1,300,000	\$1,300,000
	Positions	-	-	-
10. Improve State Highway Patrol Telecommunications Capacity	Requirements	\$426,126	-	\$426,126
Funds eight non-sworn telecommunicator positions to improve response to increased call volume due to the state's population growth.	Less Receipts	-	-	-
	Appropriation	\$426,126	-	\$426,126
	Positions	8.000	-	8.000
11. Reinvest Savings from Lower Fuel Costs to Fund Core Public Safety Needs	Requirements	-	-	-
Adjusts Highway Patrol budget by \$4.1 million due to lower fuel costs and redirects those funds to core operating needs to establish recurring budgets and replacement schedules for mobile and hand-held radios at \$1.8 million, in-car computers at \$1.3 million, tasers at \$780,000 and safety equipment and safety supplies for Basic Schools at \$220,000.	Less Receipts	-	-	-
	Appropriation	-	-	-
	Positions	-	-	-
12. Continue Highway Litter Collection by Inmates	Requirements	\$9,040,000	-	\$9,040,000
Continues transfer of funds from DOT for the use of inmate labor for litter removal. The prison system is revamping its program model to improve efficiency, utilize more inmate laborers and clean more highway miles. This program was subject to a continuation review.	Less Receipts	\$9,040,000	-	\$9,040,000
	Appropriation	-	-	-
	Positions	-	-	-
13. State Retirement Contribution Rate Increase	Requirements	\$3,383,416	-	\$3,383,416
Increases the State's contribution for members of the Teachers' and State Employees' Retirement System to fully fund the Actuarially Determined Contribution. The State's total General Fund contribution for retirement systems, disability benefits, death benefits, and retiree health benefits is more than \$1.7 billion annually. For TSERS in FY 2016-17, the State will contribute an amount equal to 15.67% of each employee's salary for these benefits; for Law Enforcement Officers, the State will contribute an amount equal to 20.67% of each officer's salary for these benefits.	Less Receipts	-	-	-
	Appropriation	\$3,383,416	-	\$3,383,416
	Positions	-	-	-
Net Adjustments				
Requirements		\$28,343,880	\$38,006,422	\$66,350,302
Less Receipts		\$9,040,000	-	\$9,040,000
Appropriation		\$19,303,880	\$38,006,422	\$57,310,302
Positions		12.000	-	12.000



Natural and Economic Resources

Total Spend: \$493 million
2% of General Fund Budget

Encouraging Economic Development and Job Creation

Promotes North Carolina as a preferred destination for travelers, including regional marketing of natural and cultural attractions.

Revitalizes North Carolina's small town main streets through matching grants for local governments.

Implements recommendations from the Governor's Food Manufacturing Task Force to promote and develop economic growth opportunities in the food manufacturing industry.

Helps North Carolinians learn and earn at the same time by expanding business apprenticeship opportunities through additional investments in the NCWorks Apprenticeship Program.

Preserving and Protecting Natural Resources

Preserves working family farms by investing in the Farmland Preservation Trust Fund.

Restores and protects groundwater resources and ensures a safe environment by increasing funding to clean up the sites of old commercial leaking underground storage tanks across the state.

Department of Agriculture and Consumer Services

Department of Labor

Department of Commerce

Commerce - General State Aid

Department of Natural and Cultural Resources

Wildlife Resources Commission

Department of Agriculture and Consumer Services (13700)

	2015 Session Law-Enacted			2016 Legislative Session-Recommended Change				% Change	% Change
	2014-15	2015-16	2016-17	Net		Recommended	Revised	from	from
	Actual	Certified	Certified	Recurring	Non-Recurring	Adjustment	2016-17	2015-16	2016-17
Total Requirements	\$169,827,215	\$171,844,413	\$170,696,152	\$1,464,951	\$2,909,925	\$4,374,876	\$175,071,028	1.88%	2.56%
Less Receipts	\$60,233,513	\$55,529,438	\$53,740,379	-	-	-	\$53,740,379	(3.22)%	-%
Total Appropriation	\$109,593,702	\$116,314,975	\$116,955,773	\$1,464,951	\$2,909,925	\$4,374,876	\$121,330,649	4.31%	3.74%
Total Positions	-	1,827.750	1,827.750	2.000	-	2.000	1,829.750	0.11%	0.11%

	2016-2017 Recommended		
	Recurring Changes	Non Recurring Changes	Total Adjustments
1. Reward State Employees with One-Time Bonus			
Provides funds for an average 3.0% bonus for State employees (up to a maximum bonus of \$3,000 per employee). Each agency head, in consultation with the Office of State Human Resources, will determine the distribution of the bonus. This bonus shall not be considered part of an employee's annual salary or base rate of pay for retirement purposes.			
Requirements	-	\$1,909,925	\$1,909,925
Less Receipts	-	-	-
Appropriation	-	\$1,909,925	\$1,909,925
Positions	-	-	-
2. Implement Governor's Food Manufacturing Task Force Recommendations			
Provides funding to the Department of Commerce and the Department of Agriculture and Consumer Services to stimulate the growth of entrepreneurial endeavors in food manufacturing, enhance development of innovative food products and processes, and provide sector-specific regulatory training and outreach. Recurring funding supports a position to be shared by the department and NCSU to provide technical, regulatory, and policy support for new and existing food manufacturers. Nonrecurring funds support the marketing and communications effort for the emerging food manufacturing sector, and shall not revert and remain available for the agency's use for this purpose for three fiscal years.			
Requirements	\$176,000	\$1,000,000	\$1,176,000
Less Receipts	-	-	-
Appropriation	\$176,000	\$1,000,000	\$1,176,000
Positions	1.000	-	1.000
3. Support for Public and Private Animal Shelters			
Provides funding for one position to oversee voluntary shelter program reviews, which enable facilities to anticipate and correct deficiencies before they become violations and to maximize resources.			
Requirements	\$77,353	-	\$77,353
Less Receipts	-	-	-
Appropriation	\$77,353	-	\$77,353
Positions	1.000	-	1.000
4. Preserve North Carolina's Farmland			
Preserves working family farms by investing an additional \$1 million in the Farmland Preservation Trust Fund, bringing total funding to \$3.6 million for FY 2016-17.			
Requirements	\$1,000,000	-	\$1,000,000
Less Receipts	-	-	-
Appropriation	\$1,000,000	-	\$1,000,000
Positions	-	-	-
5. State Retirement Contribution Rate Increase			
Increases the State's contribution for members of the Teachers' and State Employees' Retirement System to fully fund the Actuarially Determined Contribution. The State's total General Fund contribution for retirement systems, disability benefits, death benefits, and retiree health benefits is more than \$1.7 billion annually. For TSERS in FY 2016-17, the State will contribute an amount equal to 15.67% of each employee's salary for these benefits; for Law Enforcement Officers, the State will contribute an amount equal to 20.67% of each officer's salary for these benefits.			
Requirements	\$211,598	-	\$211,598
Less Receipts	-	-	-
Appropriation	\$211,598	-	\$211,598
Positions	-	-	-

Net Adjustments

Requirements	\$1,464,951	\$2,909,925	\$4,374,876
Less Receipts	-	-	-
Appropriation	\$1,464,951	\$2,909,925	\$4,374,876
Positions	2.000	-	2.000

Department of Labor (13800)

	2015 Session Law-Enacted			2016 Legislative Session-Recommended Change				% Change	% Change
	2014-15	2015-16	2016-17	Net		Recommended	Revised	from	from
	Actual	Certified	Certified	Recurring	Non-Recurring	Adjustment	2016-17	2015-16	2016-17
Total Requirements	\$30,363,328	\$32,458,922	\$32,285,798	\$259,489	\$343,415	\$602,904	\$32,888,702	1.32%	1.87%
Less Receipts	\$16,220,085	\$16,463,563	\$16,463,563	-	-	-	\$16,463,563	-%	-%
Total Appropriation	\$14,143,243	\$15,995,359	\$15,822,235	\$259,489	\$343,415	\$602,904	\$16,425,139	2.69%	3.81%
Total Positions	-	383.252	383.252	-	-	-	383.252	-%	-%

	2016-2017 Recommended		
	Recurring Changes	Non Recurring Changes	Total Adjustments
1. Reward State Employees with One-Time Bonus			
Provides funds for an average 3.0% bonus for State employees (up to a maximum bonus of \$3,000 per employee). Each agency head, in consultation with the Office of State Human Resources, will determine the distribution of the bonus. This bonus shall not be considered part of an employee's annual salary or base rate of pay for retirement purposes.			
	Requirements	\$343,415	\$343,415
	Less Receipts	-	-
	Appropriation	\$343,415	\$343,415
	Positions	-	-
2. Support Server Migration			
Provides recurring funds to support server migration and maintenance.			
	Requirements	\$191,000	\$191,000
	Less Receipts	-	-
	Appropriation	\$191,000	\$191,000
	Positions	-	-
3. Improve Transparency of Agency IT Expenses			
Increases funding for agency IT budgets to fund Department of Information Technology rates that were updated last year to reflect actual costs.			
	Requirements	\$30,000	\$30,000
	Less Receipts	-	-
	Appropriation	\$30,000	\$30,000
	Positions	-	-
4. State Retirement Contribution Rate Increase			
Increases the State's contribution for members of the Teachers' and State Employees' Retirement System to fully fund the Actuarially Determined Contribution. The State's total General Fund contribution for retirement systems, disability benefits, death benefits, and retiree health benefits is more than \$1.7 billion annually. For TSERS in FY 2016-17, the State will contribute an amount equal to 15.67% of each employee's salary for these benefits.			
	Requirements	\$38,489	\$38,489
	Less Receipts	-	-
	Appropriation	\$38,489	\$38,489
	Positions	-	-
Net Adjustments			
Requirements	\$259,489	\$343,415	\$602,904
Less Receipts	-	-	-
Appropriation	\$259,489	\$343,415	\$602,904
Positions	-	-	-

Department of Environmental Quality (14300)

	2015 Session Law-Enacted			2016 Legislative Session-Recommended Change				% Change	% Change
	2014-15 Actual	2015-16 Certified	2016-17 Certified	Net Recurring	Net Non-Recurring	Recommended Adjustment	Revised 2016-17	from 2015-16 Certified	from 2016-17 Certified
Total Requirements	\$246,219,611	\$157,829,008	\$158,146,952	\$23,543,646	\$11,184,953	\$34,728,599	\$192,875,551	22.21%	21.96%
Less Receipts	\$91,364,290	\$76,522,406	\$75,717,343	\$22,699,805	\$5,200,000	\$27,899,805	\$103,617,148	35.41%	36.85%
Total Appropriation	\$154,855,321	\$81,306,602	\$82,429,609	\$843,841	\$5,984,953	\$6,828,794	\$89,258,403	9.78%	8.28%
Total Positions	-	1,229.636	1,229.636	-	-	-	1,229.636	-%	-%

	2016-2017 Recommended		
	Recurring Changes	Non Recurring Changes	Total Adjustments
1. Reward State Employees with One-Time Bonus			
Provides funds for an average 3.0% bonus for State employees (up to a maximum bonus of \$3,000 per employee). Each agency head, in consultation with the Office of State Human Resources, will determine the distribution of the bonus. This bonus shall not be considered part of an employee's annual salary or base rate of pay for retirement purposes.			
Requirements	-	\$984,953	\$984,953
Less Receipts	-	-	-
Appropriation	-	\$984,953	\$984,953
Positions	-	-	-
2. Strengthen Environmental Legal Protections			
Provides \$5 million in FY 2016-17 for ongoing and anticipated litigation expenses related to the enforcement of environmental laws and regulations.			
Requirements	-	\$5,000,000	\$5,000,000
Less Receipts	-	-	-
Appropriation	-	\$5,000,000	\$5,000,000
Positions	-	-	-
3. Continue Cleanup Of Commercial Leaking Petroleum Underground Storage Tanks			
Restores Highway Funds for this program, which was subject to a continuation review.			
Requirements	\$15,400,000	\$5,200,000	\$20,600,000
Less Receipts	\$15,400,000	\$5,200,000	\$20,600,000
Appropriation	-	-	-
Positions	-	-	-
4. Continue Air Quality and Water Account Funding			
Restores Highway Funds for this program, which was subject to a continuation review.			
Requirements	\$7,299,805	-	\$7,299,805
Less Receipts	\$7,299,805	-	\$7,299,805
Appropriation	-	-	-
Positions	-	-	-
5. Modify Mercury Pollution Prevention Account			
Utilizes existing cash balance in the Mercury Pollution Prevention Fund to operate the Mercury Switch Removal Program in FY 2016-17. Eliminates any transfers of title fee proceeds to the fund. This program was funded through the Highway Fund, and was subject to a continuation review.			
Requirements	-	-	-
Less Receipts	-	-	-
Appropriation	-	-	-
Positions	-	-	-
6. Improve Transparency of Agency IT Expenses			
Increases funding for agency IT budgets to fund Department of Information Technology rates that were updated last year to reflect actual costs.			
Requirements	\$732,800	-	\$732,800
Less Receipts	-	-	-
Appropriation	\$732,800	-	\$732,800
Positions	-	-	-
7. State Retirement Contribution Rate Increase			
Increases the State's contribution for members of the Teachers' and State Employees' Retirement System to fully fund the Actuarially Determined Contribution. The State's total General Fund contribution for retirement systems, disability benefits, death benefits, and retiree health benefits is more than \$1.7 billion annually. For TSERS in FY 2016-17, the State will contribute an amount equal to 15.67% of each employee's salary for these benefits; for Law Enforcement Officers, the State will contribute an amount equal to 20.67% of each officer's salary for these benefits.			
Requirements	\$111,041	-	\$111,041
Less Receipts	-	-	-
Appropriation	\$111,041	-	\$111,041
Positions	-	-	-
Net Adjustments			
Requirements	\$23,543,646	\$11,184,953	\$34,728,599
Less Receipts	\$22,699,805	\$5,200,000	\$27,899,805
Appropriation	\$843,841	\$5,984,953	\$6,828,794
Positions	-	-	-

Wildlife Resources Commission (14350)

	2015 Session Law-Enacted			2016 Legislative Session-Recommended Change				% Change	% Change
	2014-15	2015-16	2016-17	Net		Recommended	Revised	from	from
	Actual	Certified	Certified	Recurring	Non-Recurring	Adjustment	2016-17	2015-16	2016-17
Total Requirements	\$74,108,556	\$73,267,170	\$73,137,043	\$21,790	\$207,538	\$229,328	\$73,366,371	0.14%	0.31%
Less Receipts	\$62,947,978	\$63,113,547	\$63,113,547	-	-	-	\$63,113,547	-%	-%
Total Appropriation	\$11,160,578	\$10,153,623	\$10,023,496	\$21,790	\$207,538	\$229,328	\$10,252,824	0.98%	2.29%
Total Positions	-	648.580	648.580	-	-	-	648.580	-%	-%

	2016-2017 Recommended		
	Recurring Changes	Non Recurring Changes	Total Adjustments
1. Reward State Employees with One-Time Bonus			
Requirements	-	\$207,538	\$207,538
Less Receipts	-	-	-
Appropriation	-	\$207,538	\$207,538
Positions	-	-	-
2. State Retirement Contribution Rate Increase			
Requirements	\$21,790	-	\$21,790
Less Receipts	-	-	-
Appropriation	\$21,790	-	\$21,790
Positions	-	-	-

Net Adjustments			
Requirements	\$21,790	\$207,538	\$229,328
Less Receipts	-	-	-
Appropriation	\$21,790	\$207,538	\$229,328
Positions	-	-	-

Department of Commerce (14600)

	2015 Session Law-Enacted			2016 Legislative Session-Recommended Change			Revised 2016-17	% Change	% Change
	2014-15	2015-16	2016-17	Net		Net Recommended		from	from
	Actual	Certified	Certified	Recurring	Non-Recurring	Adjustment		2015-16 Certified	2016-17 Certified
Total Requirements	\$127,596,045	\$122,714,034	\$122,704,438	\$3,902,863	\$2,430,486	\$6,333,349	\$129,037,787	5.15%	5.16%
Less Receipts	\$59,850,826	\$65,226,060	\$65,108,310	-	-	-	\$65,108,310	(0.18)%	-%
Total Appropriation	\$67,745,219	\$57,487,974	\$57,596,128	\$3,902,863	\$2,430,486	\$6,333,349	\$63,929,477	11.20%	11.00%
Total Positions	-	415.238	413.310	-	-	-	413.310	(0.46)%	-%

	2016-2017 Recommended		
	Recurring Changes	Non Recurring Changes	Total Adjustments
1. Reward State Employees with One-Time Bonus	Requirements	\$305,081	\$305,081
Provides funds for an average 3.0% bonus for State employees (up to a maximum bonus of \$3,000 per employee). Each agency head, in consultation with the Office of State Human Resources, will determine the distribution of the bonus. This bonus shall not be considered part of an employee's annual salary or base rate of pay for retirement purposes.	Less Receipts	-	-
	Appropriation	\$305,081	\$305,081
	Positions	-	-
2. Revitalize Small Town Main Streets	Requirements	\$1,000,000	\$1,000,000
Increases funding for matching grants to local governments to revitalize downtown areas. This builds on \$2 million provided in FY 2015-16.	Less Receipts	-	-
	Appropriation	\$1,000,000	\$1,000,000
	Positions	-	-
3. Implement Governor's Food Manufacturing Task Force Recommendations	Requirements	\$156,000	\$156,000
Provides funding to the Department of Commerce and the Department of Agriculture and Consumer Services to stimulate the growth of entrepreneurial endeavors in food manufacturing, enhance development of innovative food products and processes, and provide sector-specific regulatory training and outreach. Department of Commerce funding supports a position reporting to the Economic Development Partnership of NC to provide outreach support for economic growth opportunities in the food manufacturing industry.	Less Receipts	-	-
	Appropriation	\$156,000	\$156,000
	Positions	-	-
4. Strengthen and Expand NCWorks Apprenticeship Program	Requirements	\$500,000	\$500,000
Increases apprenticeship opportunities across North Carolina. The program helps businesses find, train, and retain the qualified workers needed to be successful, and offers individuals the chance to gain the skills and experience needed to obtain jobs. Total funding recommended for FY 2016-17 is \$1.35 million.	Less Receipts	-	-
	Appropriation	\$500,000	\$500,000
	Positions	-	-
5. Promote NC Tourism	Requirements	\$2,500,000	\$3,000,000
Increases funding to the Economic Development Partnership of NC for tourism advertising to increase awareness and inspire visitation to the state. Includes \$190,000 to develop and track key performance indicators to measure the effectiveness of specific advertising/marketing programs and their impact on the state's economy. Total recommended tourism promotion for FY 2016-17 is \$13.9 million, an increase of \$6 million since FY 2012-13.	Less Receipts	-	-
	Appropriation	\$2,500,000	\$3,000,000
	Positions	-	-
6. Strengthen Core Department of Commerce Operations	Requirements	\$480,000	\$605,405
Provides funding for ongoing operational costs including website and software maintenance, equipment and facilities upkeep, and training.	Less Receipts	-	-
	Appropriation	\$480,000	\$605,405
	Positions	-	-
7. Industrial Commission - Select and Implement a Worker's Compensation Drug Formulary	Requirements	\$500,000	\$500,000
Supports the implementation of a drug formulary to achieve long-term savings in state workers' compensation claims without compromising the level of care given to injured workers. Funds may be used for data gathering and analysis or any other support necessary for study and implementation of a drug formulary.	Less Receipts	-	-
	Appropriation	\$500,000	\$500,000
	Positions	-	-

North Carolina State Budget
Recommended Adjustments, 2016-17

General Fund
Department of Commerce

8. **Improve Transparency of Agency IT Expenses**

Increases funding for agency IT budgets to fund Department of Information Technology rates that were updated last year to reflect actual costs.

Requirements	\$232,000	-	\$232,000
Less Receipts	-	-	-
Appropriation	\$232,000	-	\$232,000
Positions	-	-	-

9. **State Retirement Contribution Rate Increase**

Increases the State's contribution for members of the Teachers' and State Employees' Retirement System to fully fund the Actuarially Determined Contribution. The State's total General Fund contribution for retirement systems, disability benefits, death benefits, and retiree health benefits is more than \$1.7 billion annually. For TSERS in FY 2016-17, the State will contribute an amount equal to 15.67% of each employee's salary for these benefits.

Requirements	\$34,863	-	\$34,863
Less Receipts	-	-	-
Appropriation	\$34,863	-	\$34,863
Positions	-	-	-

Net Adjustments

Requirements	\$2,902,863	\$2,430,486	\$6,333,349
Less Receipts	-	-	-
Appropriation	\$3,902,863	\$2,430,486	\$6,333,349
Positions	-	-	-

Department of Natural and Cultural Resources (14800)

	2015 Session Law-Enacted			2016 Legislative Session-Recommended Change			Revised 2016-17	% Change from 2015-16	% Change from 2016-17
	2014-15 Actual	2015-16 Certified	2016-17 Certified	Net Recurring	Net Non-Recurring	Recommended Adjustment		2015-16 Certified	2016-17 Certified
Total Requirements	\$72,104,170	\$190,693,916	\$196,635,052	\$2,055,921	\$2,106,615	\$4,162,536	\$200,797,588	5.30%	2.12%
Less Receipts	\$8,912,871	\$27,295,649	\$27,345,649	-	-	-	\$27,345,649	0.18%	-%
Total Appropriation	\$63,191,299	\$163,398,267	\$169,289,403	\$2,055,921	\$2,106,615	\$4,162,536	\$173,451,939	6.15%	2.46%
Total Positions	-	1,713.010	1,713.010	9.200	-	9.200	1,722.210	0.54%	0.54%

	2016-2017 Recommended		
	Recurring Changes	Non Recurring Changes	Total Adjustments
1. Reward State Employees with One-Time Bonus			
Provides funds for an average 3.0% bonus for State employees (up to a maximum bonus of \$3,000 per employee). Each agency head, in consultation with the Office of State Human Resources, will determine the distribution of the bonus. This bonus shall not be considered part of an employee's annual salary or base rate of pay for retirement purposes.			
	Requirements	\$2,106,615	\$2,106,615
	Less Receipts	-	-
	Appropriation	\$2,106,615	\$2,106,615
	Positions	-	-
2. Promote Natural and Cultural Attractions			
Provides funds to market the state's natural and cultural attractions, including strategies that encourage individuals to visit different sites within the same region. The department will coordinate these marketing efforts with the Economic Development Partnership of NC and other state tourism efforts in North Carolina.			
	Requirements	\$300,000	\$300,000
	Less Receipts	-	-
	Appropriation	\$300,000	\$300,000
	Positions	-	-
3. Staff State Archaeology Research Center			
Provides the State Archaeology Research Center with permanent, full-time employees. The center is currently staffed by volunteer and retired archaeologists, as a result of budget cuts in the 2011-13 biennium. The center processes and stores material found at archaeological sites around the state, in compliance with federal and state regulations, and provides assistance to individuals completing archaeological assessments while planning and constructing transportation projects, public school buildings, and similar projects throughout the state.			
	Requirements	\$169,269	\$169,269
	Less Receipts	-	-
	Appropriation	\$169,269	\$169,269
	Positions	3.000	3.000
4. Restore Funding for Natural Heritage Program to Meet Business Needs			
Restores partial funding reduced in FY 2015-16 to support realignment of the program. This funding level will allow the Natural Heritage Program to meet its obligations, while implementing efficiencies realized by cross-training of staff. The Natural Heritage Program works to assist the military, public and private sectors to promote sustainable development and assist in compliance with state and federal regulations.			
	Requirements	\$489,750	\$489,750
	Less Receipts	-	-
	Appropriation	\$489,750	\$489,750
	Positions	6.200	6.200
5. Assign Full-Time Security to Protect Cultural Sites			
Provides funds to support four full-time, uniformed law enforcement officers to protect public spaces at state-owned cultural attractions in downtown Raleigh. The agency will contract with State Capitol Police to provide these law enforcement officers, as recommended in a security assessment by the Department of Public Safety.			
	Requirements	\$293,000	\$293,000
	Less Receipts	-	-
	Appropriation	\$293,000	\$293,000
	Positions	-	-
6. Improve Transparency of Agency IT Expenses			
Increases funding for agency IT budgets to fund Department of Information Technology rates that were updated last year to reflect actual costs.			
	Requirements	\$600,000	\$600,000
	Less Receipts	-	-
	Appropriation	\$600,000	\$600,000
	Positions	-	-
7. State Retirement Contribution Rate Increase			
Increases the State's contribution for members of the Teachers' and State Employees' Retirement System to fully fund the Actuarially Required Contribution. The State's total General Fund contribution for retirement systems, disability benefits, death benefits, and retiree health benefits is more than \$1.7 billion annually. For TSERS in FY 2016-17, the State will contribute an amount equal to 15.67% of each employee's salary for these benefits.			
	Requirements	\$203,902	\$203,902
	Less Receipts	-	-
	Appropriation	\$203,902	\$203,902
	Positions	-	-

Net Adjustments			
Requirements		\$2,055,921	\$4,162,536
Less Receipts		-	-
Appropriation		\$2,055,921	\$4,162,536
Positions		9.200	9.200

Transportation

Total Spend: \$3.4 billion

Driving Change at the Division of Motor Vehicles (DMV)

Provides funding for additional driver license examiners to improve customer service and decrease wait times in high traffic DMV locations throughout the state.

Establishes a program to provide military personnel Commercial Driver's License training.

Maintaining North Carolina's Transportation Infrastructure

Provides an additional \$27.5 million for highway maintenance activities to enhance safety and ease congestion.

Increases resources to maintain secondary roads and ensure clean and safe highways.

Connects people to jobs, education and health care through improved public transportation services in small towns and growing cities.

Building New Roads

Builds on the largest transportation investment in two decades by adding nearly \$30 million for new transportation projects in the state's current ten-year plan.

Increased investment in new roads by more than \$292 million, or 31% since 2013.

Highway Fund

Highway Trust Fund

Turnpike Authority

Global TransPark Port Authority

Highway Fund (84210)

	2015 Session Law-Enacted			2016 Legislative Session-Recommended Change				% Change	% Change
	2014-15	2015-16	2016-17	Net		Net	Recommended	from	from
	Actual	Certified	Certified	Recurring	Non-Recurring	Adjustment	Revised	2015-16	2016-17
Total Requirements	\$3,887,015,362	\$7,258,615,942	\$7,199,755,488	\$47,527,576	\$13,895,886	\$61,423,462	\$7,261,178,950	0.04%	0.85%
Less Receipts	\$4,043,920,544	\$5,310,827,813	\$5,210,154,339	\$2,124,611	-	\$2,124,611	\$5,212,278,950	(1.86)%	0.04%
Total Appropriation	(\$156,905,182)	\$1,947,788,129	\$1,989,601,149	\$45,402,965	\$13,895,886	\$59,298,851	\$2,048,900,000	5.19%	2.98%
Total Positions	-	12,394,000	12,350,000	52,000	-	52,000	12,402,000	0.06%	0.42%

	2016-2017 Recommended		
	Recurring Changes	Non Recurring Changes	Total Adjustments
1. Reward State Employees with One-Time Bonus			
Provides funds for an average 3.0% bonus for State employees (up to a maximum bonus of \$3,000 per employee). Each agency head, in consultation with the Office of State Human Resources, will determine the distribution of the bonus. This bonus shall not be considered part of an employee's annual salary or base rate of pay for retirement purposes.			
	Requirements	\$9,740,111	\$9,740,111
	Less Receipts	-	-
	Appropriation	\$9,740,111	\$9,740,111
	Positions	-	-
2. Salary Adjustment Fund			
Appropriates funds to implement a new market-aligned salary structure for state agencies, and to adjust salaries in state job classifications where employee pay is below market value, not competitive in the marketplace, and where the State is having difficulty recruiting and retaining employees.			
	Requirements	\$5,349,240	\$5,349,240
	Less Receipts	-	-
	Appropriation	\$5,349,240	\$5,349,240
	Positions	-	-
3. DMV - Train Military Personnel to Obtain Commercial Driver's Licenses (CDLs)			
Establishes a program to provide existing military personnel the training necessary to obtain a Commercial Driver's License (CDL). Seven classes will be held in conjunction with Johnston Community College, Fort Bragg, and Camp Lejeune.			
	Requirements	\$258,885	\$258,885
	Less Receipts	-	-
	Appropriation	\$258,885	\$258,885
	Positions	-	-
4. DMV - Promote Online DMV Services			
Funding to promote the DMV modernization initiatives. These initiatives will improve customer convenience, increase efficiency, and reduce wait time.			
	Requirements	\$1,000,000	\$1,000,000
	Less Receipts	-	-
	Appropriation	\$1,000,000	\$1,000,000
	Positions	-	-
5. DMV - Improve Wait Times of High Volume DMV Offices			
Provides funding for 95 contract driver license examiners to improve customer service and decrease wait times in high volume DMV locations throughout the state.			
	Requirements	\$3,868,875	\$3,868,875
	Less Receipts	-	-
	Appropriation	\$3,868,875	\$3,868,875
	Positions	-	-
6. DMV - Maintain Tax and Tag Together Program Customer Service			
Provides funding to make permanent 44 time-limited Tax and Tag Together positions. Funding for these receipt-supported positions comes from the administrative fee authorized in GS 105-330.5(b). Staffing will enable the DMV Customer Contact Center and the Field Services Help Desk to continue servicing the high volume of citizen calls.			
	Requirements	\$2,045,995	\$2,045,995
	Less Receipts	\$2,045,995	\$2,045,995
	Appropriation	-	-
	Positions	44,000	44,000
7. DMV - Medical Review Program			
Funds additional resources for the Medical Review Program, adding 21 contract nurses and 7 fulltime employees. The changes will ensure due process for all types of adverse action that may be taken against customers' driving privileges.			
	Requirements	\$1,709,465	\$1,861,365
	Less Receipts	-	-
	Appropriation	\$1,709,465	\$1,861,365
	Positions	7,000	7,000
8. Repair Deficient Bridges			
Adjusts funding for the Bridge Program based on an updated revenue forecast. This program receives the balance generated from the Gasoline Inspection Fee after deducting expenses for the Departments of Revenue and Agriculture. A total of \$242,374,444 is available for the program in FY 2016-17.			
	Requirements	\$300,000	\$300,000
	Less Receipts	-	-
	Appropriation	\$300,000	\$300,000
	Positions	-	-

North Carolina State Budget
Recommended Adjustments, 2016-17

Transportation
Highway Fund

<p>9. Promote Bicycle Safety Allocates funding to address bicycle safety in North Carolina through public outreach and ongoing education initiatives.</p>	<p>Requirements \$250,000 Less Receipts - Appropriation \$250,000 Positions -</p>	<p>- \$250,000 - - - \$250,000 - -</p>
<p>10. Support Multi-County Rural Transit Systems Provides incentive funding for rural multi-county transit systems to consolidate systems. Consolidated systems will fill gaps and make transportation to work, school, or medical appointments more efficient in rural communities.</p>	<p>Requirements \$2,000,000 Less Receipts - Appropriation \$2,000,000 Positions -</p>	<p>- \$2,000,000 - - - \$2,000,000 - -</p>
<p>11. State Aid to Airports Increases funding for grants-in-aid for public airport development as recommended by the Governor's Aviation Development Task Force. A total of \$53,200,000 will be available in FY 2016-17. Funds are used to improve educational programs, to conduct airport planning, land acquisition, airport construction and maintenance projects.</p>	<p>Requirements \$1,500,000 Less Receipts - Appropriation \$1,500,000 Positions -</p>	<p>- \$1,500,000 - - - \$1,500,000 - -</p>
<p>12. Urban State Maintenance Assistance Program Increases program funding to support eight new urban areas identified by the 2010 census.</p>	<p>Requirements \$2,000,000 Less Receipts - Appropriation \$2,000,000 Positions -</p>	<p>- \$2,000,000 - - - \$2,000,000 - -</p>
<p>13. Secondary Road Maintenance Program Increases funds available for this program, bringing the FY 2016-17 total to \$302,766,254. Uses of these funds include pothole patching, drainage repair, pavement marking, and other safety improvements.</p>	<p>Requirements \$17,476,344 Less Receipts - Appropriation \$17,476,344 Positions -</p>	<p>- \$17,476,344 - - - \$17,476,344 - -</p>
<p>14. Roadside Litter and Debris Removal Increases funding for the removal of litter and debris along North Carolina roadways. The additional funding will bring the total allocated for this activity from \$16.9 million to \$26.9 million.</p>	<p>Requirements \$10,000,000 Less Receipts - Appropriation \$10,000,000 Positions -</p>	<p>- \$10,000,000 - - - \$10,000,000 - -</p>
<p>15. Small Urban Construction Program Funds transportation improvement projects across the state through the Small Construction Program. These improvement projects enhance safety and support congestion mitigation.</p>	<p>Requirements \$2,500,000 Less Receipts - Appropriation \$2,500,000 Positions -</p>	<p>- \$2,500,000 - - - \$2,500,000 - -</p>
<p>16. Tax and Tag Together Audit Position Provides funding to make permanent a time-limited position that audits and verifies the collection of vehicle property taxes. The positions also audits internal controls with the Tax and Tag Together, to identify areas of potential theft or fraud. The position is paid from receipts as authorized in GS 105-330.5(b) for a total of \$78,616.</p>	<p>Requirements \$78,616 Less Receipts \$78,616 Appropriation - Positions 1,000</p>	<p>- \$78,616 - \$78,616 - - - 1,000</p>
<p>17. Capital Repairs and Renovations Provides the Ferry Division funds to build an encapsulated area to contain sandblasting debris to meet storm water regulations. The project total is \$210,000 with \$75,000 coming from the Roadside Environmental Unit.</p>	<p>Requirements - Less Receipts - Appropriation - Positions -</p>	<p>\$135,000 \$135,000 - - \$135,000 \$135,000 - -</p>
<p>18. State Retirement Contribution Rate Increase Increases the State's contribution for members of the Teachers' and State Employees' Retirement System to fully fund the Annual Required Contribution. The State's total General Fund contribution for retirement systems, disability benefits, death benefits, and retiree health benefits is more than \$1.7 billion annually. For TSERS in FY 2016-17, the State will contribute an amount equal to 15.67% of each employee's salary for these benefits.</p>	<p>Requirements \$1,059,031 Less Receipts - Appropriation \$1,059,031 Positions -</p>	<p>- \$1,059,031 - - - \$1,059,031 - -</p>

Net Adjustments

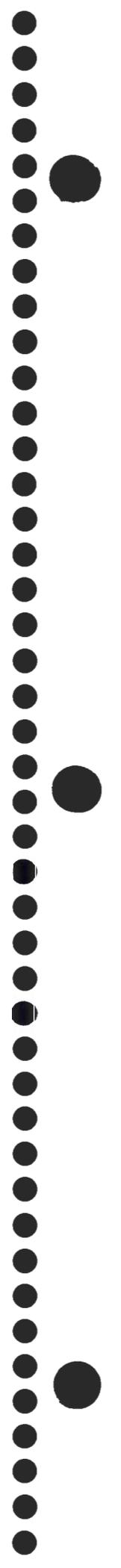
Requirements	\$47,527,576	\$13,895,886	\$61,423,462
Less Receipts	\$2,124,611	-	\$2,124,611
Appropriation	\$45,402,965	\$13,895,886	\$59,298,851
Positions	\$2,000	-	\$2,000

Highway Trust Fund (84290)

	2015 Session Law-Enacted			2016 Legislative Session-Recommended Change			Revised 2016-17	% Change from 2015-16 Certified	% Change from 2016-17 Certified
	2014-15	2015-16	2016-17	Net	Net	Recommended			
	Actual	Certified	Certified	Recurring	Non-Recurring	Adjustment			
Total Requirements	\$965,845,727	\$1,312,540,000	\$1,339,235,000	\$30,158,855	\$706,145	\$30,865,000	\$1,370,100,000	4.39%	2.30%
Less Receipts	\$1,238,564,734	-	-	-	-	-	-	-%	-%
Total Appropriation	(\$272,719,007)	\$1,312,540,000	\$1,339,235,000	\$30,158,855	\$706,145	\$30,865,000	\$1,370,100,000	4.39%	2.30%
Total Positions	-	-	-	-	-	-	-	-%	-%

	2016-2017 Recommended		
	Recurring Changes	Non Recurring Changes	Total Adjustments
1. Increase Strategic Investment in Infrastructure	Requirements	\$29,860,816	\$29,860,816
Provides additional funds to the Governor's Strategic Transportation Investments program established by S.L. 2013-183. This adjustment brings the total for the program to \$1,223,618,774 and is a 31.44% increase over the \$930,926,530 appropriated in FY 2013-14 when the program was initiated.	Less Receipts	-	-
	Appropriation	\$29,860,816	\$29,860,816
	Positions	-	-
2. Reward State Employees with One-Time Bonus	Requirements	\$706,145	\$706,145
Provides funds for an average 3.0% bonus for State employees (up to a maximum bonus of \$3,000 per employee). Each agency head, in consultation with the Office of State Human Resources, will determine the distribution of the bonus. This bonus shall not be considered part of an employee's annual salary or base rate of pay for retirement purposes.	Less Receipts	-	-
	Appropriation	\$706,145	\$706,145
	Positions	-	-
3. Salary Adjustment Fund	Requirements	\$232,442	\$232,442
Appropriates funds to implement a new market-aligned salary structure for state agencies, and to adjust salaries in state job classifications where employee pay is below market value, not competitive in the marketplace, and where the State is having difficulty recruiting and retaining employees.	Less Receipts	-	-
	Appropriation	\$232,442	\$232,442
	Positions	-	-
4. State Retirement Contribution Rate Increase	Requirements	\$65,597	\$65,597
Increases the State's contribution for members of the Teachers' and State Employees' Retirement System to fully fund the Annual Required Contribution. The State's total General Fund contribution for retirement systems, disability benefits, death benefits, and retiree health benefits is more than \$1.7 billion annually. For TSERS in FY 2016-17, the State will contribute an amount equal to 15.67% of each employee's salary for these benefits.	Less Receipts	-	-
	Appropriation	\$65,597	\$65,597
	Positions	-	-

Net Adjustments			
Requirements		\$30,158,855	\$30,865,000
Less Receipts		-	-
Appropriation		\$30,158,855	\$30,865,000
Positions		-	-



Capital, Reserves, Debt Service and Other Adjustments

Preserves our unique environmental resources and promotes good stewardship by investing \$14.6 million in vital water resource projects including: dredging, navigation, flood control, beach protection and stream restoration. State investment in water resources projects will leverage more than \$25 million in federal funds.

Supports the implementation of the Connect NC bond initiative to upgrade our state's critical infrastructure investments, including:

- \$1.3 billion for Universities and Community Colleges
- \$309.5 million for Local Water and Sewer Projects
- \$75 million for State Parks
- \$25 million for the North Carolina Zoo
- \$8.5 million for Samarcaand Public Safety Training Academy
- \$70 million for National Guard Regional Readiness Centers
- \$179 million for Agricultural Research Labs

Capital Improvements

	2016-2017 Recommended		
	Recurring Changes	Non Recurring Changes	Total Adjustments
1. DEQ - Invest in Water Resources			
Provides funds for the State's share of Water Resource Development Projects. State funds will match \$25.8 million in federal funds.			
	Requirements	\$33,735,000	\$33,735,000
	Less Receipts	\$25,774,000	\$25,774,000
	Appropriation	\$7,961,000	\$7,961,000
	Positions	-	-
2. DNCR - Archives and History/ State Library Building Remodel			
Provides funds to remodel existing areas of the Archives and History/State Library Building to accommodate the additional staff from the merger of the Department of Natural and Cultural Resources with the Department of Environmental Quality.			
	Requirements	\$600,000	\$600,000
	Less Receipts	-	-
	Appropriation	\$600,000	\$600,000
	Positions	-	-
3. DPS - Nash Print Plant Roof Replacement			
Funds for the replacement of the 59,160 square foot Print Plant roof. The project will be financed from Correction Enterprise cash balance.			
	Requirements	\$1,508,000	\$1,508,000
	Less Receipts	\$1,508,000	\$1,508,000
	Appropriation	-	-
	Positions	-	-
4. DPS - Harnett Visitor Center			
Funds provided for a new 2800 sq. ft. freestanding masonry structure (40'x70') positioned near the Gate House Building. The structure is needed to safely and securely move visitors into and out of Harnett correctional facility. The project will be paid from the Inmate Welfare Fund.			
	Requirements	\$549,000	\$549,000
	Less Receipts	\$549,000	\$549,000
	Appropriation	-	-
	Positions	-	-
Net Adjustments			
	Requirements	\$36,392,000	\$36,392,000
	Less Receipts	\$27,831,000	\$27,831,000
	Appropriation	\$8,561,000	-
	Positions	-	-

Reserves (19XXX)

	2015 Session Law-Enacted			2016 Legislative Session-Recommended Change			Revised 2016-17	% Change from 2015-16 Certified	% Change from 2016-17 Certified
	2014-15 Actual	2015-16 Certified	2016-17 Certified	Net Recurring	Net Non-Recurring	Recommended Adjustment			
Total Requirements	-	\$ 179,702,768	\$ 426,231,366	(\$171,290,802)	(\$7,297,575)	(\$178,588,377)	\$247,642,989	37.81%	-41.90%
Less Receipts	-	-	-	-	-	-	-	-%	-%
Total Appropriation	-	\$ 179,702,768	\$ 426,231,366	(\$171,290,802)	(\$7,297,575)	(\$178,588,377)	\$247,642,989	37.81%	-41.90%
Total Positions	-	-	-	73.000	-	-	73.000	-%	-%

	2016-2017 Recommended			
	Recurring Changes	Non Recurring Changes	Total Adjustments	
1. Support for the Connect NC Bond Projects and Other Capital Improvements	Requirements	\$985,682	\$156,585	\$1,142,267
Provides funding to successfully implement the Connect NC Bond package as passed by the voters in March 2016, and to adequately support the need for capital assessments and improve data-driven decision-making. This item includes six positions and software for the Department of Administration, two positions for the NC Community College System, and three positions in a statewide reserve to be deployed as necessary to assist impacted agencies.	Less Receipts	-	-	-
	Appropriation	\$985,682	\$156,585	\$1,142,267
	Positions	-	-	-
2. Salary Adjustment Fund	Requirements	\$27,000,000	-	\$27,000,000
Provides funds to continue the implementation of a new market-aligned salary structure for State agencies. The structure will adjust employee salaries in State job classifications where the pay is below market value. These salary adjustments are to be made based on Office of State Human Resources analysis of the difference in current salary grades and new salary grades implemented during the compensation system update.	Less Receipts	-	-	-
	Appropriation	\$27,000,000	-	\$27,000,000
	Positions	-	-	-
3. Adjust and Distribute Reserve for Public Schools Average Daily Membership (ADM)	Requirements	(\$107,000,000)	-	(\$107,000,000)
Transfers reserve funds allocated for the projected increases in Average Daily Membership (ADM) in K-12 from statewide reserves to the Education section of the budget, adjusting for updated projections.	Less Receipts	-	-	-
	Appropriation	(\$107,000,000)	-	(\$107,000,000)
	Positions	-	-	-
4. Reallocate Reserve for Future Benefit Needs	Requirements	(\$71,000,000)	-	(\$71,000,000)
Transfers SL 2015-241, Sec. 30.26 reserved funds due to inaction by the State Health Plan Board.	Less Receipts	-	-	-
	Appropriation	(\$71,000,000)	-	(\$71,000,000)
	Positions	-	-	-
5. Adjust and Distribute Reserve for University of North Carolina System Enrollment Growth	Requirements	(\$31,000,000)	-	(\$31,000,000)
Transfers reserve funds allocated for the projected enrollment growth at the University of North Carolina System from statewide reserves to the Education section of the budget.	Less Receipts	-	-	-
	Appropriation	(\$31,000,000)	-	(\$31,000,000)
	Positions	-	-	-
6. Adjustment for Existing Job Development Investment Grants Based on Performance	Requirements	-	(\$10,000,000)	(\$10,000,000)
Adjusts funding to reflect projected spending needs based on anticipated payouts of awarded grants. Total funding for JDIG is \$61,728,126 for the 2016-17 fiscal year.	Less Receipts	-	-	-
	Appropriation	-	(\$10,000,000)	(\$10,000,000)
	Positions	-	-	-
7. Adjust Existing OneNC Awards	Requirements	-	(\$417,883)	(\$417,883)
Realigns funding to reflect projected spending needs based on anticipated performance of grantees. Funding for OneNC is \$8,582,117 for the 2016-17 fiscal year.	Less Receipts	-	-	-
	Appropriation	-	(\$417,883)	(\$417,883)
	Positions	-	-	-
8. Required Annual Technical Adjustment for Existing Debt Service Projection	Requirements	-	\$1,253,000	\$1,253,000
Adjusts appropriations for debt service payments based on updated cash flow projections by the State Treasurer for existing projects for the upcoming fiscal year.	Less Receipts	-	-	-
	Appropriation	-	\$1,253,000	\$1,253,000
	Positions	-	-	-

North Carolina State Budget
 Recommended Adjustments, 2016-17

General Fund
 Reserves, Debt Service, and Other Adjustments

9. **Information Technology Fund**

Provides funding for IT initiatives discussed in the General Government Section under Information Technology, 19044 Reserve.

Requirements	\$9,723,516	\$1,710,723	\$11,434,239
Less Receipts	-	-	-
Appropriation	\$9,723,516	\$1,710,723	\$11,434,239
Positions	73.000	-	73.000

Net Adjustments

Requirements	(\$171,290,802)	(\$7,297,575)	(\$178,588,377)
Less Receipts	-	-	-
Appropriation	(\$171,290,802)	(\$7,297,575)	(\$178,588,377)
Positions	73.000	-	73.000

VISITOR REGISTRATION SHEET

JT APPROPRIATIONS COMMITTEE

4-27-16

Name of Committee

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

Carol Allen White	Clerk of Superior Court
Barbara Moore	Judica 1 Branch
Skye David	CLG
Melanie Miller	The Arc of Union / Cabarrus 1653-C Campus Park Dr. Monroe, NC 28112
Lisa Pluff	Beyond Academics
Joan Johnson	BOB Member The Arc of NC
Nick Guetsch	OSBM
Jeff Marcum	OSBM
Bryan Conrad	OSBM
Shannon Creech	OSBM
John Nash	The Arc of NC



VISITOR REGISTRATION SHEET

JT APPROPRIATIONS COMMITTEE

4-27-16

Name of Committee

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

PY Newson	SE
Gray	NC DOC
Heather Horst	NC DOC
Paul Yoglum	HT & AC
Susan Kluttz	NC DNCR
Martha Jenkins	DNCR
Kevin Chert	DNCR
TOM Bowlin	NCNG
Chris Agner	NC DOJ
Hugh Johnson	NC ACC
Paula Woodhouse	OSHR



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JT APPROPRIATIONS COMMITTEE

4-27-16

Name of Committee

Date

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FIRM OR AGENCY AND ADDRESS

JEFF SMITH

Arc of NORTH CAROLINA

Denise Coleman

The Arc of N.C.

Holly Richard

Tammy Lynn Center

Julia Adams Scheerich

Arc of NC

Thomas Maher

IDS

Providence Hospice and

CSA

Sarah Jacobson

American Heart Association

Betsy Vetter

American Heart Assn

Morgan Gramann

NC Alliance for Health

STARLETT JOHNSON

NC ALLIANCE FOR HEALTH

Kristin Parks

DRNC



VISITOR REGISTRATION SHEET

JT APPROPRIATIONS COMMITTEE

4-27-16

Name of Committee

Date

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NAME

FIRM OR AGENCY AND ADDRESS

Drew Moretz	UNC - GA
Michelle Frazier	MFS
John Harzi	MFS
Steve Mange	NCZLA
Mark Lamine	UNCW
Bruce Meldrum	NCSBA
Tom West	NCIEM
Daniel Yancey	SHIFT NC
Bill Grey	NCSHP
Marsha Overby	NC SHP
Andrew Murray	Mecklenburg DA / District 26



VISITOR REGISTRATION SHEET

JT APPROPRIATIONS COMMITTEE

4-27-16

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NAME

FIRM OR AGENCY AND ADDRESS

David Pucyear	OSBM
Mam Jenkins	NCDOT
Jennifer Haigwood	NCDOL
Sarah Beth Kance	NCDOL
Robb Jansen	State Board of Education
J. P. R. R.	CSS
Tazra Mitchell	NC Budget & Tax Center
Mary Shuping	NCCCS
Meghan Cook	NCDIT
Karen McIn	Benchmarks
Heather Englehart	Benchmarks





VISITOR REGISTRATION SHEET

JT APPROPRIATIONS COMMITTEE

4-27-16

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Date

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NAME

FIRM OR AGENCY AND ADDRESS

Dolly Perkins

Perkinson Law Firm

T. Lynn Clodfelter

Stanly County D.A. - 20A

Audrey Brandon

NC DPS

Samuel Ginter

NC NC

Will Morgan

TIVC

Amanda Donovan

TSS

Tonya Horton

TSS

Ray Dour

Conf of SAs

DAVID POWERS

WOMBLE CARROLL



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JT APPROPRIATIONS COMMITTEE

4-27-16

Name of Committee

Date

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NAME	FIRM OR AGENCY AND ADDRESS
Jonathan Yeomans	OSBM
Sarah Grimsrud	OSBM
Sheree Vodicka	NC Alliance of YMCAs
Wayne Williams	OSBM
Jim King Tugway	NCEL
Bre Hager	NCEL
Hayden Burgess	FSP
Judy McParment	OSBM
Alex Holbrook	NCDOT
Laurie Anorio	Laurie Anorio LLC
Laura Puryear	Laurie Anorio LLC



VISITOR REGISTRATION SHEET

JT APPROPRIATIONS COMMITTEE

4-27-16

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Date

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NAME

FIRM OR AGENCY AND ADDRESS

Tim KENT	NC Beer & Wine
Adam Pedroni	NCAIA
Pam Deardorff	NCRSP
Allen Hazlison	NCSWANA
Larry Presnell, Jr.	NCRSP
Matt Gross	NCPA
LAURA PURYEAR	LAURIE ONORIO, LLC
Kevin Rich	OSBM
MIKOWITZ	SANDHILL GME-MCO
Jud Bone	Bone Asso.
Bonnie Queen	OSBM



VISITOR REGISTRATION SHEET

JT APPROPRIATIONS COMMITTEE

4-27-16

Name of Committee

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Chris McCune	BP
Cody Hard	NILUA
Alex McDermott	KTS
Daniel Van Liere	V. OAK HEALTH
John Cooper	Capital City Street
Patrick Gibbons	" "
Josh Jackson	White Coat Group
Angie Bynum	Nemms
Isabel Villa-Gomez	NCAE
Susan Harris	NCOTSEA
Mollie Young	DEQ
Rob Hammy	PLA
Katherine Joyce	NCASA
Kristopher Nordstrom	Jim Blaine Fan Club (Unofficial)



VISITOR REGISTRATION SHEET

JT APPROPRIATIONS COMMITTEE

4-27-16

Name of Committee

Date

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NAME

FIRM OR AGENCY AND ADDRESS

Doug Lassiter	NCSTA
Joy Hiles	NZDAICS
Riwan Menwald	wm
Phoebe Landon	mwelc
Katy Kingsbury	3P
TJ Bugbee	NP
	an
Madhan Luv	NC chamber
Lexi Arthur	NC RMA
Elizabeth Robinson	NCKMA
Elizabeth Biser	Brooks Pier



Senate Committee on Appropriations/Base Budget
Wednesday, May 25, 2016 at 2:00 PM
Room 643 of the Legislative Office Building

MINUTES

The Senate Committee on Appropriations/Base Budget met at 2:00 PM on May 25, 2016 in Room 643 of the Legislative Office Building. Eighteen members were present. Senator Kathy Harrington, Chair, presided. Senator Harrington called the meeting to order and recognized the Sergeant-at-Arms' staff and pages.

Senator Harrington then recognized Senator Apodaca to present **SB 873 Access to Affordable College Ed. Act (Senator Apodaca)**. He moved to amend the bill. See Attachment 5: AMDf-118 [v.1]. After some discussion, the amendment passed.

Senator Brown was then recognized by the Chair. He then moved to amend the bill. See Attachment 6: AMD-117 [v.1]. After some discussion, the amendment passed.

Senator Harrington then recognized individuals from the public sector who had requested to speak. See Attachment 7. The Committee listened to 5 of the 6 individuals who had signed up to speak. They spoke in the following order:

1. Abdul SM Rasheed, SAMR, EVP Business Development
2. Andrea Harris, Director, HBCU Alumni Leadership
3. Shanta Jackson, Carolina Maxrealty, Broker- Real Estate Agent
4. Alyssa Canty, Common Cause, Campus Outreach Coordinator
5. Victor L. Brinton, Omega Psi Phi Fraternity, Inc., Chief of Staff

Senator Harrington thanked the speakers and expressed her appreciation on behalf of the Committee for their comments and the effort they made to attend the meeting.

Senator Wade moved for a favorable report on the committee substitute. The motion carried.

The meeting adjourned at 2:45 pm.



Senator Kathy Harrington, Presiding Chair
Attachments:



Mary Marchman, Committee Clerk

1. Agenda
2. Committee Report
3. Summary of Senate Bill 873
4. Senate Bill 873
5. Amendment AMDf -118 (v.1)
6. Amendment AMD - 117 (v.1)
7. Speakers List
8. Visitors Registration Sheet



**Senate Committee on Appropriations/Base Budget
Wednesday, May 25, 2016, 2:00 PM
643 Legislative Office Building**

AGENDA

Welcome and Opening Remarks

Introduction of Pages

Bills

BILL NO.	SHORT TITLE	SPONSOR
SB 873	Access to Affordable College Ed. Act.	Senator Apodaca

Adjournment



NORTH CAROLINA GENERAL ASSEMBLY
SENATE

APPROPRIATIONS/BASE BUDGET COMMITTEE REPORT

Senator Brown, Co-Chair
Senator Harrington, Co-Chair
Senator B. Jackson, Co-Chair

Wednesday, May 25, 2016

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

**UNFAVORABLE AS TO COMMITTEE SUBSTITUTE BILL NO. 1, BUT FAVORABLE AS TO
COMMITTEE SUBSTITUTE BILL NO. 2**

SB 873 (CS#1)	Access to Affordable College Ed. Act.
	Draft Number: S873-PCS15382-MDf-19
	Sequential Referral: None
	Recommended Referral: None
	Long Title Amended: No

TOTAL REPORTED: 1

Senator Tom Apodaca will handle SB 873



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SENATE BILL 873: Access to Affordable College Ed. Act.

2016-2017 General Assembly

Committee:	Senate Appropriations/Base Budget	Date:	May 25, 2016
Introduced by:	Sen. Apodaca	Prepared by:	Drupti Chauhan
Analysis of:	Second Edition		Committee Counsel

SUMMARY: *Senate Bill 873 provides for fixed tuition and fee options at each University of North Carolina (UNC) constituent institution; reduction of student fees at each UNC constitution institution; and reduced tuition at certain UNC constituent institutions. It adds a provision authorizing the Director of the Budget to increase the base budget of UNC by up to \$70,000,000 to cover the cost of lost tuition revenue from the reduced tuition at certain UNC constituent institutions.*

It also directs the Board of Governors of The University of North Carolina (BOG) to evaluate the admissions cap on out-of-State students at certain UNC institutions. Finally, it establishes the Cheatham-White Scholarships at North Carolina A & T University and North Carolina Central University.

CURRENT LAW: G.S. 116-11(7) and G.S. 116-143 provides that the BOG sets the tuition and required fees at each constituent institution, not inconsistent with the actions of the General Assembly.

SECTION 1: Fixed Tuition and Fees

BILL ANALYSIS: The bill establishes a fixed tuition and fee program at each constituent institution that would be available to freshmen and transfer undergraduates who are North Carolina residents for the purposes of tuition. The program must have the following components:

- A guarantee that the costs of tuition and fees will remain constant or decrease during the student's "tuition period".
- The "tuition period" would be 8 consecutive academic semesters for a student seeking a baccalaureate degree in a 4-year program or 10 consecutive academic semesters for a student seeking a baccalaureate degree in a program officially designated by the BOG as a 5 year program. The BOG would calculate the tuition period for transfer students.
- A student must remain continuously enrolled at the constituent institution during the entire tuition period.
- At the end of the tuition period, the cost of tuition for any additional academic semesters would revert back to the amount of whatever the tuition is at that constituent institution as well as a tuition surcharge if applicable.

The tuition period may be tolled if the student can show a substantial disruption of the student's pursuit of a degree such as military obligations or health issues or disabilities.

The bill directs the BOG to adopt the policies needed to implement the program.

This section applies to freshman and transfer students who enroll at constituent institutions beginning in the 2016 fall academic semester.

Kory Goldsmith
Director



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Legislative Drafting
919-733-6660

Senate PCS 873

Page 2

SECTION 2: Reduction of Student Fees

BILL ANALYSIS: The bill directs the BOG and the boards of trustees (BOT) at each constituent institution to reduce student fees as follows:

- Beginning with the 2018 fall academic semester, student fees must be reduced by an amount that is 10% to 25% less than the amount of the student fees charged in the 2016 fall academic semester.
- The BOG and the BOT of each constituent institution, in their discretion, must determine the amount of the reduction in fees.

After making the initial fee reduction of 10% to 25%, a constituent institution may not increase fees by more than 3% per academic year.

SECTION 3: Reduced Tuition at Certain Institutions

BILL ANALYSIS: Beginning with the 2018 fall academic semester, the tuition rate for North Carolina resident students would be \$500.00 per academic semester and \$2500.00 per academic semester for nonresident students at the following constituent institutions:

- Elizabeth City State University
- Fayetteville State University
- University of North Carolina at Pembroke
- Winston-Salem State University
- Western Carolina University

On the recommendation of the BOG and beginning with the 2018-2019 fiscal year, the Director of the State Budget would have the authority to increase the base budget for The University of North Carolina by up to \$70,000,000 to cover the cost of the lost tuition revenue for the fiscal year. Any increase in the base budget would not be included in the calculation of projected enrollment growth. The authority to increase the base budget would only be effective as long as the tuition rates remain at \$500.00 for resident students and \$2500.00 for nonresident students.

SECTION 4: Evaluation of Admission Cap on Out-of-State Students

BILL ANALYSIS: The bill directs the BOG to consider the effect of the elimination of or an increase in the current 18% cap on the admission of nonresident students for the constituent institutions listed below. If the BOG determines that eliminating or increasing the current cap on the admission of nonresident students may increase the number, academic strength, and diversity of student applications at those institutions, then the BOG in its discretion may adopt a policy that eliminates or establishes a different cap and the period of time for which the modification of the cap should be implemented at those institutions. This section would apply to:

- Elizabeth City State University
- Fayetteville State University
- University of North Carolina at Pembroke
- Winston-Salem State University
- Western Carolina University

SECTION 5: Establish Merit Scholarships at NC A&T and NC Central Universities

BILL ANALYSIS: Section 5 of the bill establishes the Cheatham-White Scholarships as 4 year, fully funded merit scholarships at North Carolina A&T University (NC A&T) and North Carolina Central

Senate PCS 873

Page 3

University (NC Central) for students who are exceptional scholars and well-rounded individuals with demonstrated leadership potential and strong commitment to service.

Financial need is not a consideration in the award of the scholarship which would also provide for 4 summers of fully funded enrichment opportunities that can include international travel and study. NC A&T and NC Central may award up to 50 scholarships each with 40 for North Carolina residents and 10 for nonresidents.

The Cheatham-White Scholarship Fund (Fund) is created to fund the scholarships and both public and private monies can be put in the Fund. State appropriations must be matched by non-State funds before disbursement and UNC GA would administer the Fund. UNC GA would administer the Cheatham-White Scholarship Program in consultation and collaboration with NC A&T and NC Central under policies adopted by the Boards of Trustees of both institutions.

To be eligible to be nominated, a potential candidate must be a competitive applicant for admission as a freshman in a fall semester into a baccalaureate program at either NC A&T or NC Central; be a United States citizen or permanent resident; and be on course to graduate from high school in the spring semester prior to college admission.

All NC high schools are eligible to nominate a student to be a candidate for the Cheatham-White Scholarships with the number of nominees from each school determined by the size of the senior class at the school. Potential candidates may also self-nominate as provided by UNC GA.

In consultation and collaboration with NC A&T and NC Central, UNC GA would do, among other things, the following: implement the application and nomination processes; define and describe more fully the selection criteria; identify the parties that will evaluate the applications and nominations and make the selections; and design the scholarship program including the course of study and various enrichment activities.

\$300,000 would be appropriated for the 2016-2017 fiscal year to the BOG to be allocated to the Fund. Students may be nominated for the scholarship beginning with the 2017-2018 academic year and recipients of the scholarship may enroll beginning with the 2018 fall academic semester.

EFFECTIVE DATE: Except as otherwise provided, the bill would become effective when it becomes law and applies beginning with the 2016 fall academic semester and each subsequent academic semester.

**Emily Johnson, Attorney, Bill Drafting Division, significantly contributed to this summary.*



GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2015

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SENATE BILL 873
Education/Higher Education Committee Substitute Adopted 5/25/16

Short Title: Access to Affordable College Ed. Act.

(Public)

Sponsors:

Referred to:

May 11, 2016

A BILL TO BE ENTITLED

1 AN ACT TO IMPLEMENT VARIOUS POLICY CHANGES DESIGNED TO MAKE PUBLIC
2 HIGHER EDUCATION MORE AFFORDABLE IN ACCORDANCE WITH THE STATE
3 CONSTITUTIONAL MANDATE THAT THE BENEFITS OF PUBLIC HIGHER
4 EDUCATION, AS FAR AS PRACTICABLE, BE EXTENDED TO THE PEOPLE OF THE
5 STATE FREE OF EXPENSE.
6

7 Whereas, Section 9 of Article IX of the North Carolina Constitution provides that the
8 benefits of The University of North Carolina and other public institutions of higher education, as
9 far as practicable, be extended to the people of the State free of expense; and

10 Whereas, the total cost of undergraduate tuition and fees for in-State students in the
11 University of North Carolina System has increased by 72% in the last 10 years and presents a
12 formidable barrier to many students who may have saved for college but are still unable to meet
13 the high cost of attendance and so must obtain a student loan; and

14 Whereas, student debt has reached a critical level as, according to the Southern
15 Regional Education Board's latest data, the average debt of North Carolina students who graduate
16 with debt from a public four-year institution is \$23,440, up 52% since 2007-2008; and

17 Whereas, while the median earnings for those in North Carolina with a bachelor's
18 degree is approximately \$40,000, many college graduates still find they must use funds for the
19 repayment of high-cost educational debt that ordinarily could be set aside for family and home
20 expenses and achieving a higher quality of life; and

21 Whereas, an increasing number of students who attend college and accumulate student
22 debt drop out of college without earning a college degree and so must make long-term payments
23 on loans that strain their financial resources and from which they received no benefit; and

24 Whereas, a 2015 study conducted by the National Student Clearinghouse Research
25 Center indicates that only 53% of college freshmen earn a bachelor's degree within six years, and
26 additional research published by David Kirp shows that of the 31 million adults who attended
27 college between 1994 and 2014, about four million spent at least two years there and never earned
28 a degree; and

29 Whereas, a 2011 study conducted by the American Institute for Research estimates the
30 cost of dropping out, measured in lost earnings and taxes, at \$4.5 billion; and

31 Whereas, a college education is considered an asset and wise investment that often
32 leads to higher paying jobs, but the continuing increases in higher education costs and student debt
33 are threatening the value of that investment; and

34 Whereas, it is imperative that the State of North Carolina take action to make more
35 affordable to citizens of this State the higher education opportunities offered by The University of



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1 North Carolina and to ensure that the educational experience provided by the University of North
2 Carolina System continues to be a valuable and wise investment; Now, therefore,
3 The General Assembly of North Carolina enacts:
4

5 **PART I. GUARANTEE OF NO IN-STATE TUITION INCREASE FOR STANDARD** 6 **COLLEGE TERM**

7 **SECTION 1.(a)** Article 14 of Chapter 116 of the General Statutes is amended by
8 adding a new section to read:

9 **"§ 116-143.9. Fixed tuition and fee payment option.**

10 (a) There is established a fixed tuition and fee payment program that shall be available to
11 any freshman or transfer undergraduate student who is admitted to any constituent institution of
12 The University of North Carolina and deemed to be a North Carolina resident for purposes of
13 tuition. The program shall have the following components:

14 (1) A guarantee that the cost of tuition and the cost of fees will remain constant or
15 decrease during the tuition period.

16 (2) Except as provided in subsection (b) of this section, the tuition period shall be
17 (i) eight consecutive academic semesters for a student seeking a baccalaureate
18 degree in a four-year program or 10 consecutive academic semesters for a
19 student seeking a baccalaureate degree in a program officially designated by the
20 Board of Governors as a five-year program, not including any summer sessions,
21 or (ii) the appropriate balance of that after making the proper adjustments for a
22 student who transfers to the constituent institution.

23 (3) Except as provided in subsection (b) of this section, the student must remain
24 enrolled continuously at the constituent institution during the entire tuition
25 period.

26 (4) At the end of the tuition period, the cost of tuition for any additional academic
27 semesters reverts to the amount of the current tuition for that constituent
28 institution and a tuition surcharge imposed under G.S. 116-143.7, if applicable.

29 (b) The tuition period may be tolled if the student is able to demonstrate a substantial
30 disruption or interruption in the student's pursuit of a degree as provided in G.S. 116-143.7(c).

31 (c) The Board of Governors shall adopt the policies needed to implement this section and
32 shall also determine what the fixed tuition and fee payment rates and the tuition periods shall be
33 for undergraduate transfer students who are North Carolina residents for purposes of tuition."

34 **SECTION 1.(b)** This section is effective when it becomes law and applies to
35 freshmen and transfer students who enroll at a constituent institution beginning with the 2016 fall
36 academic semester.
37

38 **PART II. REDUCTION OF STUDENT FEES**

39 **SECTION 2.** Notwithstanding G.S. 116-143 and G.S. 116-11(7), the Board of
40 Governors of The University of North Carolina and the Board of Trustees at each constituent
41 institution shall reduce student fees as follows: Beginning with the 2018 fall academic semester,
42 student fees shall be reduced by an amount that is ten percent (10%) to twenty-five percent (25%)
43 less than the amount of the student fees charged in the 2016 fall academic semester. The Board of
44 Governors and the Boards of Trustees in their discretion shall determine what the amount of the
45 reduction in fees required by this section shall be. After making the initial fee reduction of ten
46 percent (10%) to twenty-five percent (25%) required by this section, a constituent institution may
47 increase student fees by no more than three percent (3%) per academic year.
48

49 **PART III. REDUCED TUITION AT CERTAIN INSTITUTIONS**

50 **SECTION 3.(a)** Article 14 of Chapter 116 of the General Statutes is amended by
51 adding a new section to read:

1 **"§ 116-143.9. Reduced tuition at certain institutions.**

2 (a) Notwithstanding G.S. 116-143 and G.S. 116-11(7), the Board of Governors of The
3 University of North Carolina shall set tuition rates for the constituent institutions listed in
4 subsection (b) of this section as follows: Beginning with the 2018 fall academic semester, the
5 tuition rate for resident students shall be five hundred dollars (\$500.00) per academic semester and
6 the tuition rate for nonresident students shall be two thousand five hundred dollars (\$2,500) per
7 academic semester.

8 (b) Notwithstanding any other provision of law, beginning with the 2018-2019 fiscal year,
9 the Director of the Budget may, on recommendation of the Board of Governors of The University
10 of North Carolina, authorize an increase in the base budget for The University of North Carolina
11 of up to seventy million dollars (\$70,000,000) to cover the cost of lost tuition revenue for that
12 fiscal year. Any increase in the base budget authorized pursuant to this subsection shall not be
13 included in the calculation of projected enrollment growth under G.S. 116-30.7. The authorization
14 provided in this subsection shall be effective only as long as tuition continues at the rate
15 established by subsection (a) of this section.

16 (c) This section applies only to the following constituent institutions:

- 17 (1) Elizabeth City State University.
- 18 (2) Fayetteville State University.
- 19 (3) University of North Carolina at Pembroke.
- 20 (4) Winston-Salem State University.
- 21 (5) Western Carolina University."

22 **SECTION 3.(b)** G.S. 116-144 reads as rewritten:

23 **"§ 116-144. Higher tuition to be charged nonresidents.**

24 The~~Unless~~ provided otherwise by law, the Board of Governors shall fix the tuition and
25 required fees charged nonresidents of North Carolina who attend the institutions enumerated in
26 G.S. 116-4 at rates higher than the rates charged residents of North Carolina and comparable to the
27 rates charged nonresident students by comparable public institutions nationwide, except that a
28 person who serves as a graduate teaching assistant or graduate research assistant or in a similar
29 instructional or research assignment and is at the same time enrolled as a graduate student in the
30 same institution may, in the discretion of the Board of Governors, be charged a lower rate fixed by
31 the Board, provided the rate is not lower than the North Carolina resident rate."
32

33 **PART IV. EVALUATION OF ADMISSION CAP ON OUT-OF-STATE STUDENTS**

34 **SECTION 4.(a)** The Board of Governors shall consider what effect, if any, the
35 elimination of or an increase in the current cap of eighteen percent (18%) on the admission of
36 nonresident students at the constituent institutions listed in subsection (b) of this section may have
37 regarding the student applications to those institutions. If the Board of Governors determines that
38 eliminating or increasing the current cap on the admission of nonresident students may increase
39 the number, academic strength, and diversity of student applications at those institutions, then the
40 Board of Governors may, in its discretion, adopt a policy that eliminates or establishes a different
41 cap on the admission of nonresident students, and the period of time for which the modification of
42 the cap shall be implemented at those institutions.

43 **SECTION 4.(b)** This section applies only to the following constituent institutions:

- 44 (1) Elizabeth City State University.
 - 45 (2) Fayetteville State University.
 - 46 (3) University of North Carolina at Pembroke.
 - 47 (4) Winston-Salem State University.
 - 48 (5) Western Carolina University.
- 49

1 PART V. ESTABLISH MERIT SCHOLARSHIP AT NORTH CAROLINA
2 AGRICULTURAL AND TECHNICAL STATE UNIVERSITY AND NORTH CAROLINA
3 CENTRAL UNIVERSITY

4 SECTION 5.(a) Chapter 116 of the General Statutes is amended by adding a new
5 Article to read:

6 "Article 35.

7 "Cheatham-White Scholarships.

8 "**§ 116-290. Cheatham-White Scholarships: establishment and purpose; benefits.**

9 (a) Scholarships Established; Purpose. – The Cheatham-White Scholarships are
10 established as a merit scholarship program at North Carolina Agricultural and Technical State
11 University and at North Carolina Central University. The purpose of the scholarships is to provide
12 an outstanding educational experience for students who are exceptional scholars, versatile and
13 well-rounded individuals with a broad range of interests, and who are accomplished and proficient
14 in areas of both the arts and the sciences. They must also demonstrate leadership potential and a
15 strong commitment to service.

16 (b) Scholarship Benefits. – Each scholarship is a fully funded four-year scholarship that
17 covers the cost of all of the following: full tuition, student fees, housing, meals, textbooks, a
18 laptop, supplies, travel, and personal expenses. Each scholarship also provides four summers of
19 fully funded enrichment and networking opportunities that may include international travel and
20 study.

21 (c) Number of Scholarships Awarded. – Up to 50 scholarships, 40 for resident students
22 and 10 for nonresident students, may be awarded each academic year to students admitted to North
23 Carolina Agricultural and Technical State University. Up to 50 scholarships, 40 for resident
24 students and 10 for nonresident students, may be awarded each academic year to students admitted
25 to North Carolina Central University.

26 "**§ 116-291. Cheatham-White Scholarships: fund established; administration of fund.**

27 (a) Fund Established. – There is established the Cheatham-White Scholarships Fund to be
28 used to fund scholarships awarded pursuant to this Article. Both private and public funds may be
29 solicited in the creation of the fund.

30 (b) Matching Funds. – The funds appropriated each fiscal year to the Cheatham-White
31 Scholarships Fund shall be matched by non-State funds and disbursed pursuant to G.S. 143C-4-5.

32 (c) Administration of Fund. – The University of North Carolina General Administration
33 shall administer the Cheatham-White Scholarships Fund and the Cheatham-White Scholarships
34 program.

35 "**§ 116-292. Cheatham-White Scholarships; eligibility and selection criteria.**

36 (a) Eligibility. – To be eligible to be nominated as a potential candidate for a
37 Cheatham-White Scholarship, a person must satisfy all of the following criteria:

38 (1) Be a competitive applicant for admission as a freshman in the fall semester into
39 a baccalaureate program at either North Carolina Agricultural and Technical
40 State University or North Carolina Central University.

41 (2) Be a United States citizen or permanent resident.

42 (3) Be on course to graduate from high school in the spring semester prior to
43 college admission.

44 (b) Selection Criteria. – Candidates for Cheatham-White Scholarships shall be selected on
45 the basis of academic merit, honorable character, outstanding leadership potential, and a
46 demonstrable commitment to service. Financial need shall not be a consideration.

47 "**§ 116-293. Cheatham-White Scholarships; school nomination of candidates.**

48 All North Carolina high schools are eligible to nominate a student to be considered as a
49 candidate for a Cheatham-White Scholarship. For purposes of this section, a high school includes
50 a public school under the direction of a local board of education, a charter school, a regional
51 school, a high school operated as part of The University of North Carolina, a school operated by

1 the Department of Health and Human Services, a school operated by the State Board of Education,
 2 or a nonpublic school regulated under Article 39 of Chapter 115C of the General Statutes.

3 The number of nominees from each school is determined by the size of the senior class as
 4 follows:

- 5 (1) Up to 199 seniors 2 nominees.
- 6 (2) 200-399 seniors 3 nominees.
- 7 (3) 400-499 seniors 4 nominees.
- 8 (4) 500 or more seniors 5 nominees.

9 **"§ 116-294. Cheatham-White Scholarships; administration of scholarships.**

10 The University of North Carolina General Administration shall administer the
 11 Cheatham-White Scholarships, in consultation and collaboration with North Carolina Agricultural
 12 and Technical State University and North Carolina Central University, pursuant to policies
 13 adopted by the Boards of Trustees of both constituent institutions. As part of its administrative
 14 responsibilities, the University of North Carolina General Administration, in consultation and
 15 collaboration with North Carolina Agricultural and Technical State University and North Carolina
 16 Central University, shall do all of the following:

- 17 (1) Design and implement an application and school nomination process to be used
 18 to identify potential scholarship candidates and a process for awarding the
 19 scholarships.
- 20 (2) Develop a direct nomination process, in addition to the school nomination
 21 process, that allows a student to nominate himself or herself to be considered as
 22 a candidate for the scholarship in certain circumstances.
- 23 (3) Define and describe more fully the selection criteria to be considered when
 24 choosing a scholarship candidate and recipient.
- 25 (4) Identify the parties that will (i) evaluate scholarship applications and
 26 nominations and (ii) determine which candidates shall be awarded scholarships.
- 27 (5) Design the framework and add the necessary substantive detail for the
 28 scholarship program, including courses of study that will be available, summer
 29 enrichment programs, and other extraordinary educational opportunities, and
 30 oversee its implementation.
- 31 (6) Establish a mentoring and networking system for scholarship recipients.
- 32 (7) Administer the Cheatham-White Scholarship Fund.
- 33 (8) Establish a Cheatham-White Scholarships alumni association and network.
- 34 (9) Any other function necessary for the successful implementation of the
 35 Cheatham-White Scholarships program and administration of the
 36 Cheatham-White Scholarships Fund."

37 **SECTION 5.(b)** There is appropriated from the General Fund to the Board of
 38 Governors of The University of North Carolina the sum of three hundred thousand dollars
 39 (\$300,000) for the 2016-2017 fiscal year to be allocated to the Cheatham-White Scholarship Fund
 40 established in G.S. 116-291 and used to establish and administer the Cheatham-White
 41 Scholarships, as provided by Article 35 of Chapter 116 of the General Statutes, as enacted by this
 42 act. The funds appropriated by this subsection shall be matched by non-State funds and disbursed
 43 pursuant to G.S. 116-291, as enacted by subsection (a) of this section.

44 **SECTION 5.(c)** Subsection (b) of this section and G.S. 116-291, as enacted by
 45 subsection (a) of this section, become effective July 1, 2016. The remainder of this section
 46 becomes effective beginning with the 2017 fall academic semester so that students may be
 47 nominated for the scholarship during the 2017-2018 academic year and recipients of the
 48 scholarship may enroll to begin a course of study at the constituent institution beginning with the
 49 2018 fall academic semester.

50
 51 **PART VI. APPLICATION OF ACT AND EFFECTIVE DATE**

1 **SECTION 6.(a)** Sections 1 through 4 of this act do not apply to high schools
2 governed by the University of North Carolina General Administration.

3 **SECTION 6.(b)** Except as provided otherwise, this act is effective when it becomes
4 law and applies to the 2016 fall academic semester and each subsequent academic semester.



NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 873

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

S873-AMDF-118 [v.1]

Page 1 of 1

Amends Title [NO]
Second Edition

Date _____, 2016

Senator Apodaca

- 1 moves to amend the bill on page 2, line 42, by deleting "ten percent (10%) to twenty-five percent
- 2 (25%)" and substituting "five percent (5%)"; and
- 3
- 4 on page 2, lines 45-46, by deleting "ten percent (10%) to twenty-five percent (25%)" and
- 5 substituting "five percent (5%)".

SIGNED _____

Amendment Sponsor

SIGNED _____

Committee Chair if Senate Committee Amendment

ADOPTED _____

FAILED _____

TABLED _____



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NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 873

S873-AMD-117 [v.1]

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

Page 1 of 1

Amends Title [NO]
Second Edition

Date _____, 2016

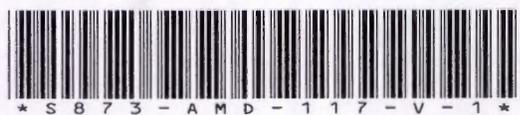
Senator Brown

- 1 moves to amend the bill on page 5, lines 37-43, by deleting the lines; and
- 2
- 3 on page 5, line 44 by rewriting the line to read:
- 4 "SECTION 5.(c) G.S. 116-291, as enacted by".

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____



* S 8 7 3 - A M D - 1 1 7 - V - 1 *

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SPEAKER SIGN-UP SHEET

SENATE APPROPRIATIONS/BASE BUDGETDATE: May 25, 2016SPEAKERS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

5	<u>1</u>	Victor Branton	WSSU NAA
2.	<u>2</u>	Andrea Harris	HBCU Alumni Leadership Roundtable
1.	<u>3</u>	ABDUL RASHID	CSU NAA -
3	<u>4</u>	Shanta Jackson	WSSU alumnus
4.	<u>5</u>	Alyssa Canty	CCWC HBCU outreach
6	<u>6</u>	Stan Williams	NC Symphonies
	<u>7</u>		
	<u>8</u>		
	<u>9</u>		
	<u>10</u>		
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	<u>15</u>		
	<u>16</u>		
	<u>17</u>		



VISITOR REGISTRATION SHEET

SENATE APPROPRIATIONS/BASE BUDGET

May 25, 2016

Name of Committee

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

Shanta Jackson	WSSU Alumnus
Dakisha Payne Williams	WSSU Alumn.
Randal Calloway	WSSU Alumn.
Catherine Harward	NCFB
Aaron Oxendine	NCDA & CS
Gordon Keith	RNCI
Rebecca Skalis	CFSA
Olivia Bass	UNC SSW
Terral Morton	UNC School of Ed



VISITOR REGISTRATION SHEET

SENATE APPROPRIATIONS/BASE BUDGET

May 25, 2016

Name of Committee

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

MATI GRABOZSKI	STATE HEALTH PLAN
MICHAELAN UUIS	NCC
Wendy Kelly	Focus Carolina
Alex Miller	AMGA
David Collins	SEANC
LAURA PURYEAR	LAURIE ONORIO, LLC
MEGHAN COOK	DIT
Cody Lamp	NCHA
Amanda Donovan	TSS
CASDY THOMAS	Focus Carolina
Caroline Christman	DC



VISITOR REGISTRATION SHEET

SENATE APPROPRIATIONS/BASE BUDGET

May 25, 2016

Name of Committee

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

Osley Jas	NC OAC
Jack Gagnon	OSBM
Will Morgan	TIVC
Ken McKelhan	Nelson Mullin
Doug Hizon	DUKE (NOT ENERGY)
Rick Zechini	Williams Perkins
Michelle Rusk	NC Child Care Coalition
Scott Laster	ESONC
Rachel Bealin	NCDFI
Mary Shuping	NCCCS
Jennifer Haygood	NCCCS



VISITOR REGISTRATION SHEET

SENATE APPROPRIATIONS/BASE BUDGET

May 25, 2016

Name of Committee

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

<i>Justin</i>	<i>Consultant</i>
<i>James Hill</i>	<i>Durham County</i>
<i>Victor Brunton</i>	<i>WSSU NAA</i>
<i>Victor Jackson</i>	<i>Winston Salem State</i>
<i>Carl Gimore</i>	<i>NCS</i>
<i>Stan Williams</i>	<i>NCS</i>
<i>Rosie O'Donnell</i>	<i>NBC</i>
<i>Bruce Wayne</i>	<i>Wayne Enterprises</i>
<i>Debra P. Mott</i>	<i>NC REA</i>
<i>Shannon Creech</i>	<i>OSBM</i>
<i>Sam Arbes</i>	<i>OSBM</i>



VISITOR REGISTRATION SHEET

SENATE APPROPRIATIONS/BASE BUDGET

May 25, 2016

Name of Committee

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

Alyssa Cantey	Common Cause NC
Tyler Comer	Common Cause NC
Mike Byers	WCU
Richard Starnes	WCU
Melissa Wargo	WCU
Harold Timmons	WSSU NAA
Kristopher Nordstrom	NC Justice Center
Debbie Bowden	Self
Jeff Garrison	WCU School of Law
Br Anthony Norman	NCCU SOC
Barry Barger	WSSU alumni



VISITOR REGISTRATION SHEET

SENATE APPROPRIATIONS/BASE BUDGET

May 25, 2016

Name of Committee

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

J. P. [Signature]	CS
Phil Dubois	VNC Charlotte
Betty Dosta	UNC Charlotte
DANIEL JORDAN	NC HFA
WILL PARRY-HILL	NC HFA
Christina Hoy	Dignify Teachers
Mark Lanier	UNCW
Ken Meltzer	K + M.A.
Dennis Fenton	City of Charlotte
Sarah Stue	NISU
Cathy VanAlstine	[Signature]
STEVE LEONARD	UNC system FACULTY ASSEMBLY



VISITOR REGISTRATION SHEET

SENATE APPROPRIATIONS/BASE BUDGET

May 25, 2016

Name of Committee

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

Ben Popkin	NC DOI
Michelle Brooks	ECU
Matthew Dockler	App stat U
Kelly Dalcham	UNC- CH
Jonathan Kepler	UNC GA
Dan Morde	UNC GA
Dan Powers	UNC BOG
Bill Gray	NCSHP
Marsha Overby	NC SHP
Barbara Mase	NC AOC
Ben Hollinger	NCAAC



VISITOR REGISTRATION SHEET

SENATE APPROPRIATIONS/BASE BUDGET

May 25, 2016

Name of Committee

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

Dick Carlton	Law firm of RHC PLLC
Elizabeth Drouin	OSBM
Ann Rodriguez	NC Council of Comm Programs
Julia Adams-Scheunick	Oak City Gov Rel.
Katy Castillo	NASW-NC
Brian Perkins	DHHS
JULIE KOWAL	BEST NC
MaH Gross	NC PC
Jamaica Pfister	CHS NC
David Hush	GMK
Rachel Nixon	NC DOL
Sarah Kuncie	NC DOL
Aubrey Temple	Self
Daniel Yancy	DAIFT NC



**Senate Committee on Appropriations/Base Budget
Wednesday, June 1, 2016 at 9:00 AM
Room 643 of the Legislative Office Building**

MINUTES

The Senate Committee on Appropriations/Base Budget met at 9:10 AM on June 1, 2016 in Room 643 of the Legislative Office Building. 21 members were present.

Senator Brent Jackson, Chair, presided. Senator Jackson mentioned the Senate Appropriations/Base Budget Committee's Rules for Considering Amendments were provided in member's folders and reminded members that they had until 10:30 AM to submit amendments. He then recognized the Senate Pages and Sergeant at Arms' staff.

Senator Jackson read the amendment rules to the Committee and reiterated the deadline for submitting amendments.

Senator Jackson asked for a motion to adopt the Proposed Committee Substitute to House Bill (HB) 1030, 2016 Appropriations Act, for discussion purposes. Senator Kathy Harrington made the motion. The motion carried. He then recognized Senator Harry Brown to present an overview of the Proposed Committee Substitute to HB 1030:

AN ACT TO MODIFY THE CURRENT OPERATIONS AND CAPITAL IMPROVEMENTS APPROPRIATIONS ACT OF 2015 AND TO MAKE OTHER CHANGES IN THE BUDGET OPERATIONS OF THE STATE.

Senator Brown thanked the budget subcommittee chairs, Senator Harrington, and Senator Jackson for their help in developing the budget bill. He also thanked budget development staff and expressed his appreciation for their talent and long hours during the budget development process.

Senator Brown then provided the highlights of HB 1030 and asked the subcommittee chairs to explain major provisions in their individual budget areas as follows:

Senators Barefoot and Tillman	Education/ Higher Education
Senator Hise	Health & Human Services
Senators Brock, Cook and Wade	Natural and Economic Resources
Senator Randleman	Justice and Public Safety
Senator J. Davis	General Government
Senator Rabon	Transportation
Senator Hise	Information Technology

After some discussion, Committee chairs and staff took a recess at 10:40 AM to review the amendments submitted.

At 11:42 AM the Committee began considering proposed amendments.



The amendments and their actions follow:

AML-85[v.1]	Brown	Adopted
AMC-150[v.1]	Brown	Adopted
AMR-56[v.3]	J. Davis	Withdrawn

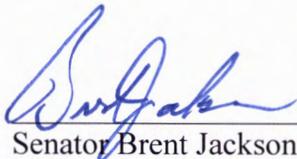
Senator Tom Apodaca made the following motion:

Unfavorable to the original bill, favorable as to the Senate committee substitute, as amended, with amendments to remain unengrossed, and with a recommendation for re-referral to Finance, and with leave for staff to make technical corrections and conforming changes. Senator Barefoot seconded the motion. The motion carried.

Attachments (10)

1. Committee Notice
2. Agenda
3. Committee Report
- ~~4. Minutes~~
5. PCS for HB 1030
6. Money Report
7. Rules for Considering Amendments
8. List of Amendments and Action Taken
9. Amendments
10. Visitor Registration

The meeting adjourned at 11:46 AM.



Senator Brent Jackson, Chair
Presiding



Elise McDowell, Committee Clerk



Elise McDowell (Sen. Harry Brown)

From: Elise McDowell (Sen. Harry Brown)
Sent: Tuesday, May 31, 2016 04:31 PM
To: Rep. Linda Johnson; Rep. Nelson Dollar
Cc: Joanna Hogg (Rep. Linda Johnson)
Subject: <NCGA> Senate Appropriations/Base Budget Committee Meeting Notice for Wednesday, June 01, 2016 at 9:00 AM
Attachments: Add Meeting to Calendar_LINC_.ics
Categories: NCGA

Principal Clerk _____
 Reading Clerk _____

SENATE
NOTICE OF COMMITTEE MEETING
AND
BILL SPONSOR NOTICE

The **Senate Committee on Appropriations/Base Budget** will meet at the following time:

DAY	DATE	TIME	ROOM
Wednesday	June 1, 2016	9:00 AM	643 LOB

The following will be considered:

BILL NO.	SHORT TITLE	SPONSOR
HB 1030	2016 Appropriations Act.	Representative Dollar Representative L. Johnson Representative Lambeth Representative McGrady

Senator Harry Brown, Co-Chair
 Senator Kathy Harrington, Co-Chair
 Senator Brent Jackson, Co-Chair



/



SENATE COMMITTEE ON APPROPRIATIONS/BASE BUDGET

Legislative Office Building, Room 643

June 1, 2016
9:00 a.m.

House Bill 1030
2016 Appropriations Act
Proposed Committee Substitute

Senator Brent Jackson, Presiding
Senator Harry Brown
Senator Kathy Harrington

**Opening Remarks and Presentation of
Committee Rules**

Senate Appropriations Chairs

Availability, Reserves, and Capital

Senator Harry Brown

Subcommittee Overviews

Senate Subcommittee Chairs

- Education
- Health and Human Services
- Natural and Economic Resources
- Justice and Public Safety
- General Government
- Transportation

Information Technology

Amendments

Vote - Proposed Committee Substitute House Bill 1030

Adjourn



NORTH CAROLINA GENERAL ASSEMBLY
SENATE

APPROPRIATIONS/BASE BUDGET COMMITTEE REPORT

Senator Brown, Co-Chair
Senator Harrington, Co-Chair
Senator B. Jackson, Co-Chair

Wednesday, June 01, 2016

Senator B. Jackson,
submits the following with recommendations as to passage:**UNFAVORABLE AS TO COMMITTEE SUBSTITUTE BILL NO. 2, BUT FAVORABLE AS TO
SENATE COMMITTEE SUBSTITUTE BILL, AS AMENDED.** *with unengrossed amendments
epm*

HB 1030 (CS#2)	2016 Appropriations Act.	
	Draft Number:	H1030-PCS40636-MDxf-18
	Sequential Referral:	Finance
	Recommended Referral:	None
	Long Title Amended:	No

TOTAL REPORTED: 1

Senator Harry Brown will handle HB 1030



* C M R 6 7 1 - V - 2 *



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GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2015

H

D

HOUSE BILL 1030
Committee Substitute Favorable 5/17/16
Committee Substitute #2 Favorable 5/18/16
Fourth Edition Engrossed 5/19/16
PROPOSED SENATE COMMITTEE SUBSTITUTE H1030-PCS40636-MDxf-18

Short Title: 2016 Appropriations Act.

(Public)

Sponsors:

Referred to:

May 5, 2016

1 A BILL TO BE ENTITLED
2 AN ACT TO MODIFY THE CURRENT OPERATIONS AND CAPITAL IMPROVEMENTS
3 APPROPRIATIONS ACT OF 2015 AND TO MAKE OTHER CHANGES IN THE BUDGET
4 OPERATIONS OF THE STATE.

5 The General Assembly of North Carolina enacts:

6
7 **PART I. INTRODUCTION AND TITLE OF ACT**8
9 **INTRODUCTION**

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

16
17 **TITLE OF ACT**

18 **SECTION 1.2.** This act shall be known as the "Current Operations and Capital
19 Improvements Appropriations Act of 2016."
20

21 **PART II. CURRENT OPERATIONS AND EXPANSION GENERAL FUND**22
23 **CURRENT OPERATIONS AND EXPANSION/GENERAL FUND**

24 **SECTION 2.1.** Appropriations from the General Fund of the State for the
25 maintenance of the State departments, institutions, and agencies, and for other purposes as
26 enumerated, are adjusted for the fiscal year ending June 30, 2017, according to the schedule that
27 follows. Amounts set out in parentheses are reductions from General Fund appropriations for the
28 2016-2017 fiscal year:

29
30 **Current Operations—General Fund**

FY 2016-17

31
32 **EDUCATION**

1		
2	Community Colleges System Office	\$16,126,073
3		
4	Department of Public Instruction	277,265,560
5		
6	Appalachian State University	0
7	East Carolina University	
8	Academic Affairs	0
9	Health Affairs	0
10	Elizabeth City State University	0
11	Fayetteville State University	0
12	NC A&T State University	0
13	NC Central University	0
14	NC State University	
15	Academic Affairs	200,000
16	Agricultural Extension	0
17	Agricultural Research	0
18	UNC-Asheville	0
19	UNC-Chapel Hill	
20	Academic Affairs	0
21	Health Affairs	3,000,000
22	AHEC	0
23	UNC-Charlotte	0
24	UNC-Greensboro	0
25	UNC-Pembroke	0
26	UNC-School of the Arts	0
27	UNC-Wilmington	0
28	Western Carolina University	0
29	Winston-Salem State University	0
30	General Administration	1,000,000
31	University Institutional Programs	81,806,684
32	Related Educational Programs	0
33	NC School of Science & Math	630,000
34	Aid to Private Institutions	34,472,500
35		
36	Total University of North Carolina--Board of Governors	121,109,184
37		
38	HEALTH AND HUMAN SERVICES	
39		
40	Department of Health and Human Services	
41	Central Management and Support	5,984,592
42	Division of Aging & Adult Services	505,824
43	Division of Blind Services/Deaf/HH	8,200
44	Division of Child Development & Early Education	(10,025,488)
45	Health Service Regulation	46,070
46	Division of Medical Assistance	(313,267,938)
47	Division of Mental Health, Developmental Disabilities, &	
48	Substance Abuse Services	(2,909,413)
49	NC Health Choice	348,334
50	Division of Public Health	1,696,366
51	Division of Social Services	8,352,167

1	Division of Vocational Rehabilitation	39,911
2	Total Health and Human Services	(309,221,375)
3		
4	NATURAL AND ECONOMIC RESOURCES	
5		
6	Department of Agriculture and Consumer Services	5,345,814
7		
8	Department of Commerce	
9	Commerce	7,022,856
10	Commerce State-Aid	(2,100,000)
11		
12	Wildlife Resources Commission	19,922
13		
14	Department of Environmental Quality	(2,542,284)
15		
16	Department of Labor	275,186
17		
18	Department of Natural and Cultural Resources	5,789,491
19	Department of Natural and Cultural Resources—Roanoke Island	0
20		
21		
22	JUSTICE AND PUBLIC SAFETY	
23		
24	Department of Public Safety	22,361,271
25		
26	Judicial Department	16,893,600
27		
28	Judicial Department—Indigent Defense	5,631,994
29		
30	Department of Justice	4,339,117
31		
32		
33	GENERAL GOVERNMENT	
34		
35	Department of Administration	2,106,856
36		
37	Office of Administrative Hearings	10,141
38		
39	Department of State Auditor	240,714
40		
41	Office of State Controller	35,443
42		
43	State Board of Elections	11,488
44		
45	General Assembly	6,664,500
46		
47	Office of the Governor	10,560
48		
49	Office of the Governor—Special Projects	0
50		
51	Office of State Budget and Management	

General Assembly Of North Carolina		Session 2015
1	Office of State Budget and Management	294,160
2	OSBM – Reserve for Special Appropriations	5,050,000
3		
4	Housing Finance Agency	0
5		
6	Department of Insurance	
7	Insurance	1,719,818
8		
9	Office of Lieutenant Governor	11,535
10		
11	Military and Veterans Affairs	220,146
12		
13	Department of Revenue	501,372
14		
15	Department of Secretary of State	656,755
16		
17	Department of State Treasurer	
18	State Treasurer	(195,735)
19	State Treasurer – Retirement for Fire and Rescue Squad Workers	5,152,982
20		
21	DEPARTMENT OF INFORMATION TECHNOLOGY	43,031,353
22		
23		
24	RESERVES, ADJUSTMENTS AND DEBT SERVICE	
25		
26	Compensation Increase Reserve–OSHR	77,000,000
27	Compensation Increase Reserve–State Agency Teachers	1,533,800
28	Information Technology Fund	(21,681,854)
29	Information Technology Reserve	(21,320,843)
30	Job Development Investment Grants (JDIG)	(10,000,000)
31	Lottery Reserve	50,000,000
32	One North Carolina Fund	(417,883)
33	OSHR Minimum of Market Reserve	(7,000,000)
34	Pending Legislation Reserve	200,000
35	Public Schools Average Daily Membership (ADM)	(107,000,000)
36	State Emergency Response and Disaster Relief Fund	10,000,000
37	UNC System Enrollment Growth Reserve	(31,000,000)
38	Mental Health Reserve	10,000,000
39	Debt Service	
40	General Debt Service	1,253,023
41	Federal Reimbursement	37,000,000
42		
43		
44	TOTAL CURRENT OPERATIONS–GENERAL FUND	\$222,404,740
45		
46	GENERAL FUND AVAILABILITY STATEMENT	
47	SECTION 2.2.(a) The General Fund availability statement set out in Section 2.2(a) of	
48	S.L. 2015-241 applies to the 2015-2016 fiscal year only. The General Fund availability used in	
49	adjusting the 2016-2017 budget is shown below:	
50		
51		FY 2016-17

1	Unappropriated Balance	175,488,544
2	Over Collections FY 2015-16	330,200,000
3	Reversions FY 2015-16	358,439,524
4	Earmarkings of Year End Fund Balance:	
5	Savings Reserve	(583,888,541)
6	Repairs and Renovations	(41,562,474)
7	Beginning Unreserved Fund Balance	238,677,053
8		
9	Revenues Based on Existing Tax Structure	21,417,800,000
10		
11	Non-tax Revenues	
12	Investment Income	37,500,000
13	Judicial Fees	242,600,000
14	Disproportionate Share	147,000,000
15	Insurance	77,000,000
16	Master Settlement Agreement (MSA)	127,400,000
17	Other Non-Tax Revenues	178,700,000
18	Subtotal Non-tax Revenues	810,200,000
19		
20	Adjustment for Medicaid Transformation Fund (S.L. 2015-241)	(150,000,000)
21		
22	Total General Fund Availability	22,316,677,053
23		
24	Adjustments to Availability: 2016 Session	
25	Increase the Zero Bracket (S.B. 818)	(145,000,000)
26	Modification to Sales Tax Base Expansion (S.B. 870)	35,000,000
27	Limit Repair and Maintenance Tax on Airplanes and Boats (Direct Pay Option)	(500,000)
28	Repeal Service Contracts (RMI Services)	(3,500,000)
29	Elimination of State Contribution to Local Sales Tax Distribution	17,600,000
30	Adjustment for Transfer from Treasurer's Office	3,129
31	Adjustment for Transfer from Insurance Regulatory Fund	1,719,818
32	Adjustment for Transfer from NCGA Special Fund	3,000,000
33	Subtotal Adjustments to Availability: 2016 Session	(91,677,053)
34		
35	Revised General Fund Availability	22,225,000,000
36		
37	Less General Fund Net Appropriation	(22,225,000,000)
38		
39	Unappropriated Balance Remaining	0
40		

41 **SECTION 2.2.(b)** Notwithstanding the provisions of G.S. 143C-4-3(a), the State
42 Controller shall transfer a total of forty-one million five hundred sixty-two thousand four hundred
43 seventy-four dollars (\$41,562,474) from the unreserved fund balance to the Repairs and
44 Renovations Reserve on June 30, 2016. This subsection becomes effective June 30, 2016.

45 **SECTION 2.2.(c)** Notwithstanding G.S. 143C-4-2, the State Controller shall transfer
46 a total of five hundred eighty-three million eight hundred eighty-eight thousand five hundred
47 forty-one dollars (\$583,888,541) from the unreserved fund balance to the Savings Reserve
48 Account on June 30, 2016. This transfer is not an "appropriation made by law," as that phrase is
49 used in Section 7(1) of Article V of the North Carolina Constitution. This subsection becomes
50 effective June 30, 2016.

1 **SECTION 2.2.(d)** Notwithstanding any other provision of law to the contrary,
 2 effective July 1, 2016, three million dollars (\$3,000,000) from the Special Fund – Non-Interest
 3 Bearing (Budget Code 21000) shall be transferred to the State Controller to be deposited in the
 4 appropriate budget code as determined by the State Controller. These funds shall be used to
 5 support the General Fund appropriations as specified in this act for the 2016-2017 fiscal year.

6
 7 **PART III. CURRENT OPERATIONS/HIGHWAY FUND**

8
 9 **CURRENT OPERATIONS AND EXPANSION/HIGHWAY FUND**

10 **SECTION 3.1.** Appropriations from the State Highway Fund for the maintenance and
 11 operation of the Department of Transportation and for other purposes as enumerated are adjusted
 12 for the fiscal year ending June 30, 2017, according to the following schedule. Amounts set out in
 13 parentheses are reductions from Highway Fund Appropriations for the 2016-2017 fiscal year.

Current Operations – Highway Fund	FY 2016-17
17 Department of Transportation	
18 Administration	\$ 0
19	
20 Division of Highways	
21 Administration	0
22 Construction	2,500,000
23 Maintenance	19,340,000
24 Planning and Research	0
25 OSHA Program	0
26	
27 State Aid to Municipalities	0
28	
29 Intermodal Divisions	
30 Ferry	0
31 Public Transportation	4,000,000
32 Aviation	14,817,417
33 Rail	13,750,000
34 Bicycle and Pedestrian	0
35	
36 Governor's Highway Safety	0
37	
38 Division of Motor Vehicles	4,973,177
39	
40 Other State Agencies, Reserves, Transfers	(71,743)
41	
42 Capital Improvements	0
43	
44 Total Highway Fund Appropriations	\$ 2,048,910,000

45
 46 **HIGHWAY FUND AVAILABILITY STATEMENT**

47 **SECTION 3.2.** Section 3.2 of S.L. 2015-241 is repealed. The Highway Fund
 48 availability used in adjusting the 2016-2017 fiscal year budget is shown below:

49
 50 **Highway Fund Availability Statement** **FY 2016-17**

1	Unreserved Fund Balance	\$	0
2	Estimated Revenue		2,048,910,000
3			
4	Total Highway Fund Availability	\$	2,048,910,000
5			
6	Unappropriated Balance	\$	0

PART IV. HIGHWAY TRUST FUND APPROPRIATIONS**CURRENT OPERATIONS/HIGHWAY TRUST FUND**

SECTION 4.1. Appropriations from the State Highway Trust Fund for the maintenance and operation of the Department of Transportation and for other purposes as enumerated are adjusted for the fiscal year ending June 30, 2017, according to the following schedule. Amounts set out in parentheses are reductions from Highway Trust Fund Appropriations for the 2016-2017 fiscal year.

17	Current Operations – Highway Trust Fund		FY 2016-17
18			
19	Program Administration	\$	0
20	Turnpike Authority		0
21	Transfer to Highway Fund		0
22	Debt Service		0
23	Strategic Prioritization Funding Plan for Transportation Investments		32,045,000
24			
25	Total Highway Trust Fund Appropriations		\$ 1,371,280,000

HIGHWAY TRUST FUND AVAILABILITY STATEMENT

SECTION 4.2. Section 4.2 of S.L. 2015-241 is repealed. The Highway Trust Fund availability used in adjusting the 2016-2017 fiscal year budget is shown below:

31	Highway Trust Fund Availability Statement		FY 2016-17
32			
33	Unreserved Fund Balance	\$	0
34	Estimated Revenue		1,370,080,000
35	Adjustment to Revenue Availability:		
36	Title Fees (Mercury Switch Removal)		1,200,000
37			
38	Total Highway Trust Fund Availability	\$	1,371,280,000
39			
40	Unappropriated Balance	\$	0

PART V. OTHER APPROPRIATIONS**EDUCATION LOTTERY FUNDS & REVENUE ALLOCATIONS**

SECTION 5.1.(a) Section 5.2 of S.L. 2015-241 reads as rewritten:

"**SECTION 5.2.(a)** The appropriations made from the Education Lottery Fund for the 2015-2017 fiscal biennium are as follows:

48		FY 2015-2016	FY 2016-2017
49	Noninstructional Support Personnel	\$ 310,455,157	\$ 314,950,482
50	<u>Transportation</u>		<u>372,266,860</u>
51	Prekindergarten Program	78,252,110	78,252,110

1	Public School Building Capital Fund	100,000,000	100,000,000
2	Scholarships for Needy Students	30,450,000	30,450,000
3	UNC Need-Based Financial Aid	10,744,733	10,744,733
4	TOTAL	\$ 529,902,000	\$ 534,397,325

5
 6 ~~"SECTION 5.2.(b) Notwithstanding G.S. 18C-164, the Office of State Budget and~~
 7 ~~Management shall not transfer funds to the Education Lottery Reserve Fund for either year of the~~
 8 ~~2015-2017 fiscal biennium. G.S. 18C-164(b), the net revenues deposited in the Education Lottery~~
 9 ~~Fund from the 2015-2016 fiscal year that are in excess of the amounts appropriated in subsection~~
 10 ~~(a) of this section for the 2015-2016 fiscal year shall be transferred to the Lottery Reserve Fund.~~

11"
 12 **SECTION 5.1.(b)** G.S. 18C-162 reads as rewritten:

13 **"§ 18C-162. Allocation of revenues.**

14 (a) The Commission shall allocate revenues to the North Carolina State Lottery Fund in
 15 order to increase and maximize the available revenues for education purposes, and to the extent
 16 practicable, shall adhere to the following guidelines:

- 17 (1) At least fifty percent (50%) of the total annual revenues, as described in this
 18 Chapter, shall be returned to the public in the form of prizes.
- 19 (2) At least thirty-five percent (35%) of the total annual revenues, as described in
 20 this Chapter, shall be transferred as provided in G.S. 18C-164.
- 21 (3) No more than eight percent (8%) of the total annual revenues, as described in
 22 this Chapter, shall be allocated for payment of expenses of the Lottery.
 23 ~~Advertising expenses shall not exceed one percent (1%) of the total annual~~
 24 ~~revenues.~~
- 25 (4) No more than seven percent (7%) of the face value of tickets or shares, as
 26 described in this Chapter, shall be allocated for compensation paid to lottery
 27 game retailers.

28 (a) Advertising costs shall not exceed two percent (2%) of the total annual revenues, as
 29 described in this Chapter.

30"
 31 **SECTION 5.1.(c)** G.S. 18C-163(b) reads as rewritten:

32 "(b) Expenses of the lottery shall also include ~~a~~ all of the following:

- 33 (1) A transfer of two million one hundred thousand dollars (\$2,100,000) annually
 34 to the Department of Public Safety, Alcohol Law Enforcement Branch, for
 35 gambling enforcement activities.
- 36 (2) Advertising costs."

37
 38 **PART VI. GENERAL PROVISIONS**

39
 40 **ESTABLISHING OR INCREASING FEES**

41 **SECTION 6.1.(a)** Notwithstanding G.S. 12-3.1, an agency is not required to consult
 42 with the Joint Legislative Commission on Governmental Operations prior to establishing or
 43 increasing a fee to the level authorized or anticipated in this act.

44 **SECTION 6.1.(b)** Notwithstanding G.S. 150B-21.1A(a), an agency may adopt an
 45 emergency rule in accordance with G.S. 150B-21.1A to establish or increase a fee as authorized by
 46 this act if the adoption of a rule would otherwise be required under Article 2A of Chapter 150B of
 47 the General Statutes.

48
 49 **EXPENDITURES OF FUNDS IN RESERVES LIMITED**

50 **SECTION 6.2.** All funds appropriated by this act into reserves may be expended only
 51 for the purposes for which the reserves were established.

1
2 BUDGET STABILITY AND CONTINUITY

3 SECTION 6.3.(a) G.S. 143C-5-4 reads as rewritten:

4 "§ 143C-5-4. Enactment ~~deadline~~; procedures to be followed when the Current
5 Operations Appropriations Act does not become law prior to the end of certain
6 fiscal years.7 (a) Enactment Deadline. – The General Assembly shall enact the Current Operations
8 Appropriations Act by June 15 of odd-numbered years and by June 30 of even-numbered years in
9 which a Current Operations Appropriations Act is enacted.10 (b) Procedure for Budget Continuation. – If a fiscal year begins for which no Current
11 Operations Appropriations Act providing for current operations of State government during that
12 fiscal year has become law, then the following procedures shall be followed and the following
13 limitations shall apply:14 (1) Authority. – Unless otherwise provided by law, the Director of the Budget may
15 continue to allocate funds from all funds for expenditure by State departments,
16 institutions, and agencies at a level not to exceed the level of recurring
17 expenditures from those funds for the prior fiscal year. If the Director of the
18 Budget finds that projected revenues for the fiscal year will not support
19 expenditures at the level of recurring expenditures for the prior fiscal year, the
20 Director of the Budget shall allot funds at a lower level. In making these
21 allocations, the Director of the Budget shall ensure the prompt payment of the
22 principal and interest on bonds and notes of the State according to their terms.
23 Except as otherwise provided by this section, the limitations and directions on
24 the expenditure of funds for the prior fiscal biennium shall remain in effect.25 (2) Appropriation of funds necessary to implement. – There is appropriated from
26 the appropriate State funds, cash balances, federal receipts, and departmental
27 receipts sums sufficient to implement the authority described in this subsection
28 for the applicable fiscal year.29 (3) Relation to Current Operations Appropriations Act. – The appropriations and
30 the authorizations to allocate and spend funds which are set out in this
31 subsection shall remain in effect until the Current Operations Appropriations
32 Act for the applicable fiscal year becomes law, at which time that act shall
33 become effective and shall govern appropriations and expenditures. When the
34 Current Operations Appropriations Act for that fiscal year becomes law, the
35 Director of the Budget shall adjust allotments to give effect to that act from July
36 1 of the fiscal year.37 (4) Vacant positions. – If both houses of the General Assembly have passed their
38 respective versions of the Current Operations Appropriations Act on the third
39 reading and ordered them sent to the other chamber, then vacant positions
40 subject to proposed budget reductions in either or both versions of the bill shall
41 not be filled.42 (5) State employee salaries. – The salary schedules and specific salaries established
43 for the prior fiscal year and in effect on June 30 of the prior fiscal year for
44 offices and positions shall remain in effect until the Current Operations
45 Appropriations Act for the current fiscal year becomes law. State employees
46 subject to G.S. 7A-102(c), 7A-171.1, 20-187.3, or any other statutory salary
47 schedule, shall not move up on salary schedules or receive automatic increases,
48 including automatic step increases, until authorized by the General Assembly.
49 State employees, including those exempt from the classification and
50 compensation rules established by the State Human Resources Commission,

- 1 shall not receive any automatic step increases, annual, performance, merit,
2 bonuses, or other increments until authorized by the General Assembly.
- 3 (6) School Employee Salaries. – Public school employees paid on the teacher
4 salary schedule, the school-based administrator salary schedule, or any other
5 salary schedule established by State law shall not move up on salary schedules
6 or receive automatic step increases until authorized by the General Assembly.
- 7 (7) State's employer contribution rate. – The State's employer contribution rates
8 budgeted for retirement and related benefits for the current fiscal year shall
9 remain the same as they are on June 30 of the prior fiscal year. These rates are
10 effective until the Current Operations Appropriations Act for the current fiscal
11 year becomes law and are subject to revision in that act. If that act modifies
12 those rates, the Director of the Budget shall further modify the rates set in that
13 act for the remainder of the fiscal year so as to compensate for the different
14 amount contributed between July 1 and the date the Current Operations
15 Appropriations Act becomes law so that the effective rates for the entire year
16 reflect the rates set in the Current Operations Appropriations Act.
- 17 (8) Statutory transfers to reserves. – Notwithstanding G.S. 143C-4-2 and
18 G.S. 143C-4-3, funds shall not be reserved to the Savings Reserve Account or
19 the Repairs and Renovations Reserve Account and the State Controller shall not
20 transfer funds from the unreserved credit balance to the those accounts on June
21 30 of the prior fiscal year.
- 22 (9) Federal block grant funds and other grant funds. – Notwithstanding
23 G.S. 143C-6-4, State agencies may, with approval of the Director of the
24 Budget, spend funds received from grants awarded during the current fiscal
25 year, including federal block grants, that are for less than two million five
26 hundred thousand dollars (\$2,500,000), do not require State matching funds,
27 and will not be used for a capital project. State agencies shall report to the Joint
28 Legislative Commission on Governmental Operations within 30 days of receipt
29 of such funds. State agencies may spend all other funds from grants awarded
30 during the current fiscal year, including federal block grants, only with approval
31 of the Director of the Budget and after consultation with the Joint Legislative
32 Commission on Governmental Operations, except that consultation with the
33 Joint Legislative Commission on Governmental Operations shall not be
34 required prior to an expenditure to respond to an emergency, as that term is
35 defined in G.S. 166A-19.3(6). The Office of State Budget and Management
36 shall work with the recipient State agencies to budget grant awards according to
37 the annual program needs and within the parameters of the respective granting
38 entities. Depending on the nature of the award, additional State personnel may
39 be employed on a time-limited basis. Funds received from such grants are
40 hereby appropriated and shall be incorporated into the authorized budget of the
41 recipient State agency. Notwithstanding the provisions of this subdivision, no
42 State agency may accept a grant if acceptance of the grant would obligate the
43 State to make future expenditures relating to the program receiving the grant or
44 would otherwise result in a financial obligation as a consequence of accepting
45 the grant funds."

46 **SECTION 6.3.(b)** This section is effective when it becomes law.

47
48 **SECTION 6.25 OF S.L. 2015-241 IS APPLICABLE TO BOTH FISCAL YEARS**

49 **SECTION 6.4.** Section 6.25 of S.L. 2015-241 reads as rewritten:

50 **"SECTION 6.25.(a)** Elimination of Certain Vacant Positions. – Notwithstanding
51 G.S. 143C-6-4, and except as otherwise provided in subsection (c) of this section, for each fiscal

1 year of the 2015-2017 fiscal biennium, each State agency, in conjunction with the Office of State
2 Budget and Management, shall do all of the following:

- 3 (1) Abolish all positions that have been vacant for more than 12 months as of April
4 17, 2015, and as of April 17, 2016, other than those positions required to exist
5 as part of the State's maintenance of effort requirements related to a federal
6 grant that cannot be addressed with other State funds, or for which the Director
7 of the Budget provides an exception, in the Director's sole discretion. This
8 requirement shall apply regardless of the source of funding for affected
9 positions.
- 10 (2) Fund objects or line items in the certified budget for recurring obligations that
11 have been funded from nonrecurring sources in two or more of the previous
12 three fiscal years. The amount funded shall not exceed the average amount
13 expended for each object or line item during the previous three fiscal years.
- 14 (3) Fund objects or line items in the following priority order if funds generated
15 pursuant to subdivision (1) of this subsection are insufficient to adequately fund
16 all of the objects and line items described in subdivision (2) of this subsection:
- 17 a. Fund legal obligations of the agency that have been funded with lapsed
18 salaries in prior years.
- 19 b. Fund operational requirements directly related to the health, safety, or
20 well-being of individuals in the care or custody of the State that have
21 been funded with lapsed salaries in prior years.
- 22 c. Fund legal obligations of the agency or operational requirements
23 directly related to the health, safety, or well-being of individuals in the
24 care or custody of the State that have been funded with other
25 nonrecurring sources in prior years.
- 26 d. Fund operational deficiencies where the obligation cannot be reduced
27 and where no other source of funding exists and failure to fund will
28 result in operational disruptions or unfunded liabilities at fiscal
29 year-end.
- 30 (4) Adjust the appropriate objects or line items in the next recommended base
31 budget submitted pursuant to G.S. 143C-3-5 to reflect the actions taken
32 pursuant to this subsection.

33 **"SECTION 6.25.(b)** Reporting. – No later than December 1, 2015, and December 1, 2016,
34 the Office of State Budget and Management shall report to the Fiscal Research Division on the
35 implementation of this section. The report shall include all of the following, by budget code and
36 fund code:

- 37 (1) A list of positions abolished pursuant to subdivision (1) of subsection (a) of this
38 section.
- 39 (2) A list of positions that were exempted from being abolished pursuant to
40 subdivision (1) of subsection (a) of this section.
- 41 (3) A list of objects or line items funded pursuant to subdivision (2) of subsection
42 (a) of this section and the associated amount for each object or line item.
- 43 (4) The amount and disposition of savings from the Highway Fund, federal funds,
44 and other non-State agency dedicated receipt sources.
- 45 (5) A list of objects or line items that were not funded because the funds generated
46 pursuant to subdivision (1) of this subsection were insufficient.

47 **"SECTION 6.25.(c)** Section Inapplicable to Certain Vacant Positions. – This section shall not
48 apply to vacant positions (i) within the Department of Transportation or (ii) reclassified pursuant
49 to Section 30.18(e) of this act."
50

NO CONSULTATION WITH GOVERNMENTAL OPERATIONS REQUIRED TO SPEND GRANT FUNDS FOR EMERGENCY RESPONSE

SECTION 6.5. Section 5.1A(a) of S.L. 2015-241 reads as rewritten:

"**SECTION 5.1A.(a)** Notwithstanding G.S. 143C-6-4, State agencies may, with approval of the Director of the Budget, spend funds received from grants awarded subsequent to the enactment of this act for grant awards that are for less than two million five hundred thousand dollars (\$2,500,000), do not require State matching funds, and will not be used for a capital project. State agencies shall report to the Joint Legislative Commission on Governmental Operations within 30 days of receipt of such funds.

State agencies may spend all other funds from grants awarded after the enactment of this act only with approval of the Director of the Budget and after consultation with the Joint Legislative Commission on Governmental ~~Operations~~. Operations, except that consultation with the Joint Legislative Commission on Governmental Operations shall not be required prior to an expenditure to respond to an emergency, as that term is defined in G.S. 166A-19.3(6)."

EXEMPT GOLDEN L.E.A.F. FROM CERTAIN GRANT REQUIREMENTS

SECTION 6.6. G.S. 143C-9-3(a1) reads as rewritten:

"(a1) Each year, the sum of ten million dollars (\$10,000,000) from the Settlement Reserve Fund is appropriated to The Golden L.E.A.F. (Long-Term Economic Advancement Foundation), Inc., a nonprofit ~~corporation~~. corporation, and these funds shall not be subject to G.S. 143C-6-23. The remainder of the funds credited to the Settlement Reserve Fund each fiscal year shall be transferred to the General Fund and included in General Fund availability as nontax revenue."

PART VII. DEPARTMENT OF INFORMATION TECHNOLOGY

INFORMATION TECHNOLOGY FUND ALLOCATIONS

SECTION 7.1. Section 7.1 of S.L. 2015-241 reads as rewritten:

"**SECTION 7.1.** ~~The availability used to support appropriations made in this act from the Information Technology Fund established in G.S. 147-33.72H is as follows:~~

	FY 2015-2016	FY 2016-2017
General Fund Appropriation for IT Fund	\$21,755,191	\$21,681,854

~~Appropriations~~ Allocations are made from the Information Technology Fund for the 2015-2017 fiscal biennium as follows:

	<u>FY 2015-2016</u>	<u>FY 2016-2017</u>
Criminal Justice Information Network	\$193,085	\$193,085
Center for Geographic Information and Analysis	\$503,810	\$503,810
Enterprise Security Risk Management	\$871,497	\$871,497 \$1,021,497
Staffing and Strategic Projects	\$7,873,903	\$7,873,903 \$8,021,642
First Net (State Match)	\$140,000	\$140,000
Enterprise Project Management Office	\$1,501,234	\$1,501,234
IT Strategy and Standards	\$865,326	\$865,326
State Portal	\$233,510	\$233,510
Process Management	\$398,234	\$398,234
IT Consolidation	-	-
Government Data Analytics Center	\$9,101,255	\$9,101,255 \$10,061,255
Compensation Reserve	\$73,337	

Unless a change is approved by the State Chief Information Officer after consultation with the Office of State Budget and Management, funds appropriated to the Information Technology Fund shall be spent only as specified in this section. Changes shall not result in any degradation to the information technology operations or projects listed in this section for which the funds were originally appropriated.

Any changes to the specified uses shall be reported in writing to the chairs of the Joint Legislative Oversight Committee on Information Technology, the chair and cochair of the House Appropriations Committee on Information Technology, and the Fiscal Research Division."

INFORMATION TECHNOLOGY RESERVE ALLOCATIONS

SECTION 7.2. Section 7.3(a) of S.L. 2015-241, as amended by Section 2.1 of S.L. 2015-268, reads as rewritten:

"**SECTION 7.3.(a)** The ~~appropriations for the~~ Information Technology Reserve Fund allocations for the 2015-2017 fiscal biennium are as follows:

	FY 2015-2016	FY 2016-2017
Government Data Analytics Center	\$8,100,000	\$8,100,000
Improve Efficiency and Customer Service through IT Modernization	\$8,127,991	\$8,061,512
IT Restructuring	\$2,775,184	\$2,978,812 <u>\$2,098,742</u>
Economic Modeling Initiative	\$500,000	\$500,000
Maintenance Management System Replacement	\$173,180	\$129,901
NC Connect	\$593,899	\$788,503 <u>\$736,899</u>
E-Forms/Digital Signatures	\$762,115	\$762,115 <u>\$436,050</u>
Law Enforcement Information Exchange	\$288,474	0"

ESTABLISH GENERAL FUND BUDGET

SECTION 7.3.(a) Notwithstanding G.S. 143C-6-4, the Office of State Budget and Management shall establish a general fund budget for the Department of Information Technology in Budget Code 14660 for the purpose of establishing the Department's operating budget. The Department's general fund budget shall include Information Technology Fund fund codes (27xx) from Budget Code 24667 and shall include all non-rate based information technology expenditures from participating agencies and from exempt agencies that have elected to participate with the Department pursuant to Part 1 of Article 15 of Chapter 143B of the General Statutes. The Office of State Budget and Management shall also establish a reserve in Budget Code 14660 for the transfer of Information Technology Reserve appropriations. The changes authorized by this section shall be completed by September 30, 2016, but are effective from July 1, 2016, and shall be reflected in the base budget for the 2017-2019 fiscal biennium.

SECTION 7.3.(b) It is the intent of the General Assembly to appropriate funds during the 2017 Regular Session for the Department of Information Technology internal service fund overhead costs upon removal of agency costs from the service rate structure, thereby eliminating the use of a subscription fee to agencies.

IT REPORTING CHANGES

SECTION 7.4.(b) G.S. 143B-1355(c) reads as rewritten:

"§ 143B-1355. Award review.

...
 (c) The State CIO shall provide a report of all contract awards approved through the Statewide Procurement Office as indicated below. The report shall include the amount of the

1 award, the contract term, the award recipient, the using agency, and a short description of the
2 nature of the award, as follows:

- 3 (1) For contract awards greater than twenty-five thousand dollars (\$25,000), to the
4 cochairs of the Joint Legislative Oversight Committee on Information
5 Technology and the Fiscal Research Division ~~on a monthly basis as requested.~~
6 (2) For all contract awards outside the established purchasing system, to the
7 Department of Administration, Joint Legislative Oversight Committee on
8 Information Technology, and the Fiscal Research Division ~~on a quarterly~~
9 ~~basis.~~ March 1 and September 1 of each year."

10 **SECTION 7.4.(c)** G.S. 143B-1360 reads as rewritten:

11 **"§ 143B-1360. Data on reliability and other issues; report.**

12 The Department of Information Technology shall maintain data on equipment reliability,
13 potential cost savings, and any issues associated with the refurbished computer equipment
14 initiative and shall report the results of the initiative to the Joint Legislative Oversight Committee
15 on Information Technology and the Fiscal Research Division by March 1, 2016, and then
16 ~~quarterly~~ annually thereafter."

17 **SECTION 7.4.(d)** G.S. 143B-1344 reads as rewritten:

18 **"§ 143B-1344. Legacy applications.**

19 Participating agency legacy applications shall be moved to the Department once a detailed
20 plan is coordinated and in place for the successful transition of a specific application to the
21 Department. The Department shall identify situations where multiple agencies are using legacy
22 systems with similar capabilities and shall prepare plans to consolidate these systems. ~~Initial~~
23 ~~identification of similar capabilities shall be reported to the Joint Legislative Oversight Committee~~
24 ~~on Information Technology and the Fiscal Research Division by March 1, 2016. The initial report~~
25 ~~shall include a schedule for the consolidation. The report shall also include the costs for operating~~
26 ~~and maintaining the current systems, the estimated costs for an enterprise replacement system, and~~
27 ~~the operations and maintenance costs associated with an enterprise system."~~

28 **SECTION 7.4.(e)** G.S. 143B-1333 reads as rewritten:

29 **"§ 143B-1333. Internal Service Fund.**

30 ...

31 (b) ~~Receipts shall be used solely for the purpose for which they were collected. Any uses~~
32 ~~of the Information Technology Internal Service Fund not specifically related to providing~~
33 ~~receipt supported services to State agencies shall immediately be reported to the Joint Legislative~~
34 ~~Oversight Committee on Information Technology and the Fiscal Research Division.~~

35 (c) Receipts shall be used solely for the purpose for which they were collected. In
36 coordination with the Office of the State Controller and the Office of State Budget Management,
37 the State CIO shall ensure processes are established to manage federal receipts, maximize those
38 receipts, and ensure that federal receipts are correctly utilized. ~~By September 1 of each year, the~~
39 ~~State CIO shall certify that federal receipts for participating agency information technology~~
40 ~~programs have been properly used during the previous State fiscal year."~~

41 **SECTION 7.4.(f)** G.S. 143B-1334 is repealed.

42 **SECTION 7.4.(g)** Section 7.22(c) of S.L. 2015-241 reads as rewritten:

43 **"SECTION 7.22.(c)** Beginning January 1, 2016, and ~~quarterly~~ semiannually thereafter, the
44 DIT, in conjunction with OSC and OSBM, shall report to the Joint Legislative Oversight
45 Committee on Information Technology and the Fiscal Research Division on the status of the
46 program. The report shall include all of the following:

47"

48 **SECTION 7.4.(h)** Section 7.24(b) of S.L. 2015-241 reads as rewritten:

49 **"SECTION 7.24.(b)** On or before March 1, 2016, the State CIO shall provide the completed
50 plan to the Joint Legislative Oversight Committee on Information Technology and the Fiscal
51 Research Division. On or before March 1, 2016, and then at least ~~semiannually~~ annually each

1 January 1 for the duration of the 2015-2017 fiscal biennium, the State CIO shall provide progress
2 reports regarding the establishment and use of the business Internet Web site to the Joint
3 Legislative Oversight Committee on Information Technology and the Fiscal Research Division."

4 **SECTION 7.4.(i)** G.S. 143B-1330(a)(2) reads as rewritten:

5 **"§ 143B-1330. Planning and financing State information technology resources.**

6 (a) The State CIO shall develop policies for agency information technology planning and
7 financing. Agencies shall prepare and submit such plans as required in this section, as follows:

8 ...

9 (2) The State CIO shall develop a biennial State Information Technology Plan
10 ~~(Plan)~~(Plan), including, but not limited to, the use of cloud-based utility
11 computing for use by State agencies."
12

13 **USE OF CASH BALANCE FOR IT RATE CREDITS**

14 **SECTION 7.5.** The Department of Information Technology shall use funds available
15 in cash balance available in Fund Code 24667 as a credit to the following agencies for
16 subscription fees, telephone rates, and computer rates billed to the agency for the Internal Service
17 Fund for the 2016-2017 fiscal year:

- 18 (1) North Carolina Community Colleges System Office – \$102,023
- 19 (2) Department of Public Instruction – \$1,534,623
- 20 (3) The University of North Carolina:
 - 21 a. Appalachian State University – \$19,725
 - 22 b. Elizabeth City State University – \$389,000
 - 23 c. North Carolina A & T State University – \$13,994
 - 24 d. North Carolina School of the Arts – \$17,033
 - 25 e. Winston Salem State University – \$26,382
 - 26 f. University of North Carolina at Asheville – \$1,244
 - 27 g. University of North Carolina at Chapel Hill – \$1,313
 - 28 h. University of North Carolina at Pembroke – \$6,741
 - 29 i. University of North Carolina at Wilmington – \$194,000
 - 30 j. Western Carolina University – \$10,469
- 31 (4) The Department of Administration – \$190,187
- 32 (5) The Department of Insurance – \$26,504
- 33 (6) The Department of Revenue – \$972,197
- 34 (7) General Assembly – \$14,432
- 35 (8) Office of State Budget and Management – \$176,700
- 36 (9) Office of Lieutenant Governor – \$6,474
- 37 (10) Office of Administrative Hearings – \$38,405
- 38 (11) Department of State Auditor – \$20,832
- 39 (12) Office of State Controller – \$619,802
- 40 (13) Department of Secretary of State – \$4,346
- 41 (14) State Board of Elections – \$43,880
- 42 (15) Department of State Treasurer – \$6,491
- 43 (16) Department of Health and Human Services – \$559,461
- 44 (17) Administrative Office of the Courts – \$101,812
- 45 (18) Department of Public Safety – \$693,292
- 46 (19) Department of Agriculture – \$30,556
- 47 (20) Department of Environmental Quality – \$910,564
- 48 (21) Department of Natural and Cultural Resources – \$665,262
- 49 (22) Industrial Commission – \$232,000

51 **INFORMATION TECHNOLOGY SPENDING TRANSPARENCY**

1 **SECTION 7.6.(a)** All participating agencies, pursuant to Part 1 of Article 15 of
2 Chapter 143B of the General Statutes, including all divisions, boards, commissions, and other
3 State entities for which the participating agencies have budgetary authority, shall realign
4 information technology budgets and expenditures within existing programs and divisions in a
5 manner that provides transparency for information technology, program, and division budgets.
6 Changes shall be completed by September 30, 2016, but are effective from July 1, 2016. The
7 Office of State Budget and Management shall submit a report detailing the realignment changes on
8 or before February 1, 2017, to the Joint Legislative Commission on Governmental Operations, the
9 Joint Legislative Oversight Committee on Information Technology, and the Fiscal Research
10 Division.

11 **SECTION 7.6.(b)** In conjunction with the budget realignment report required by
12 subsection (a) of this section, the OSBM shall submit a report that identifies the following:

- 13 (1) The line item budgeted requirements for each State agency's information
14 technology expenditures.
- 15 (2) Actual information technology expenditures for each State agency.
- 16 (3) The sources of funds transferred from other line items to cover information
17 technology expenditures in excess of budgeted requirements.

18 OSBM shall submit this information, by agency, to the Fiscal Research Division by February 1,
19 2017.

20 21 **APPRENTICESHIPS AND CAREER-BASED OPPORTUNITIES IN CYBERSECURITY** 22 **FOR DISABLED VETERANS**

23 **SECTION 7.7.(a)** The Department of Information Technology shall create a
24 cybersecurity apprenticeship program to provide training, apprenticeships, and career-based
25 opportunities for disabled veterans within the State. Opportunities may be offered to qualifying
26 veterans who have at least a ten percent (10%) disability rating as established by the Veterans
27 Administration.

28 **SECTION 7.7.(b)** The State Chief Information Officer shall conduct a competitive
29 process to select disabled veterans to participate in the cybersecurity apprenticeship program.
30 Participants will have the opportunity to apply concepts, protocols, and tools acquired through the
31 program by working side by side with experts in cybersecurity within the State of North Carolina.

32 **SECTION 7.7.(c)** Of the funds appropriated by this act for the support of the
33 cybersecurity apprenticeship program, the Department of Information Technology shall select up
34 to five disabled veterans to participate in the program. The Department may use funds generated
35 from receipts for continuation or expansion of the program beyond the 2016-2017 fiscal year.
36

37 **ADJUST IT BUDGETS AS NECESSARY DUE TO TRANSFER OF FUNCTIONS**

38 **SECTION 7.8.(a)** Notwithstanding G.S. 143C-6-4, the Office of State Budget and
39 Management, after coordination with the Department of Information Technology, the Department
40 of Environmental Quality, the Department of Natural and Cultural Resources, and the Fiscal
41 Research Division, may adjust information technology budgets, as appropriate, within the
42 Department of Natural and Cultural Resources and the Department of Environmental Quality.

43 **SECTION 7.8.(b)** Notwithstanding G.S. 143C-6-4, the Office of State Budget and
44 Management, after coordination with the Department of Information Technology, the Department
45 of Military and Veterans Affairs, the Department of Administration, and the Fiscal Research
46 Division, may adjust information technology budgets, as appropriate, within the Department of
47 Military and Veterans Affairs and the Department of Administration.

48 **SECTION 7.8.(c)** All information technology budget adjustments authorized by this
49 section shall be completed by December 1, 2016, and shall be reflected in the base budget for the
50 2017-2019 fiscal biennium. Adjustments may be made only for the information technology
51 budgets of the Department of Environmental Quality and the Department of Natural and Cultural

1 Resources, and the Department of Military and Veterans Affairs and the Department of
2 Administration, respectively, for the purposes stated in this section.

3 **SECTION 7.8.(d)** The Office of State Budget and Management shall report any
4 adjustments made pursuant to this section to the Joint Legislative Oversight Committee on
5 Information Technology, the Joint Legislative Oversight Committee on Agriculture and Natural
6 and Economic Resources, the Joint Legislative Oversight Committee on General Government, and
7 the Fiscal Research Division on or before January 15, 2017.

8 9 **DATA CENTER CONSOLIDATION EXEMPTION FOR CLOUD-BASED SOLUTIONS**

10 **SECTION 7.9.** Section 7.9(b) of S.L. 2015-241 reads as rewritten:

11 **"SECTION 7.9.(b)** State agencies shall use the State infrastructure to host their projects,
12 services, data, and applications, except that the State Chief Information Officer may grant an
13 exception if the State agency demonstrates any of the following:

- 14 (1) Using an outside contractor would be more cost effective for the State.
- 15 (2) The Department of Information Technology does not have the technical
16 capabilities required to host the application.
- 17 (3) Valid security requirements preclude the use of State infrastructure, and a
18 vendor can provide a more secure environment.

19 With the prior approval of the State Chief Information Officer, applications that are natively or
20 commercially sold and delivered as cloud-based solutions are not subject to the requirements of
21 this subsection."

22 23 **ENTERPRISE RESOURCE PLANNING DESIGN AND IMPLEMENTATION**

24 **SECTION 7.10.(a)** The Department of Information Technology, in coordination with
25 the Office of the State Controller and the Office of State Budget and Management, shall conduct
26 the planning and design of an enterprise resource planning system (ERP) for State agencies by
27 utilizing business process reengineering to identify and organize processes and workflow in order
28 to prioritize and link work activities to realize efficiencies and organize around outcomes. The
29 ERP system shall address, at a minimum, core financial management, grants, assets and inventory,
30 fleet management, and human resource management. A request for proposal for a replacement
31 system implementation shall be prepared for release no later than July 1, 2017. The Department
32 may use savings generated through efficiencies gained from transition of participating agencies to
33 the Department and overall Department operations, including procurement, to fund the project.

34 **SECTION 7.10.(b)** The Department of Information Technology shall submit a report
35 to the Joint Legislative Oversight Committee on Information Technology on or before January 15,
36 2017. The report shall identify results from the business process reengineering efforts for State
37 agencies and shall include at least all of the following:

- 38 (1) Proposed sequence of functional and site implementation.
- 39 (2) A phased-in contracting plan with checkpoints to facilitate budgeting and
40 program management.
- 41 (3) The feasibility of a cloud-based component.
- 42 (4) Cost estimate for full implementation.
- 43 (5) Detailed information relating to project funding from the savings generated
44 through efficiencies gained from agency transition and overall Department
45 operations.

46 47 **COMMUNITY COLLEGES SYSTEM ERP DESIGN AND IMPLEMENTATION**

48 **SECTION 7.10A.(a)** The North Carolina Community Colleges System Office, in
49 consultation with the Department of Information Technology, shall begin planning and design of a
50 modernized ERP for the State's 58 community colleges. The ERP system shall address, at a
51 minimum, student information system, core financial management, grants, human resource

1 management, and payroll. The planning and design of the ERP system may include either a
2 modernization of the current system or a replacement system. A request for proposal for a
3 replacement system implementation shall be prepared for release no later than October 1, 2017.
4 The North Carolina Community Colleges System Office may use funds from the North Carolina
5 Community College IT Systems Budget Code 26802 to support planning and request for proposal
6 development efforts; provided, that the total amount expended for the project does not exceed one
7 million dollars (\$1,000,000). To the extent that these funds have not been appropriated for the
8 2016-2017 fiscal year elsewhere, they are hereby appropriated.

9 **SECTION 7.10A.(b)** The Department of Information Technology shall submit a
10 report to the Joint Legislative Oversight Committee on Information Technology on or before
11 January 15, 2017. The report shall identify the results of the planning and design effort, including
12 at least all of the following information:

- 13 (1) Proposed sequence of functional and site implementation.
- 14 (2) A phased-in contracting plan with checkpoints to facilitate budgeting and
15 program management.
- 16 (3) The feasibility of a cloud-based component.
- 17 (4) Cost estimate for full implementation.

18 19 **AGENCY EXEMPTIONS FROM DIT OVERSIGHT**

20 **SECTION 7.11.(a)** G.S. 143B-1325 reads as rewritten:

21 **"§ 143B-1325. Transition to Department of Information Technology.**

22 ...

23 (c) Participating Agencies. – The State CIO shall prepare detailed plans to transition each
24 of the participating agencies. As the transition plans are completed, the following participating
25 agencies shall transfer information technology personnel, operations, projects, assets, and
26 appropriate funding to the Department of Information Technology:

- 27 (1) Department of Natural and Cultural Resources.
- 28 (2) Department of Health and Human Services.
- 29 (3) Department of Revenue.
- 30 (4) Department of Environmental Quality.
- 31 (5) Department of Transportation.
- 32 (6) Department of Administration.
- 33 (7) Department of Commerce.
- 34 (8) Governor's Office.
- 35 (9) Office of State Budget and Management.
- 36 (10) Office of State Human Resources.
- 37 ~~(11) Office of the State Controller.~~
- 38 (12) Department of Military and Veterans Affairs.
- 39 (13) Department of Public Safety, with the exception of the following:
 - 40 a. State Bureau of Investigation.
 - 41 b. State Highway Patrol.
 - 42 c. Division of Emergency Management.

43 The State CIO shall ensure that agencies' operations are not adversely impacted during the
44 transition.

45 (d) Report on Transition Planning. – ~~The Department of Public Safety, the~~ The Community
46 College System ~~Office, Office~~ and the State Board of Elections shall work with the State CIO to
47 plan their transition to the Department. By October 1, 2018, these agencies, in conjunction with
48 the State CIO, shall report to the Joint Legislative Oversight Committee on Information
49 Technology and the Fiscal Research Division on their respective transition plans.

50"

51

EXEMPT PUBLIC SAFETY DIVISIONS FROM ENTERPRISE ACTIVE DIRECTORY

SECTION 7.12. Section 7.25 of S.L. 2015-241 reads as rewritten:

"AGENCY USE OF ENTERPRISE ACTIVE DIRECTORY

"SECTION 7.25.(a) On or before July 1, 2016, unless exempted by the Governor, all State agencies identified as principal departments under G.S. 143B-6 shall become direct members of and shall use the Enterprise Active Directory. A principal department may submit to the State Chief Information Officer a written request to deviate from certain requirements of the Enterprise Active Directory, provided that any deviation shall be consistent with available funding and shall be subject to any terms and conditions specified by the State Chief Information Officer.

"SECTION 7.25.(b) Subsection (a) of this section shall not apply to the State Bureau of Investigation, the State Highway Patrol, or the Division of Emergency Management of the Department of Public Safety."

GOVERNMENTAL DATA ANALYTICS CENTER/LONGITUDINAL DATA SYSTEM BOARD

SECTION 7.14.(a) G.S. 116E-1(1) reads as rewritten:

"(1) ~~"Board" means the governing board of the North Carolina Longitudinal Data System.~~ Center" means the Governmental Data Analytics Center as established in Part 8 of Article 15 of Chapter 143B of the General Statutes."

SECTION 7.14.(b) G.S. 116E-4 reads as rewritten:

"§ 116E-4. Powers and duties of the Board-Center.

(a) ~~The Board-Center shall have the following powers and duties with respect to the System:~~

...

(4) Before the use of any individual data in the System, the ~~Board-Center~~ shall do the following:

...

b. Develop and implement policies to comply with FERPA and any other privacy measures, as required by law or the ~~Board-Center~~.

...

(9) Establish an advisory committee on data quality to advise the ~~Board-Center~~ on issues related to data auditing and tracking to ensure data validity.

(b) The ~~Board-Center~~ shall adopt rules according to Chapter 150B of the General Statutes as provided in G.S. 116E-6 to implement the provisions of this Article.

(c) The ~~Board-Center~~ shall report quarterly to the Joint Legislative Education Oversight Committee, the Joint Legislative Commission on Governmental Operations, and the Joint Legislative Oversight Committee on Information Technology beginning September 30, 2013. The report shall include the following:

...

(3) Any other recommendations made by the ~~Board-Center~~, including the most effective and efficient configuration for the System."

SECTION 7.14.(c) G.S. 116E-6 reads as rewritten:

"§ 116E-6. Data sharing.

(a) Local school administrative units, charter schools, community colleges, constituent institutions of The University of North Carolina, and State agencies shall do all of the following:

(1) Comply with the data requirements and implementation schedule for the System as set forth by the ~~Board-Center~~.

(2) Transfer student data and workforce data to the System in accordance with the data security and safeguarding plan developed by the ~~Board-Center~~ under G.S. 116E-5.

1 (b) Private colleges and universities, the North Carolina Independent Colleges and
2 Universities, Inc., and nonpublic schools may transfer student data and workforce data to the
3 System in accordance with the data security and safeguarding plan developed by the Board under
4 G.S. 116E-5."

5 SECTION 7.14.(d) G.S. 116E-3, 120-123(81), 143B-1321(a)(31), and
6 143B-1322(c)(21) are repealed.

7 8 PART VIII. PUBLIC SCHOOLS

9 10 FUNDS FOR CHILDREN WITH DISABILITIES

11 SECTION 8.1. The State Board of Education shall allocate additional funds for
12 children with disabilities on the basis of three thousand nine hundred eighty-five dollars and
13 fifty-three cents (\$3,985.53) per child. Each local school administrative unit shall receive funds for
14 the lesser of (i) all children who are identified as children with disabilities or (ii) twelve and
15 one-half percent (12.5%) of its 2016-2017 allocated average daily membership in the local school
16 administrative unit. The dollar amounts allocated under this section for children with disabilities
17 shall also be adjusted in accordance with legislative salary increments, retirement rate adjustments,
18 and health benefit adjustments for personnel who serve children with disabilities.

19 20 FUNDS FOR ACADEMICALLY GIFTED CHILDREN

21 SECTION 8.2. Section 8.2 of S.L. 2015-241 reads as rewritten:

22 "SECTION 8.2. The State Board of Education shall allocate additional funds for academically
23 or intellectually gifted children on the basis of one thousand two hundred eighty dollars and
24 seventy cents (\$1,280.70) per child for fiscal ~~years-year~~ 2015-2016 and one thousand two hundred
25 ninety-five dollars and twenty-seven cents (\$1,295.27) per child for fiscal year 2016-2017. A local
26 school administrative unit shall receive funds for a maximum of four percent (4%) of its
27 2015-2016 allocated average daily ~~membership, membership~~ for the 2015-2016 fiscal year and a
28 maximum of four percent (4%) of its 2016-2017 allocated average daily membership for the
29 2016-2017 fiscal year, regardless of the number of children identified as academically or
30 intellectually gifted in the unit. The dollar amounts allocated under this section for academically or
31 intellectually gifted children shall also be adjusted in accordance with legislative salary
32 increments, retirement rate adjustments, and health benefit adjustments for personnel who serve
33 academically or intellectually gifted children."

34 35 SMALL COUNTY SUPPLEMENTAL FUNDS ELIGIBILITY

36 SECTION 8.4. Section 8.4 of S.L. 2015-241 reads as rewritten:

37 "SMALL SCHOOL SYSTEM SUPPLEMENTAL FUNDING

38 ...

39 "SECTION 8.4.(b) Phase-Out Provision for the 2015-2016 Fiscal Year. – If a local school
40 administrative unit becomes ineligible for funding under the schedule in subsection (a) of this
41 section in the 2015-2016 fiscal year, funding for that unit shall be phased out over a five-year
42 period. Funding for such local school administrative units shall be reduced in equal increments in
43 each of the five years after the unit becomes ineligible. Funding shall be eliminated in the fifth
44 fiscal year after the local school administrative unit becomes ineligible.

45 Allotments for eligible local school administrative units under this subsection shall not be
46 reduced by more than twenty percent (20%) of the amount received in fiscal year 2014-2015 in
47 any fiscal year. A local school administrative unit shall not become ineligible for funding if either
48 the higher of the first two months total projected average daily membership for the current year or
49 the higher of the first two months total prior year average daily membership would otherwise have
50 made the unit eligible for funds under the schedule in subsection (a) of this section.

1 "SECTION 8.4.(c) Phase-Out Provision for the 2016-2017 Fiscal Year. – If a local school
2 administrative unit becomes ineligible for funding under the schedule in subsection (a) of this
3 section in the 2016-2017 fiscal year, funding for that unit shall be phased out over a five-year
4 period. Funding for such local school administrative units shall be reduced in equal increments in
5 each of the five years after the unit becomes ineligible. Funding shall be eliminated in the fifth
6 fiscal year after the local administrative unit becomes ineligible.

7 Allotments for eligible local school administrative units under this subsection shall not be
8 reduced by more than twenty percent (20%) of the amount received in fiscal year 2015-2016 in
9 any fiscal year. A local school administrative unit shall not become ineligible for funding if either
10 the higher of the first two months total projected average daily membership for the current year or
11 the higher of the first two months total prior year average daily membership would otherwise have
12 made the unit eligible for funds under the schedule in subsection (a) of this section.

13"

14 15 CERTAIN CIHS OPERATING WITHOUT ADDITIONAL FUNDS

16 SECTION 8.11. Beginning with the 2016-2017 school year and for subsequent school
17 years thereafter, notwithstanding G.S. 115C-238.51A(c) and G.S. 115C-238.54,
18 Alamance-Burlington Early College, Alexander Early College, Cabarrus Early College of
19 Technology, Camden Early College, Chatham County School of Science and Engineering, City of
20 Medicine Cooperative Innovative High School, Gaston Early College High School, Hillside New
21 Tech Cooperative Innovative High School, Johnston County Career and Technical Academy,
22 Northampton County New Tech Early College, Person Early College for Innovation and
23 Leadership, Stanly County School of Engineering and Design, and Wayne School of Engineering
24 at Goldsboro High School shall be permitted to operate in accordance with G.S. 115C-238.53 and
25 G.S. 115C-238.54 as cooperative innovative high schools approved under G.S. 115C-238.51A(c)
26 and shall be subject to the evaluation requirements of G.S. 115C-238.55.

27 28 VIRTUAL CHARTER SCHOOL CHANGES

29 SECTION 8.13.(a) Section 8.35(c) of S.L. 2014-100 reads as rewritten:

30 "SECTION 8.35.(c) In addition to the operating requirements applicable to a virtual charter
31 school participating in the pilot program pursuant to Part 6A of Article 16 of Chapter 115C of the
32 General Statutes, the following requirements shall apply to a participating virtual charter school:

33 (1) The school shall maintain an administrative office within North Carolina. In
34 addition, the school shall maintain at least one testing center or meeting place
35 within each of the eight State Board of Education districts where the
36 participating students reside, to allow educators and administrators from the
37 school to meet students and parents. When utilizing the testing center or
38 meeting place for test administration, the school is permitted to do the
39 following:

- 40 a. Administer tests to multiple grade levels at the same time and location.
41 b. Contract with a test administrator who is not employed by the board of
42 directors of the school and meets the following criteria:
43 1. Holds a valid, North Carolina educator license.
44 2. Passes a criminal history check as defined in
45 G.S. 115C-332(a)(1) performed by the school.
46 3. Is trained on test administration in accordance with the North
47 Carolina Testing Program.

48 (2) If the school contracts with a third party for the provision of administrative
49 staff, such staff fulfilling the equivalent positions of superintendent, principal,
50 or business officer shall be residents of North Carolina.

- 1 (3) All teaching staff shall carry the appropriate State certification to instruct any
 2 course and shall receive professional development in virtual instruction
 3 pursuant to the school's application to the State Board of Education to
 4 participate in the pilot program within 30 days of the employee's date of hire.
 5 At least ~~ninety percent (90%)~~ eighty percent (80%) of the teaching staff shall
 6 reside within North Carolina.
- 7 (4) The school shall have a withdrawal rate below twenty-five percent (25%). A
 8 student who meets any of the following criteria shall not be counted in
 9 measuring the school's withdrawal rate:
- 10 a. A student enrolled in a school with the intent expressed prior to
 11 enrollment of only being enrolled for a finite period of time within the
 12 school ~~year shall not be counted in the measured withdrawal rate year.~~
 13 The school shall keep a written record of a student's stated intent for
 14 finite enrollment.
- 15 b. A student who is withdrawn from the school pursuant to subdivision (3)
 16 of subsection (b) of this section.
- 17 c. A student who is no longer qualified under the laws of this State for
 18 admission to a public school in North Carolina, including due to the
 19 student relocating to another state.
- 20 d. A student who (i) withdraws from the school for a family, personal, or
 21 medical reason and (ii) notifies the school of the reason for withdrawal.
 22 The school shall keep a written record of a student's stated reason for
 23 withdrawal under this sub-subdivision.
- 24 e. A student who withdraws from the school within the first 30 days
 25 following the date of the student's enrollment.
- 26 (4a) A count of school attendance shall be taken at least once during each semester
 27 for funding purposes.
- 28 (5) The school shall ensure that each student is assigned a learning coach. The
 29 learning coach shall provide (i) daily support and supervision of students, (ii)
 30 ensure student participation in online lessons, and (iii) coordinate teacher-led
 31 instructional sessions and State assessments."

32 **SECTION 8.13.(b)** This section applies beginning with the 2016-2017 school year.
 33

34 SCHOOL BUSINESS SYSTEM MODERNIZATION

35 **SECTION 8.15.(a)** The State Board of Education shall collaborate with the Friday
 36 Institute for Educational Innovation at North Carolina State University (Friday Institute) to
 37 develop a plan to modernize the systems used by the Department of Public Instruction, Financial
 38 and Business Services Division, to manage and deliver funds and technical support services to
 39 local school administrative units and charter schools. This process shall include modernization of
 40 the Division's systems for student information management, financial and payroll information,
 41 human resources information, and capital and repairs and renovations planning information.

42 **SECTION 8.15.(b)** By January 1, 2017, as a part of developing the plan, the
 43 Department of Public Instruction, in collaboration with the Friday Institute, shall issue a Request
 44 for Information to outside vendors and entities to determine the scope of work necessary, estimate
 45 the costs of modernization of the systems, and prepare a schedule for implementation.

46 **SECTION 8.15.(c)** By April 30, 2017, the State Board of Education shall report to the
 47 Joint Legislative Education Oversight Committee on the plan developed in accordance with this
 48 section for modernization of the systems used by the Financial and Business Services Division.
 49

50 REDUCE AFTER SCHOOL QUALITY IMPROVEMENT COMPETITIVE GRANT 51 FUNDS

1 **SECTION 8.25.** Section 8.29(a) of S.L. 2015-241 reads as rewritten:

2 **"SECTION 8.29.(a)** Of the funds appropriated by this act for the At-Risk Student Services
3 Alternative School Allotment for the 2015-2017 fiscal biennium, the State Board of Education
4 shall use up to six million dollars (\$6,000,000) for the 2015-2016 fiscal year and up to ~~six million~~
5 ~~dollars (\$6,000,000)~~ one million one hundred eight thousand four hundred eighty dollars
6 (\$1,108,480) for the 2016-2017 fiscal year for the After-School Quality Improvement Grant
7 Program administered by the Department of Public Instruction. The Department may use these
8 funds to provide a second-year grant to grant recipients approved under the After-School Quality
9 Improvement Grant Program pursuant to Section 8.19 of S.L. 2014-100. Of the funds appropriated
10 for the program, the Department of Public Instruction may use up to two hundred thousand dollars
11 (\$200,000) for each fiscal year to administer the program."
12

13 **STATE AGENCY COLLABORATION ON EARLY CHILDHOOD**
14 **EDUCATION/TRANSITION FROM PRESCHOOL TO KINDERGARTEN**

15 **SECTION 8.26.(a)** The Department of Health and Human Services, in consultation
16 with the Department of Public Instruction and any other agencies or organizations that administer,
17 support, or study early education in this State, and within resources currently available, shall
18 collaborate on an ongoing basis to develop and implement a statewide vision for early childhood
19 education. In collaborating in this effort, the agencies shall develop a comprehensive approach to
20 early childhood education, birth through third grade, including creating cross agency
21 accountability with a comprehensive set of data indicators, including consideration of the NC
22 Pathways to Grade-Level Reading, to monitor and measure success of the early childhood
23 education systems.

24 **SECTION 8.26.(b)** The Department of Health and Human Services, the Department
25 of Public Instruction, and any other agencies or organizations that administer, support, or study
26 early education programs in this State shall report their findings and recommendations, including
27 any legislative proposals, resulting from the initiative to develop and implement a statewide vision
28 for early childhood education pursuant to subsection (a) of this section. The agencies shall make
29 an initial report to Joint Legislative Oversight Committee on Health and Human Services and the
30 Joint Legislative Education Oversight Committee on or before January 1, 2017, submit a follow
31 up report to those same committees on or before January 1, 2018, and may make any subsequent
32 reports, annually, on or before January 1, as needed to those same committees.

33 **SECTION 8.26.(c)** The Department of Health and Human Services, in consultation
34 with the Department of Public Instruction, shall promote the successful transition of children who
35 receive assistance from NC Pre-K program and the Child Care Subsidy Assistance program for
36 four- and five-star rated facility classrooms to kindergarten. In its promotion of a successful
37 transition from preschool to kindergarten, the Department of Health and Human Services shall
38 recommend that both NC Pre-K teachers and preschool teachers prepare a preschool to
39 kindergarten transition plan for each child transitioning to kindergarten that documents the child's
40 strengths and needs based on the five Goals and Developmental Indicator domains for children's
41 developmental and learning progress that are based on the NC Foundations for Early Learning and
42 Development. The preparation of the transition plan shall only apply to children who receive
43 assistance through the NC Pre-K program or the Child Care Subsidy Assistance program. It is the
44 intent of the General Assembly that the Departments utilize this transition plan until such time as
45 the standardized program to transition children from preschool to kindergarten, required pursuant
46 to subsection (e) of this section, is developed and implemented.

47 **SECTION 8.26.(d)** The Department of Health and Human Services shall report on the
48 implementation of the transition plan required pursuant subsection (c) of this section, including
49 any findings and recommendations, and any legislative proposals, to the Joint Legislative
50 Oversight Committee on Health and Human Services and the Joint Legislative Education
51 Oversight Committee on or before December 15, 2016.

1 **SECTION 8.26.(e)** The Department of Health and Human Services, in consultation
2 with the Department of Public Instruction, shall develop and implement a standardized program to
3 transition children from preschool to kindergarten. In developing this standardized transition
4 program, the Department of Health and Human Services shall identify, at a minimum:

- 5 (1) Methods to standardize student transition information such that it is
6 quantifiable.
- 7 (2) Recommendations for sharing data contained in a student's transition plan
8 between preschool teachers and either kindergarten teachers or the schools that
9 receive the incoming kindergarten students.
- 10 (3) Recommendations for sharing data contained in a student's transition plan
11 between preschool teachers and the parents or guardians of the child who is
12 transitioning to kindergarten.
- 13 (4) Recommendations for preschool teacher training and continuing education to
14 support their role in completing transition plans for preschool children.
- 15 (5) Recommendations for baseline information that should be compiled in
16 transition plans for students transitioning to kindergarten.
- 17 (6) Procedures for the management of transition plan documents, including
18 recommendations for the length of records retention, provisions for
19 confidentiality, and proper disposal.
- 20 (7) Any other components the Department deems appropriate in the provision of
21 information between preschools, students' families, and kindergartens.

22 **SECTION 8.26.(f)** The Department of Health and Human Services shall report on the
23 development of the standardized transition program required pursuant to subsection (e) of this
24 section, including any finding and recommendations, and any legislative proposals, to the Joint
25 Legislative Oversight Committee on Health and Human Services and the Joint Legislative
26 Education Oversight Committee on or before January 1, 2017.

27 28 **ALTERNATIVE TEACHER PREPARATION**

29 **SECTION 8.27.(a)** Purpose. – The State Board of Education shall establish a request
30 for proposal (RFP) for up to five local alternative teacher preparation programs (LATP programs)
31 administered by local boards of education to prepare, support, and recommend initially licensed
32 lateral entry teachers for continuing licensure.

33 **SECTION 8.27.(b)** Request for Proposals. – By September 15, 2016, the State Board
34 of Education shall issue a request for proposal (RFP) to local boards of education. The RFP shall
35 include the following criteria:

- 36 (1) Program of study requirements. – At a minimum, the LATP program shall
37 provide 150 contact hours of appropriate pedagogy and content for continued
38 licensure in the initially licensed teacher's area of licensure that is comparable
39 to the quality of instruction required for a traditional teacher preparation
40 program, as provided in G.S. 115C-296.10. Local boards of education shall
41 include evidence of relevant partnerships with institutions of higher education,
42 including community colleges, private two-year colleges, and public or private
43 colleges or universities.
- 44 (2) Mentoring and support requirements. – At a minimum, the LATP program shall
45 provide 150 contact hours with mentor teachers, classroom coaching, and
46 periodic evaluations with timely feedback to each individual in the program
47 over the initially licensed teacher's first year of employment.
- 48 (3) Minimum program size. – The LATP program shall be administered by a local
49 board of education with a minimum student population of 20,000 or higher, or
50 by a coalition of local boards of education that together have a minimum
51 student population of 20,000 or higher.

1 Local boards of education shall submit their proposals to the State Board by January 6,
2 2017. Proposals may be submitted by individual local boards of education or by coalitions of
3 multiple local boards of education. Proposals shall contain detailed information on the estimated
4 costs, including a cost per teacher participant and anticipated funding sources for operation of the
5 program.

6 **SECTION 8.27.(c)** Selection by State Board of Education. – By March 15, 2017, the
7 State Board of Education shall review the proposals submitted by local boards of education and
8 shall select up to five proposals for approval based on program quality, viability, and use of
9 evidence-based principles in program design.

10 **SECTION 8.27.(d)** Program Implementation. – The selected LAPT programs shall be
11 implemented beginning with the 2017-2018 school year and ending with the 2021-2022 school
12 year. The local board or boards of education for each selected LAPT program shall provide any
13 requested information and access to the independent research organization selected by the State
14 Board of Education to evaluate the programs pursuant to subsection (f) of this section.

15 **SECTION 8.27.(e)** Program Continuation. – The selected LAPT programs shall meet
16 the following annual benchmark standards:

- 17 (1) A program shall have a completion rate of no less than seventy percent (70%)
18 of initial enrollees.
- 19 (2) A program shall provide the minimum contact hour requirements and other
20 program elements contained in the proposal approved by the State Board of
21 Education.
- 22 (3) A program shall demonstrate an increase in retention of lateral entry teachers
23 over the previous year's retention rate.
- 24 (4) A program shall be fully financed by the local board of education, based on the
25 per teacher cost estimate contained in the proposal approved by the State Board
26 of Education. Funding may be through public or private funds, as available.

27 A program that fails to meet any of the benchmark standards shall be terminated by the
28 State Board of Education and shall not be continued in the following school year.

29 **SECTION 8.27.(f)** LAPT Program Evaluation. – The State Board of Education shall
30 contract with an independent research organization to evaluate how the LAPT programs have
31 accomplished, at a minimum, the following:

- 32 (1) Recruitment of lateral entry teachers into the classroom.
- 33 (2) Retention rates for lateral entry teachers beyond initial licensure.
- 34 (3) Quality of classroom instruction by lateral entry teachers prepared through the
35 LAPT program as compared to those prepared by traditional teacher education
36 programs as demonstrated by multiple measures, including student
37 performance.
- 38 (4) Teacher vacancy rates in local school administrative units participating in the
39 LAPT program as compared to similarly situated local school administrative
40 units.
- 41 (5) Funding mechanisms used to support the LAPT program, including sources and
42 stability of funding.
- 43 (6) Recommendations regarding the continuation, expansion, or elimination of
44 LAPT programs.

45 The independent research organization shall report annually to the State Board of
46 Education beginning October 15, 2017, on the progress of local boards of education in
47 implementing the LAPT programs. The independent research organization shall submit an initial
48 report no later than October 15, 2020, to the State Board of Education on the implementation and
49 evaluation of the LAPT program, and shall submit a final report no later than October 15, 2022, to
50 the State Board of Education on all aspects of the implementation and evaluation of the LAPT
51 program. The State Board of Education shall provide the report to the Joint Legislative Education

1 Oversight Committee by December 15, 2020, and by December 15 of each year thereafter through
2 2022.

3 **SECTION 8.27.(g)** Issuance of Licenses. – The Department of Public Instruction shall
4 issue a license to all individuals who (i) successfully complete LAPT programs, (ii) are
5 recommended by the local board of education, and (iii) otherwise meet licensure requirements.

6 **SECTION 8.27.(h)** Credit for Work Successfully Completed. – If an initially licensed
7 lateral entry teacher leaves a local board of education with a LAPT program before completing the
8 program and is hired to teach by another local board of education in the State, that teacher shall
9 receive credit for any work successfully completed as part of the program.

10 **YEAR-ROUND SCHOOL DEFINITION**

11 **SECTION 8.28.(a)** G.S. 115C-84.2 is amended by adding a new subsection to read:

12 "(b1) For the purposes of this section, a "year-round school" is a multi-track school that
13 remains in session for the entire calendar year by utilizing at least one of the following plans:

- 14 (1) A plan that divides students into four groups and requires each to be in school
15 for three assigned and staggered quarters each school year.
16 (2) A plan that provides that students shall be scheduled to attend 45 days of
17 classes followed by 15 days of vacation repeated throughout the school year.
18 (3) A plan that divides the school year into five nine-week sessions of classes and
19 requires each student to attend four of the five nine-week sessions to complete
20 the school year."
21

22 **SECTION 8.28.(b)** This section applies beginning with the 2016-2017 school year.
23

24 **TEACHER ASSISTANT TUITION REIMBURSEMENT PILOT PROGRAM**

25 **SECTION 8.29.(a)** Purpose. – The purpose of this section is to establish a pilot
26 program for the local boards of education of the Anson County, Franklin County, Moore County,
27 Richmond County, and Scotland County school administrative units to provide tuition assistance
28 awards to part-time or full-time teacher assistants working in those local school administrative
29 units to pursue a college degree that will result in teacher licensure. Tuition assistance awards
30 under the program may be provided for part-time or full-time coursework. A local board of
31 education may grant a teacher assistant academic leave to pursue coursework that may only be
32 taken during working hours. A teacher assistant receiving an award under the program shall fulfill
33 the student teaching requirements of an educator preparation program by working in the teacher
34 assistant's employing local school administrative unit.

35 **SECTION 8.29.(b)** Selection of applicants. – Each local board of education
36 participating in the pilot program may select up to five teacher assistants to receive an award of up
37 to four thousand five hundred dollars (\$4,500) per academic year for a period of up to four years
38 to be used towards the cost of tuition and fees for a teacher assistant to attend an educator
39 preparation program at an institution of higher education. Priority for awards shall be given to a
40 teacher assistant who received a tuition assistance award for the previous academic year and who
41 is making satisfactory academic progress towards achieving teacher licensure. The local board of
42 education shall set criteria for the application and selection of teacher assistants to receive tuition
43 assistance awards that includes at least the following:

- 44 (1) The teacher assistant shall be employed by the local board of education in the
45 local school administrative unit.
46 (2) The teacher assistant shall be enrolled or provide a statement of intent to enroll
47 in an accredited institution of higher education in North Carolina with an
48 educator preparation program approved by the State Board of Education to
49 pursue teacher licensure.

- 1 (3) The teacher assistant shall be a resident of North Carolina. For purposes of this
2 subdivision, residency shall be determined by the same standard as residency
3 for tuition purposes pursuant to G.S. 116-143.1.

4 **SECTION 8.29.(c)** Endorsement of tuition assistance awards for recipients. – Each
5 local board of education participating in the pilot program shall enter into a memorandum of
6 understanding with the institution of higher education in which a recipient of a tuition assistance
7 award under this program is enrolled that includes procedures for at least the following:

- 8 (1) Remittance of the award from the local board of education to the institution of
9 higher education.
10 (2) Endorsement of the funds awarded to the recipient to the institution of higher
11 education for deposit into the account of the institution.
12 (3) Return of a pro rata share of funds to the local board of education in the event a
13 recipient (i) withdraws from the institution of higher education prior to the end
14 of a term or (ii) the recipient's employment with the local board of education is
15 terminated. The return of funds shall be consistent with procedures used by the
16 institution under federal Title IV programs.

17 **SECTION 8.29.(d)** The local boards of education participating in the pilot program
18 shall jointly report to the Joint Legislative Education Oversight Committee by September 1, 2017,
19 and by September 1 of each year thereafter on the results of the pilot program, including at least
20 the following information:

- 21 (1) The number and amount of funds in tuition assistance awards provided to
22 teacher assistants.
23 (2) The number of teacher assistant recipients who achieved teacher licensure,
24 including the period of time from the issue of an initial tuition assistance award
25 to the time of achieving licensure.
26 (3) The number of recipients who remained employed in the local school
27 administrative unit after achieving teacher licensure.
28

29 **USE OF DEPARTMENT OF PUBLIC INSTRUCTION BUDGET REDUCTIONS**

30 **SECTION 8.30.** Section 8.37 of S.L. 2015-241 is amended by adding a new
31 subsection to read:

32 "SECTION 8.37.(c) In implementing budget reductions for the 2016-2017 fiscal year, the
33 Department of Public Instruction shall do all of the following:

- 34 (1) In addition to the prohibition on a reduction to funding and positions for the
35 items listed in subsection (b) of this section, the Department shall make no
36 transfers from or reduction to funding or positions for the following:
37 a. The Excellent Public Schools Act, Read to Achieve Program, initially
38 established under Section 7A.1 of S.L. 2012-142.
39 b. The North Carolina School Connectivity Program.
40 (2) The Department shall transfer the sum of fifty thousand dollars (\$50,000) to the
41 Office of Administrative Hearings to be allocated to the Rules Review
42 Commission, created by G.S. 143B-30.1, to pay for any litigation costs incurred
43 in the defense of *North Carolina State Board of Education v. The State of North*
44 *Carolina and The Rules Review Commission, Wake County Superior Court,*
45 *File No. 14 CVS 14791 (filed November 7, 2014). These funds shall not revert*
46 *at the end of the 2016-2017 fiscal year but shall remain available during the*
47 *2017-2018 fiscal year for expenditure in accordance with the provisions of this*
48 *subdivision.*"
49

50 **REMEDATION PLAN FOR PRINCIPALS IN LOW-PERFORMING SCHOOLS**

51 **SECTION 8.31.(a)** G.S. 115C-105.39(a) reads as rewritten:

1 "(a) Within 30 days of the initial identification of a school as ~~low performing, whether by~~
2 ~~the local school administrative unit under G.S. 115C-105.37(a1) or low performing~~ by the State
3 Board under G.S. 115C-105.37(a), the superintendent shall take one of the following actions
4 concerning the school's principal: (i) recommend to the local board that the principal be retained in
5 the same position, (ii) recommend to the local board that the principal be retained in the same
6 position and a plan of remediation should be developed, (iii) recommend to the local board that the
7 principal be transferred, or (iv) proceed under G.S. 115C-325.4 to dismiss or demote the principal.
8 ~~The principal may be retained in the same position without a plan for remediation only if the~~
9 ~~principal was in that position for no more than two years before the school is identified as~~
10 ~~low performing. The superintendent may only recommend a principal be retained in the same~~
11 ~~position without a plan for remediation if the principal has been at the school for less than two~~
12 ~~years or, in the case of a principal having been at the school for two years or more, if the school~~
13 ~~has both met student growth and has improved student achievement scores under G.S. 115C-83.15~~
14 ~~for the prior school year.~~ The principal shall not be transferred to another principal position unless
15 (i) it is in a school classification in which the principal previously demonstrated at least 2 years of
16 success, (ii) there is a plan to evaluate and provide remediation to the principal for at least one
17 year following the transfer to assure the principal does not impede student performance at the
18 school to which the principal is being transferred; and (iii) the parents of the students at the school
19 to which the principal is being transferred are notified. The principal shall not be transferred to
20 another low-performing school in the local school administrative unit. If the superintendent
21 intends to recommend demotion or dismissal, the superintendent shall notify the local board.
22 Within 15 days of (i) receiving notification that the superintendent intends to proceed under
23 G.S. 115C-325.4 or (ii) its decision concerning the superintendent's recommendation, but no later
24 than September 30, the local board shall submit to the State Board a written notice of the action
25 taken and the basis for that action. If the State Board does not assign an assistance team to that
26 school or if the State Board assigns an assistance team to that school and the superintendent
27 proceeds under G.S. 115C-325.4 to dismiss or demote the principal, then the State Board shall
28 take no further action. If the State Board assigns an assistance team to the school and the
29 superintendent is not proceeding under G.S. 115C-325.4 to dismiss or demote the principal, then
30 the State Board shall vote to accept, reject, or modify the local board's recommendations. The
31 State Board shall notify the local board of its action within five days. If the State Board rejects or
32 modifies the local board's recommendations and does not recommend dismissal of the principal,
33 the State Board's notification shall include recommended action concerning the principal's
34 assignment or terms of employment. Upon receipt of the State Board's notification, the local board
35 shall implement the State Board's recommended action concerning the principal's assignment or
36 terms of employment unless the local board asks the State Board to reconsider that
37 recommendation. The State Board shall provide an opportunity for the local board to be heard
38 before the State Board acts on the local board's request for a reconsideration. The State Board shall
39 vote to affirm or modify its original recommended action and shall notify the local board of its
40 action within five days. Upon receipt of the State Board's notification, the local board shall
41 implement the State Board's final recommended action concerning the principal's assignment or
42 terms of employment. If the State Board rejects or modifies the local board's action and
43 recommends dismissal of the principal, the State Board shall proceed under G.S. 115C-325.12."

44 **SECTION 8.31.(b)** This section is effective beginning with the 2016-2017 school
45 year.

46
47 **SCHOOL NOTIFICATION REQUIREMENTS/TEACHER EMPLOYMENT/LICENSURE**
48 **CHANGES AND BEGINNING TEACHER SUPPORT**

49 **SECTION 8.32.(a)** State Board of Education Survey Notification. – G.S. 115C-12 is
50 amended by adding a new subdivision to read:

1 "(45) To provide notification of student and parent surveys. – The State Board of
2 Education shall provide written notification to the General Assembly in
3 accordance with G.S. 120-29.5 of its intent to conduct any mandatory student or
4 parent surveys in individual local school administrative units or on a statewide
5 basis, including a copy of the proposed survey. The Department of Public
6 Instruction shall also notify a superintendent of any plan to conduct a student or
7 parent survey in the local school administrative unit. The superintendent shall
8 be given a reasonable amount of time following notification to contact the
9 Department with feedback on the survey prior to the survey being conducted in
10 the local school administrative unit."

11 **SECTION 8.32.(b) Notification/Report on Testing Programs. – G.S. 115C-174.12**
12 reads as rewritten:

13 **"§ 115C-174.12. Responsibilities of agencies.**

14 ...

15 (c) Local boards of education shall cooperate with the State Board of Education in
16 implementing the provisions of this Article, including the regulations and policies established by
17 the State Board of Education. Local school administrative units shall use the annual tests to fulfill
18 the purposes set out in this Article. ~~Local school administrative units are encouraged to continue to~~
19 ~~develop local testing programs designed to diagnose student needs.~~

20 (d) By September 1 of each year, each local board of education shall notify the State Board
21 of Education of any local testing to be administered to students by the local school administrative
22 unit in its schools and the calendar for administering those tests. The local board of education shall
23 include information on the source of funds supporting the local testing program.

24 (e) By October 15 of each year, the State Board of Education shall submit a report to the
25 Joint Legislative Education Oversight Committee containing information regarding the statewide
26 administration of the testing program, including the number and type of tests and the testing
27 schedule, and a summary of any local testing programs reported by local boards of education to
28 the State Board of Education in accordance with subsection (d) of this section."

29 **SECTION 8.32.(c) Employment of Career and Technical Education Personnel. –**
30 **Article 10 of Chapter 115C of the General Statutes is amended by adding a new section to read:**

31 **"§ 115C-157.1 Adjunct CTE instructors.**

32 (a) Adjunct Hiring Criteria. – The State Board of Education shall develop minimum
33 criteria of relevant education or employment experience to qualify to contract as an adjunct
34 instructor in each career and technical education career cluster and shall make such criteria
35 available to local boards of education.

36 (b) Contracting with Adjunct Instructors. – Notwithstanding Article 20 and Part 3 of
37 Article 22 of this Chapter, a local board of education may contract with an individual to serve as
38 an adjunct instructor who meets the adjunct hiring criteria established by the State Board of
39 Education for a specific career and technical education career cluster. The local board of education
40 may contract with an adjunct instructor on an annual or semester basis, subject to the following
41 requirements:

- 42 (1) An adjunct instructor may be employed for no more than 10 hours per week.
- 43 (2) An adjunct instructor shall be subject to a criminal history check, to ensure that
44 the person has not been convicted of any crime listed in G.S. 115C-332.
- 45 (3) An adjunct instructor shall not be required to hold or apply for licensure as a
46 teacher.
- 47 (4) An adjunct instructor must complete preservice training in all of the following
48 areas prior to beginning instruction:
 - 49 a. The identification and education of children with disabilities.
 - 50 b. Positive management of student behavior.

1 c. Effective communication for defusing and deescalating disruptive or
2 dangerous behavior.

3 d. Safe and appropriate use of seclusion and restraint."

4 **SECTION 8.32.(d)** Continuing Teacher Licensure Standards. –
5 G.S. 115C-296(b)(1)b. reads as rewritten:

6 "b. The State Board of Education, in consultation with the Board of
7 Governors of The University of North Carolina, shall evaluate and
8 develop enhanced requirements for continuing licensure. The new
9 requirements shall reflect more rigorous standards for continuing
10 licensure and shall be aligned with high-quality professional
11 development programs that reflect State priorities for improving student
12 achievement. Standards for continuing licensure shall include the
13 following:

14 ...

15 4. For all teachers employed by a local board of education,
16 evidence of a rating of at least proficient on the most recent
17 annual evaluation to maintain the current license status. A
18 teacher that is unable to satisfy this requirement but has been
19 placed on a mandatory improvement plan may be eligible to
20 receive an initial degree license if that teacher satisfies all other
21 licensure requirements."

22 **SECTION 8.32.(e)** Out-of-State Licensure Applications. – G.S. 115C-296(b)(1) is
23 amended by adding a new sub-subdivision to read:

24 "d. Initial applications from an applicant with an out-of-state license shall
25 require the applicant to provide evidence of that teacher's effectiveness,
26 when available, as measured by the evaluation system used in that
27 applicant's state of current licensure at the time of application, including
28 any growth measures included in that evaluation system. Applications
29 that include the evidence of that teacher's effectiveness shall be
30 prioritized for review over initial applications from applicants with
31 out-of-state licenses that do not include that information. An individual
32 who does not include evidence of that teacher's effectiveness with the
33 initial application shall only be eligible for an initial degree license."

34 **SECTION 8.32.(f)** Mentor Teacher Requirements. – G.S. 115C-296(e) reads as
35 rewritten:

36 "(e) The State Board of Education shall develop a mentor program to provide ongoing
37 support for teachers entering the profession. In developing the mentor program, the State Board
38 shall conduct a comprehensive study of the needs of new teachers and how those needs can be met
39 through an orientation and mentor support program. For the purpose of helping local boards to
40 support new teachers, the State Board shall develop and distribute guidelines which address
41 optimum teaching load, extracurricular duties, student assignment, and other working condition
42 considerations. These guidelines shall provide that initially licensed teachers not be assigned
43 extracurricular activities unless they request the assignments in writing and that other
44 noninstructional duties of these teachers be minimized. The State Board shall develop and
45 coordinate a mentor teacher training program. The State Board shall develop criteria for selecting
46 excellent, experienced, and qualified teachers to be participants in the mentor teacher training
47 ~~program~~program, including requiring that mentor teachers have been rated, through formal
48 evaluations, at least at the "accomplished" level as part of the North Carolina Teacher Evaluation
49 System and have met expectations for student growth."

50 **SECTION 8.32.(g)** Field Experience for Educator Preparation Programs. –
51 G.S. 115C-296.11(b)(4) reads as rewritten:

1 "(4) Educator preparation programs shall require, in all programs leading to initial
2 licensure, field experiences in every semester that include organized and
3 sequenced engagement of students in settings that provide them with
4 opportunities to observe, practice, and demonstrate knowledge and skills. The
5 experiences shall be systematically designed and sequenced to increase the
6 complexity and levels of engagement with which students apply, reflect upon,
7 and expand their knowledge and ~~skills~~ skills and shall increase in each semester
8 prior to the student's residency or internship the number of hours spent in field
9 experiences. All programs shall include a field experience in a low-performing
10 school for at least one semester."

11 **SECTION 8.32.(h)** Beginning Teacher Evaluations in Low-Performing Schools. –
12 G.S. 115C-333(a) reads as rewritten:

13 "(a) Annual Evaluations; Low-Performing Schools. – Local school administrative units
14 shall evaluate at least once each year all licensed employees assigned to a school that has been
15 identified as low-performing. The evaluation shall occur early enough during the school year to
16 provide adequate time for the development and implementation of a mandatory improvement plan
17 if one is recommended under subsection (b) of this section. If the employee is a teacher with
18 career status as defined under G.S. 115C-325(a)(6), or a teacher as defined under
19 G.S. 115C-325.1(6), either the principal, the assistant principal who supervises the teacher, or an
20 assistance team assigned under G.S. 115C-105.38 shall conduct the evaluation. If the employee is
21 a school administrator as defined under G.S. 115C-287.1(a)(3), either the superintendent or the
22 superintendent's designee shall conduct the evaluation.

23 All teachers in low-performing schools who have been employed for less than three
24 consecutive years shall be observed at least three times annually by the principal or the principal's
25 designee and at least once annually by a teacher and shall be evaluated at least once annually by a
26 principal. All teachers in low-performing schools who have been licensed as a teacher for less than
27 two years shall be observed at least three times annually by the principal or the principal's
28 designee, at least once annually by a teacher, and at least once annually by a principal, and at least
29 two of those observations shall be conducted in the first semester of the school year, and if
30 practicable, at least one of those observations shall be conducted within the first grading period of
31 the school year. This section shall not be construed to limit the duties and authority of an
32 assistance team assigned to a low-performing school under G.S. 115C-105.38.

33 A local board shall use the performance standards and criteria adopted by the State Board and
34 may adopt additional evaluation criteria and standards. All other provisions of this section shall
35 apply if a local board uses an evaluation other than one adopted by the State Board."

36 **SECTION 8.32.(i)** Beginning Teacher Evaluations in All Other Schools. –
37 G.S. 115C-333.1(a) reads as rewritten:

38 "(a) Annual Evaluations. – All teachers who are assigned to schools that are not designated
39 as low-performing and who have not been employed for at least three consecutive years shall be
40 observed at least three times annually by the principal or the principal's designee and at least once
41 annually by a teacher and shall be evaluated at least once annually by a principal. All teachers who
42 are assigned to schools that are not designated as low-performing and who have been licensed as a
43 teacher for less than two years shall be observed at least three times annually by the principal or
44 the principal's designee, at least once annually by a teacher, and at least once annually by a
45 principal, and at least two of those observations shall be conducted in the first semester of the
46 school year, and if practicable, at least one of those observations shall be conducted within the first
47 grading period of the school year. All teachers with career status or on a four-year contract who
48 are assigned to schools that are not designated as low-performing shall be evaluated annually
49 unless a local board adopts rules that allow teachers with career status or on a four-year contract to
50 be evaluated more or less frequently, provided that such rules are not inconsistent with State or
51 federal requirements. Local boards also may adopt rules requiring the annual evaluation of

1 nonlicensed employees. A local board shall use the performance standards and criteria adopted by
 2 the State Board and may adopt additional evaluation criteria and standards. All other provisions of
 3 this section shall apply if a local board uses an evaluation other than one adopted by the State
 4 Board."

5 **SECTION 8.32.(j)** This section applies beginning with the 2016-2017 school year.

6
 7 **K-3 CLASS SIZE ALLOTMENT RATIOS**

8 **SECTION 8.33.(a)** G.S. 115C-301(c) reads as rewritten:

9 "(c) Maximum Class Size for Kindergarten Through Third Grade. – The average class size
 10 for kindergarten through third grade in a local school administrative unit shall at no time exceed
 11 the funded allotment ratio of teachers to students in kindergarten through third grade. At the end of
 12 the second school month and for the remainder of the school year, the size of an individual class in
 13 kindergarten through third grade shall not exceed the allotment ratio by more than three students.
 14 The funded class size allotment ratio for kindergarten through third grade shall be as follows:

- 15 (1) For kindergarten, one teacher per 18 students.
- 16 (2) For first grade, one teacher per 16 students.
- 17 (3) For second grade, one teacher per 16 students.
- 18 (4) For third grade, one teacher per 17 students.

19 In grades four through 12, local school administrative units shall have the maximum flexibility
 20 to use allotted teacher positions to maximize student achievement."

21 **SECTION 8.33.(b)** Notwithstanding G.S. 115C-301, as amended by this section, and
 22 any other provision of law, for the 2016-2017 school year, class size requirements in kindergarten
 23 through third grade shall remain unchanged. The class size requirements set forth in
 24 G.S. 115C-301 shall apply beginning with the 2017-2018 school year.

25
 26 **PART IX. COMPENSATION OF PUBLIC SCHOOL EMPLOYEES**

27
 28 **TEACHER SALARY SCHEDULE**

29 **SECTION 9.1.(a)** The following monthly teacher salary schedule shall apply for the
 30 2016-2017 fiscal year to licensed personnel of the public schools who are classified as teachers.
 31 The salary schedule is based on years of teaching experience.

32 **2016-2017 Teacher Monthly Salary Schedule**

33 Years of Experience	"A" Teachers
34 0	\$3,500
35 1	\$3,550
36 2	\$3,600
37 3	\$3,650
38 4	\$3,700
39 5	\$3,825
40 6	\$3,875
41 7	\$3,925
42 8	\$3,975
43 9	\$4,025
44 10	\$4,250
45 11	\$4,300
46 12	\$4,350
47 13	\$4,400
48 14	\$4,450
49 15-19	\$4,675
50 20-24	\$4,825
51 25+	\$5,000

SECTION 9.1.(b) Salary Supplements for Teachers Paid on This Salary Schedule. –

- (1) Licensed teachers who have NBPTS certification shall receive a salary supplement each month of twelve percent (12%) of their monthly salary on the "A" salary schedule.
- (2) Licensed teachers who are classified as "M" teachers shall receive a salary supplement each month of ten percent (10%) of their monthly salary on the "A" salary schedule.
- (3) Licensed teachers with licensure based on academic preparation at the six-year degree level shall receive a salary supplement of one hundred twenty-six dollars (\$126.00) per month in addition to the supplement provided to them as "M" teachers.
- (4) Licensed teachers with licensure based on academic preparation at the doctoral degree level shall receive a salary supplement of two hundred fifty-three dollars (\$253.00) per month in addition to the supplement provided to them as "M" teachers.
- (5) Certified school nurses shall receive a salary supplement each month of ten percent (10%) of their monthly salary on the "A" salary schedule.

SECTION 9.1.(c) The first step of the salary schedule for (i) school psychologists, (ii) school speech pathologists who are licensed as speech pathologists at the master's degree level or higher, and (iii) school audiologists who are licensed as audiologists at the master's degree level or higher shall be equivalent to sixth step of the "A" salary schedule. These employees shall receive a salary supplement each month of ten percent (10%) of their monthly salary and are eligible to receive salary supplements equivalent to those of teachers for academic preparation at the six-year degree level or the doctoral degree level.

SECTION 9.1.(d) The twenty-sixth step of the salary schedule for (i) school psychologists, (ii) school speech pathologists who are licensed as speech pathologists at the master's degree level or higher, and (iii) school audiologists who are licensed as audiologists at the master's degree level or higher shall be seven and one-half percent (7.5%) higher than the salary received by these same employees on the twenty-fifth step of the salary schedule.

SECTION 9.1.(e) Beginning with the 2014-2015 fiscal year, in lieu of providing annual longevity payments to teachers paid on the teacher salary schedule, the amounts of those longevity payments are included in the monthly amounts under the teacher salary schedule.

SECTION 9.1.(f) A teacher compensated in accordance with this salary schedule for the 2016-2017 school year shall receive an amount equal to the greater of the following:

- (1) The applicable amount on the salary schedule for the applicable school year.
- (2) For teachers who were eligible for longevity for the 2013-2014 school year, the sum of the following:
 - a. The teacher's salary provided in S.L. 2013-360, Section 35.11.
 - b. The longevity that the teacher would have received under the longevity system in effect for the 2013-2014 school year provided in S.L. 2013-360, Section 35.11, based on the teacher's current years of service.
 - c. The annual bonus provided in S.L. 2014-100, Section 9.1(e).
- (3) For teachers who were not eligible for longevity for the 2013-2014 school year, the sum of the teacher's salary and annual bonus provided in S.L. 2014-100, Section 9.1.

SECTION 9.1.(g) As used in this section, the term "teacher" shall also include instructional support personnel.

SECTION 9.1.(h) Section 9.1 of S.L. 2015-241 is repealed.

SECTION 9.1.(i) It is the intent of the General Assembly to implement the following base monthly teacher salary schedule for the 2017-2018 fiscal year to licensed personnel of the

1 public schools who are classified as teachers. The salary schedule will be based on years of
 2 teaching experience.

3 **2017-2018 Teacher Monthly Salary Schedule**

4 **Years of Experience "A" Teachers**

5	0	\$3,500
6	1	\$3,600
7	2	\$3,700
8	3	\$3,800
9	4	\$3,900
10	5	\$4,000
11	6	\$4,100
12	7	\$4,200
13	8	\$4,300
14	9	\$4,400
15	10	\$4,500
16	11	\$4,600
17	12	\$4,700
18	13	\$4,800
19	14	\$4,900
20	15+	\$5,000

21
 22 **SCHOOL-BASED ADMINISTRATOR SALARY SCHEDULE**

23 **SECTION 9.2.(a)** The following monthly base salary schedule for school-based
 24 administrators shall apply only to principals and assistant principals. This base salary schedule
 25 shall apply for the 2016-2017 fiscal year commencing July 1, 2016.

26 **2016-2017 Principal and Assistant Principal Salary Schedules**

27	Classification					
28	Years of Exp	Assistant	Prin I	Prin II	Prin III	Prin IV
29		Principal	(0-10)	(11-21)	(22-32)	(33-43)
30	0-9	\$3,909	-	-	-	-
31	10	\$3,977	-	-	-	-
32	11	\$4,123	-	-	-	-
33	12	\$4,240	-	-	-	-
34	13	\$4,323	\$4,323	-	-	-
35	14	\$4,377	\$4,377	-	-	-
36	15	\$4,434	\$4,434	\$4,489	-	-
37	16	\$4,489	\$4,489	\$4,547	-	-
38	17	\$4,547	\$4,547	\$4,606	\$4,665	-
39	18	\$4,606	\$4,606	\$4,665	\$4,726	\$4,788
40	19	\$4,665	\$4,665	\$4,726	\$4,788	\$4,851
41	20	\$4,726	\$4,726	\$4,788	\$4,851	\$4,918
42	21	\$4,788	\$4,788	\$4,851	\$4,918	\$4,983
43	22	\$4,851	\$4,851	\$4,918	\$4,983	\$5,050
44	23	\$4,918	\$4,918	\$4,983	\$5,050	\$5,119
45	24	\$4,983	\$4,983	\$5,050	\$5,119	\$5,188
46	25	\$5,050	\$5,050	\$5,119	\$5,188	\$5,263
47	26	\$5,119	\$5,119	\$5,188	\$5,263	\$5,335
48	27	\$5,188	\$5,188	\$5,263	\$5,335	\$5,409
49	28	\$5,263	\$5,263	\$5,335	\$5,409	\$5,483
50	29	\$5,335	\$5,335	\$5,409	\$5,483	\$5,561
51	30	\$5,409	\$5,409	\$5,483	\$5,561	\$5,641

1	31	\$5,483	\$5,483	\$5,561	\$5,641	\$5,722
2	32	\$5,561	\$5,561	\$5,641	\$5,722	\$5,794
3	33	\$5,641	\$5,641	\$5,722	\$5,794	\$5,909
4	34	\$5,722	\$5,722	\$5,794	\$5,909	\$6,027
5	35	\$5,794	\$5,794	\$5,909	\$6,027	\$6,148
6	36	\$5,909	\$5,909	\$6,027	\$6,148	\$6,271
7	37	-	\$6,027	\$6,148	\$6,271	\$6,396
8	38	-	-	\$6,271	\$6,396	\$6,524
9	39	-	-	\$6,396	\$6,524	\$6,654
10	40	-	-	-	\$6,654	\$6,787
11	41	-	-	-	\$6,787	\$6,923
12	42	-	-	-	-	\$7,061

2016-2017 Principal and Assistant Principal Salary Schedules

		Classification			
Years of Exp	Prin V (44-54)	Prin VI (55-65)	Prin VII (66-100)	Prin VIII (101+)	
17	0-19	\$4,918	-	-	-
18	20	\$4,983	-	-	-
19	21	\$5,050	\$5,119	-	-
20	22	\$5,119	\$5,188	\$5,335	-
21	23	\$5,188	\$5,263	\$5,409	\$5,483
22	24	\$5,263	\$5,335	\$5,483	\$5,561
23	25	\$5,335	\$5,409	\$5,561	\$5,641
24	26	\$5,409	\$5,483	\$5,641	\$5,722
25	27	\$5,483	\$5,561	\$5,722	\$5,794
26	28	\$5,561	\$5,641	\$5,794	\$5,909
27	29	\$5,641	\$5,722	\$5,909	\$6,027
28	30	\$5,722	\$5,794	\$6,027	\$6,148
29	31	\$5,794	\$5,909	\$6,148	\$6,271
30	32	\$5,909	\$6,027	\$6,271	\$6,396
31	33	\$6,027	\$6,148	\$6,396	\$6,524
32	34	\$6,148	\$6,271	\$6,524	\$6,654
33	35	\$6,271	\$6,396	\$6,654	\$6,787
34	36	\$6,396	\$6,524	\$6,787	\$6,923
35	37	\$6,524	\$6,654	\$6,923	\$7,061
36	38	\$6,654	\$6,787	\$7,061	\$7,202
37	39	\$6,787	\$6,923	\$7,202	\$7,346
38	40	\$6,923	\$7,061	\$7,346	\$7,493
39	41	\$7,061	\$7,202	\$7,493	\$7,643
40	42	\$7,202	\$7,346	\$7,643	\$7,796
41	43	\$7,346	\$7,493	\$7,796	\$7,952
42	44	-	\$7,643	\$7,952	\$8,111
43	45	-	\$7,796	\$8,111	\$8,273
44	46+	-	-	\$8,273	\$8,438

SECTION 9.2.(b) The appropriate classification for placement of principals and assistant principals on the salary schedule, except for principals in alternative schools and in cooperative innovative high schools, shall be determined in accordance with the following schedule:

Classification	Number of Teachers Supervised
Assistant Principal	
Principal I	Fewer than 11 Teachers

1	Principal II	11-21 Teachers
2	Principal III	22-32 Teachers
3	Principal IV	33-43 Teachers
4	Principal V	44-54 Teachers
5	Principal VI	55-65 Teachers
6	Principal VII	66-100 Teachers
7	Principal VIII	More than 100 Teachers

8 The number of teachers supervised includes teachers and assistant principals paid from
9 State funds only; it does not include teachers or assistant principals paid from non-State funds or
10 the principal or teacher assistants.

11 The beginning classification for principals in alternative schools and in cooperative
12 innovative high school programs shall be the Principal III level. Principals in alternative schools
13 who supervise 33 or more teachers shall be classified according to the number of teachers
14 supervised.

15 **SECTION 9.2.(c)** A principal shall be placed on the step on the salary schedule that
16 reflects the total number of years of experience as a certified employee of the public schools and
17 an additional step for every three years of experience serving as a principal on or before June 30,
18 2009. A principal or assistant principal shall also continue to receive any additional State-funded
19 percentage increases earned for the 1997-1998, 1998-1999, and 1999-2000 school years for
20 improvement in student performance or maintaining a safe and orderly school.

21 **SECTION 9.2.(d)** Principals and assistant principals with certification based on
22 academic preparation at the six-year degree level shall be paid a salary supplement of one hundred
23 twenty-six dollars (\$126.00) per month and at the doctoral degree level shall be paid a salary
24 supplement of two hundred fifty-three dollars (\$253.00) per month.

25 **SECTION 9.2.(e)** Longevity pay for principals and assistant principals shall be as
26 provided for State employees under the North Carolina Human Resources Act.

27 **SECTION 9.2.(f)** If a principal is reassigned to a higher job classification because the
28 principal is transferred to a school within a local school administrative unit with a larger number
29 of State-allotted teachers, the principal shall be placed on the salary schedule as if the principal
30 had served the principal's entire career as a principal at the higher job classification.

31 If a principal is reassigned to a lower job classification because the principal is
32 transferred to a school within a local school administrative unit with a smaller number of
33 State-allotted teachers, the principal shall be placed on the salary schedule as if the principal had
34 served the principal's entire career as a principal at the lower job classification.

35 This subsection applies to all transfers on or after the effective date of this section,
36 except transfers in school systems that have been created, or will be created, by merging two or
37 more school systems. Transfers in these merged systems are exempt from the provisions of this
38 subsection for one calendar year following the date of the merger.

39 **SECTION 9.2.(g)** Participants in an approved full-time master's in-school
40 administration program shall receive up to a 10-month stipend at the beginning salary of an
41 assistant principal during the internship period of the master's program. The stipend shall not
42 exceed the difference between the beginning salary of an assistant principal plus the cost of
43 tuition, fees, and books and any fellowship funds received by the intern as a full-time student,
44 including awards of the Principal Fellows Program. The Principal Fellows Program or the school
45 of education where the intern participates in a full-time master's in-school administration program
46 shall supply the Department of Public Instruction with certification of eligible full-time interns.

47 **SECTION 9.2.(h)** During the 2016-2017 fiscal year, the placement on the salary
48 schedule of an administrator with a one-year provisional assistant principal's certificate shall be at
49 the entry-level salary for an assistant principal or the appropriate step on the teacher salary
50 schedule, whichever is higher.

1 **SECTION 9.2.(i)** All principals employed on September 1, 2016, regardless of source
2 of funding for compensation, shall receive a one-time, lump-sum compensation bonus of two
3 thousand dollars (\$2,000), payable in January of 2017. All assistant principals employed on
4 September 1, 2016, regardless of source of funding for compensation, shall receive a one-time,
5 lump-sum compensation bonus of five hundred dollars (\$500.00), payable in January of 2017.

6 Notwithstanding G.S. 135-1(7a), the compensation bonuses awarded by this subsection
7 are not compensation under Article 1 of Chapter 135 of the General Statutes, the Teachers' and
8 Employees' Retirement System.

9 **SECTION 9.2.(j)** Section 9.2 of S.L. 2015-241 is repealed.

10
11 **NO PAY LOSS FOR BREAK IN SERVICE OR FOR TEACHERS WHO BECOME**
12 **PRINCIPALS**

13 **SECTION 9.3.(a)** G.S. 115C-285(a) reads as rewritten:

14 **"§ 115C-285. Salary.**

15 (a) Principals and supervisors shall be paid promptly when their salaries are due provided
16 the legal requirements for their employment and service have been met. All principals and
17 supervisors employed by any local school administrative unit who are to be paid from local funds
18 shall be paid promptly as provided by law and as state-allotted principals and supervisors are paid.

19 Principals and supervisors paid from State funds shall be paid as follows:

20 ...
21 (8) A teacher who becomes an assistant principal ~~without a break in service~~ shall
22 be paid, on a monthly basis, at least as much as he or she would earn as a
23 teacher employed by that local school administrative unit.

24 (8a) A teacher who becomes a principal shall be paid on a monthly basis, at least as
25 much as he or she would earn as a teacher employed by that local school
26 administrative unit.

27 (9) An assistant principal who becomes a principal ~~without a break in service~~ shall
28 be paid, on a monthly basis, at least as much as he or she would earn as an
29 assistant principal employed by that local school administrative unit."

30 **SECTION 9.3.(b)** Subsection (a) of this section shall not be construed to modify the
31 compensation of persons initially employed as principals or assistant principals prior to July 1,
32 2016, for work performed prior to July 1, 2016.

33
34 **JOINT LEGISLATIVE STUDY COMMITTEE ON SCHOOL-BASED ADMINISTRATOR**
35 **PAY**

36 **SECTION 9.4.(a)** There is established the Joint Legislative Study Committee on
37 School-Based Administrator Pay (Committee). The Committee shall consist of three members of
38 the Senate appointed by the President Pro Tempore of the Senate and three members of the House
39 of Representatives appointed by the Speaker of the House of Representatives. The President Pro
40 Tempore and the Speaker of the House of Representatives shall each appoint a cochair of the
41 Committee from among its membership. The Committee and the terms of the members shall
42 expire when the Committee submits a final report to the General Assembly. Members shall serve
43 at the pleasure of the appointing officer.

44 **SECTION 9.4.(b)** The Committee shall study and make recommendations on the
45 following:

46 (1) The feasibility of revising the school-based administrator salary schedule,
47 including principal and assistant principal pay, and whether revisions are
48 needed.

49 (2) The process of recruiting and retaining principals in North Carolina as
50 compared with the process of recruiting and retaining executives in other
51 professions.

(3) Strategies for recruiting and retaining the most qualified principals in low-performing and hard-to-staff schools.

(4) Any other issue the Committee considers relevant to this study.

SECTION 9.4.(c) The Committee shall meet upon the call of its cochairs. A quorum of the Committee is a majority of its members. No action may be taken except by a majority vote at a meeting at which a quorum is present. The Committee, while in the discharge of its official duties, may exercise all powers provided for under G.S. 120-19 and Article 5A of Chapter 120 of the General Statutes. The Committee may contract for professional, clerical, or consultant services, as provided by G.S. 120-32.02. Members of the Committee shall receive per diem, subsistence, and travel allowance as provided in G.S. 120-3.1. The expenses of the Committee shall be considered expenses incurred for the joint operation of the General Assembly.

SECTION 9.4.(d) The Legislative Services Officer shall assign professional and clerical staff to assist the Committee in its work. The Director of Legislative Assistants of the House of Representatives and the Director of Legislative Assistants of the Senate shall assign clerical support staff to the Committee.

SECTION 9.4.(e) The Committee shall submit a final report on the results of its study, including any proposed legislation, to the members of the Senate and the House of Representatives on or before December 31, 2016, by filing a copy of the report with the Office of the President Pro Tempore of the Senate, the Office of the Speaker of the House of Representatives, the Joint Legislative Education Oversight Committee, and the Legislative Library. The Committee shall terminate on December 31, 2016, or upon the filing of its final report, whichever occurs first.

CENTRAL OFFICE SALARIES

SECTION 9.5.(a) The following minimum monthly salaries apply to assistant superintendents, associate superintendents, directors/coordinators, supervisors, and finance officers for the 2016-2017 fiscal year, beginning July 1, 2016:

School Administrator I	\$ 3,391
School Administrator II	\$ 3,592
School Administrator III	\$ 3,811
School Administrator IV	\$ 3,962
School Administrator V	\$ 4,120
School Administrator VI	\$ 4,368
School Administrator VII	\$ 4,542

The local board of education shall determine the appropriate category and placement for each assistant superintendent, associate superintendent, director/coordinator, supervisor, or finance officer within the salary ranges and within funds appropriated by the General Assembly for central office administrators and superintendents. The category in which an employee is placed shall be included in the contract of any employee.

SECTION 9.5.(b) The monthly salary ranges for public school superintendents shall remain unchanged for the 2016-2017 fiscal year, as follows:

Superintendent I	\$ 4,819	\$ 8,991
Superintendent II	\$ 5,113	\$ 9,532
Superintendent III	\$ 5,422	\$ 10,109
Superintendent IV	\$ 5,752	\$ 10,721
Superintendent V	\$ 6,102	\$ 11,372

The local board of education shall determine the appropriate category and placement for the superintendent based on the average daily membership of the local school administrative unit and within funds appropriated by the General Assembly for central office administrators and superintendents.

1 **SECTION 9.5.(c)** Longevity pay for superintendents, assistant superintendents,
2 associate superintendents, directors/coordinators, supervisors, and finance officers shall be as
3 provided for State employees under the State Personnel Act.

4 **SECTION 9.5.(d)** Superintendents, assistant superintendents, associate
5 superintendents, directors/coordinators, supervisors, and finance officers with certification based
6 on academic preparation at the six-year degree level shall receive a salary supplement of one
7 hundred twenty-six dollars (\$126.00) per month in addition to the compensation provided pursuant
8 to this section. Superintendents, assistant superintendents, associate superintendents,
9 directors/coordinators, supervisors, and finance officers with certification based on academic
10 preparation at the doctoral degree level shall receive a salary supplement of two hundred
11 fifty-three dollars (\$253.00) per month in addition to the compensation provided for under this
12 section.

13 **SECTION 9.5.(e)** The State Board of Education shall not permit local school
14 administrative units to transfer State funds from other funding categories for salaries for public
15 school central office administrators.

16 **SECTION 9.5.(f)** For the 2016-2017 fiscal year, the salaries of central office
17 personnel of the local board of education except superintendents are eligible to be increased in
18 accordance with the provisions of Part 36 of this act.

19 **SECTION 9.5.(g)** Section 9.3 of S.L. 2015-241 is repealed.
20

21 **NONCERTIFIED PERSONNEL SALARIES**

22 **SECTION 9.6.(a)** For the 2016-2017 fiscal year, the salaries of noncertified personnel
23 of the local board of education are eligible to be increased in accordance with the provisions of
24 Part 36 of this act.

25 **SECTION 9.6.(b)** Section 9.4 of S.L. 2015-241 is repealed.
26

27 **THIRD GRADE READING TEACHER PERFORMANCE PILOT PROGRAM**

28 **SECTION 9.7.(a)** The State Board of Education shall establish the Third Grade
29 Reading Teacher Performance Pilot Program to reward teacher performance and encourage
30 student learning and improvement. To attain this goal, the Department of Public Instruction shall
31 administer bonus pay to licensed third grade teachers who have an Education Value-Added
32 Assessment System (EVAAS) student growth index score for third grade reading from the
33 previous school year, beginning with the data from the 2015-2016 school year, as follows:

- 34 (1) Of the funds appropriated for this program, five million dollars (\$5,000,000)
35 shall be allocated for bonuses to licensed third grade teachers who are in the top
36 twenty-five percent (25%) of teachers in the State according to the EVAAS
37 student growth index score for third grade reading from the previous year.
38 These funds shall be allocated equally among qualifying teachers.
- 39 (2) Of the funds appropriated for this program, five million dollars (\$5,000,000)
40 shall be allocated to pay bonuses to licensed third grade teachers who are in the
41 top twenty-five percent (25%) of teachers in their respective local school
42 administrative units according to the EVAAS student growth index score for
43 third grade reading from the previous year. These funds shall be split
44 proportionally based on average daily membership for each local school
45 administrative unit and then distributed equally among qualifying teachers in
46 each local school administrative unit, subject to the following conditions:
- 47 a. Teachers employed in charter schools and regional schools are not
48 eligible to receive a bonus under this subdivision.
- 49 b. Any teacher working in a local school administrative unit that employs
50 three or fewer third grade teachers shall receive a bonus under this
51 subdivision if that teacher has an EVAAS student growth index score

- 1 for third grade reading from the previous school year that exceeds
 2 expected growth.
- 3 (3) For EVAAS student growth index score data collected during the 2015-2016
 4 school year and the 2016-2017 school year, bonuses awarded pursuant to
 5 subdivisions (1) and (2) of this subsection are payable in January of 2017 and
 6 January of 2018, respectively, to qualifying third grade teachers who remain
 7 employed teaching third grade in the same local school administrative unit at
 8 least from the school year the data is collected until the corresponding school
 9 year that the bonus is paid.
- 10 (4) A teacher who is eligible to receive a bonus under both subdivisions (1) and (2)
 11 of this subsection shall receive both bonuses.

12 **SECTION 9.7.(b)** Notwithstanding G.S. 135-1(7a), the compensation bonuses
 13 awarded by this section are not compensation under Article 1 of Chapter 135 of the General
 14 Statutes, the Teachers' and State Employees' Retirement System.

15 **SECTION 9.7.(c)** The State Board of Education shall report on and study the Third
 16 Grade Reading Teacher Performance Pilot Program (Program) as follows:

- 17 (1) The State Board of Education shall report on the distribution of statewide
 18 bonuses as among local school administrative units and the distribution of
 19 bonuses within local school administrative units as among individual schools to
 20 the President Pro Tempore of the Senate, the Speaker of the House of
 21 Representatives, and the Fiscal Research Division on March 1, 2017, and again
 22 on March 1, 2018.
- 23 (2) The State Board of Education shall study the effect of the Program on teacher
 24 performance and retention. The State Board of Education shall report the results
 25 of its findings to the President Pro Tempore of the Senate, the Speaker of the
 26 House of Representatives, the Fiscal Research Division, and the Joint
 27 Legislative Education Oversight Committee no later than March 1, 2018.

28 **SECTION 9.7.(d)** This section expires June 30, 2018.

30 PART X. COMMUNITY COLLEGES

32 UPDATE PERFORMANCE MEASURES

33 **SECTION 10.1.** G.S. 115D-31.3 reads as rewritten:

34 **"§ 115D-31.3. Institutional performance accountability.**

35 ...

36 (e) **Mandatory Performance Measures.** – The State Board of Community Colleges shall
 37 evaluate each college on the following ~~eight~~ performance measures:

- 38 (1) Progress of basic skills students.
- 39 (2) ~~Attainment of adult high school equivalency diplomas by students.~~
- 40 (3) Performance of students who transfer to a four-year institution.
- 41 (3a) Success rate of students in credit-bearing English courses.
- 42 (3b) Success rate of students in credit-bearing Math courses.
- 43 (4) ~~Success of developmental students in subsequent college-level English courses.~~
- 44 (5) ~~Success of developmental students in subsequent college-level math courses.~~
- 45 (5a) Progress of first-year curriculum students.
- 46 (6) Repealed by Session Laws 2012-142, s. 8.5, effective July 1, 2012.
- 47 (7) Curriculum student retention and graduation.
- 48 (8) Repealed by Session Laws 2012-142, s. 8.5, effective July 1, 2012.
- 49 (9) Attainment of licensure and certifications by students.

50 The State Board may also evaluate each college on additional performance measures.

1 (f) Publication of Performance Ratings. – Each college shall publish its performance on
 2 the ~~eight~~ measures set out in subsection (e) of this section (i) annually in its electronic catalog or
 3 on the Internet and (ii) in its printed catalog each time the catalog is reprinted.

4 The Community Colleges System Office shall publish the performance of all colleges on all
 5 ~~eight~~ measures.

6 (g) Recognition of Successful Institutional Performance. – For the purpose of recognition
 7 of successful institutional performance, the State Board of Community Colleges shall evaluate
 8 each college on the ~~eight~~ performance measures set out in subsection (e) of this section. Subject to
 9 the availability of funds, the State Board may allocate funds among colleges based on the
 10 evaluation of each institution's performance, including at least the following components:

11 (1) Program quality evaluated by determining a college's rate of student success on
 12 each measure as compared to a systemwide performance baseline and goal.

13 (2) Program impact on student outcomes evaluated by the number of students
 14 succeeding on each measure.

15"

17 YOUTH APPRENTICESHIP TUITION WAIVER

18 SECTION 10.3.(a) G.S. 115D-5(b) reads as rewritten:

19 "(b) In order to make instruction as accessible as possible to all citizens, the teaching of
 20 curricular courses and of noncurricular extension courses at convenient locations away from
 21 institution campuses as well as on campuses is authorized and shall be encouraged. A pro rata
 22 portion of the established regular tuition rate charged a full-time student shall be charged a
 23 part-time student taking any curriculum course. In lieu of any tuition charge, the State Board of
 24 Community Colleges shall establish a uniform registration fee, or a schedule of uniform
 25 registration fees, to be charged students enrolling in extension courses for which instruction is
 26 financed primarily from State funds. The State Board of Community Colleges may provide by
 27 general and uniform regulations for waiver of tuition and registration fees for the following:

28 ...

29 (16) Courses provided to students who are participating in an apprenticeship
 30 program that meets all of the following criteria:

31 a. Is a registered apprenticeship program recognized by the United States
 32 Department of Labor.

33 b. Has a documented plan of study with courses relating to a job-specific
 34 occupational or technical skill.

35 c. Requires the participants in the program to be high school students
 36 when entering the program.

37 The State Board of Community Colleges shall not waive tuition and registration fees for other
 38 individuals."

39 SECTION 10.3.(b) This section applies beginning with the fall 2016 academic term.

41 TUITION WAIVER/FIREFIGHTERS AND EMS PERSONNEL ON MILITARY 42 INSTALLATIONS

43 SECTION 10.4.(a) G.S. 115D-5(b) is amended by adding a new subdivision to read:

44 "(b) In order to make instruction as accessible as possible to all citizens, the teaching of
 45 curricular courses and of noncurricular extension courses at convenient locations away from
 46 institution campuses as well as on campuses is authorized and shall be encouraged. A pro rata
 47 portion of the established regular tuition rate charged a full-time student shall be charged a
 48 part-time student taking any curriculum course. In lieu of any tuition charge, the State Board of
 49 Community Colleges shall establish a uniform registration fee, or a schedule of uniform
 50 registration fees, to be charged students enrolling in extension courses for which instruction is

1 financed primarily from State funds. The State Board of Community Colleges may provide by
2 general and uniform regulations for waiver of tuition and registration fees for the following:

3 ...

4 (2a) Firefighters, EMS personnel, and rescue and lifesaving personnel whose
5 permanent duty station is within North Carolina for courses that support their
6 organizations' training needs and are approved for this purpose by the State
7 Board of Community Colleges.

8 ...

9 The State Board of Community Colleges shall not waive tuition and registration fees for other
10 individuals."

11 **SECTION 10.4.(b)** G.S. 115D-39(a1) reads as rewritten:

12 "(a1) In addition, federal law enforcement officers, firefighters, EMS personnel, and rescue
13 and lifesaving personnel whose permanent duty station is within North Carolina and who do not
14 otherwise qualify for tuition waivers under G.S. 115D-5(b)(2a) shall also be eligible for the State
15 resident community college tuition rate for courses that support their organizations' training needs
16 and are approved for this purpose by the State Board of Community Colleges."

17 **SECTION 10.4.(c)** This section applies beginning with the 2016 fall academic term.

18 **CLARIFY CAREER- AND COLLEGE-READY GRADUATE PROGRAM**

19 **SECTION 10.5.** Section 10.13 of S.L. 2015-241 reads as rewritten:

20 **"CAREER- AND COLLEGE-READY GRADUATES**

21 **"SECTION 10.13.(a)** The State Board of Community Colleges, in consultation with the State
22 Board of Education, shall develop a program for implementation beginning with model programs
23 in the 2016-2017 school year that introduces the college developmental mathematics and
24 developmental reading and English curriculums in the high school senior year and provides
25 opportunities for college remediation for students prior to high school graduation through
26 cooperation with community college partners. The program shall be fully implemented in all high
27 schools statewide beginning with the 2018-2019 school year. Students who are enrolled in the
28 Occupational Course of Study to receive their high school diplomas shall not be required to
29 participate in the program or be required to take mandatory remedial courses as provided for in
30 this section, unless a parent specifically requests through the individualized education program
31 (IEP) process that the student participates. The program shall require the following:

- 32 (1) Establishment by the State Board of Community Colleges of measures for
33 determining student readiness and preparation for college coursework by using
34 ACT scores, student grade point averages, or other measures currently used by
35 the State Board of Community Colleges to determine college readiness for
36 entering students.
- 37 (2) Changes in curriculum, policy, and rules as needed by the State Board of
38 Community Colleges and State Board of Education to make remedial courses
39 mandatory for students who do not meet readiness indicators by their junior
40 year to ensure college readiness prior to high school graduation. These changes
41 shall include the flexibility for students to fulfill senior mathematics and
42 English graduation requirements through enrollment in mandatory remedial
43 courses or to enroll in those courses as electives.
- 44 (3) High schools to use curriculum approved by the State Board of Community
45 Colleges, in consultation with the State Board of Education.
- 46 (4) Determinations by the State Board of Community Colleges on the following:
 - 47 a. Appropriate measures of successful completion of the remedial courses
48 to ensure students are prepared for coursework at a North Carolina
49 community college without need for further remediation in mathematics
50 or reading and English.

- 1 b. The length of time following high school graduation in which a student
2 who successfully completed high school remedial courses will not be
3 required to enroll in developmental courses at a North Carolina
4 community college.
- 5 (5) Delivery of remedial courses by high school faculty consistent with policies
6 adopted by the State Board of Community Colleges and the State Board of
7 Education. The policies shall include, at a minimum, the following
8 requirements:
- 9 a. High school faculty teaching the approved remedial courses must
10 successfully complete training requirements as determined by the State
11 Board of Community Colleges, in consultation with the State Board of
12 Education.
- 13 b. The North Carolina Community College System shall provide oversight
14 of the remedial courses to ensure appropriate instructional delivery.

15 **"SECTION 10.13.(b)** The State Board of Community Colleges and the State Board of
16 Education shall report on progress of implementation of the program statewide, including the
17 requirements in subsection (a) of this section, to the Joint Legislative Education Oversight
18 Committee no later than March 15, 2016. The State Board of Community Colleges and the State
19 Board of Education shall jointly report to the Joint Legislative Education Oversight Committee as
20 follows:

- 21 (1) No later than March 15, 2017, on the outcomes of model programs
22 implemented in the 2016-2017 school year and suggested statutory changes to
23 ensure successful implementation of the program statewide.
- 24 (2) No later than March 15, 2018, on implementation and professional
25 development efforts in the 2017-2018 school year and information on final
26 changes in curriculum, policy, and rules to ensure successful implementation of
27 the program statewide in the 2018-2019 school year.
- 28 (3) No later than October 15, 2019, and annually thereafter, on program outcomes,
29 including impact on remediation rates in both mathematics and reading and
30 English for recent high school graduates entering a North Carolina community
31 college or constituent institution of The University of North Carolina."

33 PART XI. UNIVERSITIES

35 EXPAND INTERNSHIPS AND CAREER-BASED OPPORTUNITIES FOR STUDENTS 36 ATTENDING HISTORICALLY BLACK COLLEGES AND UNIVERSITIES (HBCU).

37 **SECTION 11.1.** Section 11.12(b) of S.L. 2015-241, Appropriations Act of 2015,
38 reads as rewritten:

39 **"SECTION 11.12.(b)** ~~The~~ For the 2016-2017 fiscal year, the Board of Governors shall
40 conduct a competitive process to select institutions of higher education that are Historically Black
41 Colleges and Universities to participate in the internship program which links ~~60a~~ a minimum of 95
42 students attending Historically Black Colleges and Universities with North Carolina-based
43 companies. The Board of Governors shall determine the number of institutions that may
44 participate in the program; however, at least two of the institutions shall be private institutions.
45 Funds appropriated by this act for this internship program shall be allocated only to constituent
46 institutions of The University of North Carolina that are designated as an HBCU and private
47 colleges and universities located in North Carolina that are designated as an HBCU."

49 MODIFY NC GUARANTEED ADMISSION PROGRAM (NCGAP)

50 **SECTION 11.2.(a)** Section 11.7(b) of S.L. 2015-241 reads as rewritten:

1 "SECTION 11.7.(b) The Board of Governors of The University of North Carolina and the
2 State Board of Community Colleges shall jointly study and evaluate how a deferred admission
3 program, to be known as the North Carolina Guaranteed Admission Program (NCGAP), for
4 students identified as academically at risk and designed pursuant to subsection (c) of this section,
5 would address the issues and help achieve the goals set out in subsection (a) of this section. In its
6 study the Board of Governors and State Board of Community Colleges shall also consider the best
7 procedure for implementing NCGAP and the fiscal impact it may have with respect to enrollment.

8 By January 1, 2017, the President of The University of North Carolina, in consultation with
9 the Board of Governors, shall adopt a plan to improve student completion of baccalaureate degrees
10 that includes specific targets for each constituent institution's completion rates and that is effective
11 for the 2017-2018 academic year. For the purposes of this section, "completion rates" may include
12 the four and six year graduation rate of first-time, full-time freshman or other methods of
13 measuring completion that may more accurately capture the success of each institution's
14 undergraduate population. The plan shall allow for a variety of strategies designed to best meet the
15 individual constituent institutions' needs, such as, but not limited to: redesigned courses, early
16 alerts systems, tutoring, degree mapping, and innovative merit-based completion incentives."

17 **SECTION 11.2.(b)** Section 11.7(d) of S.L. 2015-241 reads as rewritten:

18 "SECTION 11.7.(d) The Board of Governors of The University of North Carolina and the
19 State Board of Community Colleges shall report their finding and recommendations to the Joint
20 Legislative Education Oversight Committee, the Fiscal Research Division, and the Office of State
21 Budget and Management by March 1, 2016. The report shall include an analysis of the fiscal
22 impact NCGAP may have with regard to enrollment at constituent institutions of The University
23 of North Carolina and at community colleges, the number of students who may participate in
24 NCGAP, and its effect on FTEs.

25 The President of the University of North Carolina shall report on the plan to improve student
26 completions to the Joint Legislative Education Oversight Committee, the Fiscal Research
27 Division, and the Office of State Budget and Management by January 1, 2017."

28 **SECTION 11.2.(c)** Section 11.7(e) of S.L. 2015-241 reads as rewritten:

29 "SECTION 11.7.(e) Based on the analysis conducted by the Board of Governors and the
30 State Board of Community Colleges pursuant to subsection (b) of this section and the
31 recommendations made pursuant to subsection (d) of this section, each constituent institution shall
32 design a deferred admission program as part of NCGAP for implementation at the institution. The
33 institution shall design the program so that it may be implemented at the institution beginning with
34 the ~~2016-2017~~2017-2018 fiscal year and applied to the institution's admission process for the
35 ~~2017-2018~~2018-2019 academic year and each subsequent academic year-year if the plan required
36 by subsection (b) of this section is not implemented."

37 **SECTION 11.2.(d)** Section 11.7(g) of S.L. 2015-241 reads as rewritten:

38 "SECTION 11.7.(g) NCGAP shall be implemented at all constituent institutions and all
39 community colleges beginning with the ~~2016-2017~~2017-2018 fiscal year and shall apply to
40 admissions policies at each constituent institution and community college beginning with the
41 ~~2017-2018~~2018-2019 academic year and each subsequent academic year-year if the plan required
42 by subsection (b) of this section is not implemented."

43 44 ACCESS TO AFFORDABLE COLLEGE EDUCATION

45 **SECTION 11.4.(a)** Guarantee of No In-State Tuition Increase for Standard College
46 Term. – Article 14 of Chapter 116 of the General Statutes is amended by adding a new section to
47 read:

48 **§ 116-143.9. Fixed tuition and fee payment option.**

49 (a) There is established a fixed tuition and fee payment program that shall be available to
50 any freshman or transfer undergraduate student who is admitted to any constituent institution of

1 The University of North Carolina and deemed to be a North Carolina resident for purposes of
2 tuition. The program shall have the following components:

3 (1) A guarantee that the cost of tuition and the cost of fees will remain constant or
4 decrease during the tuition period.

5 (2) Except as provided in subsection (b) of this section, the tuition period shall be
6 (i) eight consecutive academic semesters for a student seeking a baccalaureate
7 degree in a four-year program or 10 consecutive academic semesters for a
8 student seeking a baccalaureate degree in a program officially designated by the
9 Board of Governors as a five-year program, not including any summer sessions,
10 or (ii) the appropriate balance of that after making the proper adjustments for a
11 student who transfers to the constituent institution.

12 (3) Except as provided in subsection (b) of this section, the student must remain
13 enrolled continuously at the constituent institution during the entire tuition
14 period.

15 (4) At the end of the tuition period, the cost of tuition for any additional academic
16 semesters reverts to the amount of the current tuition for that constituent
17 institution and a tuition surcharge imposed under G.S. 116-143.7, if applicable.

18 (b) The tuition period may be tolled if the student is able to demonstrate a substantial
19 disruption or interruption in the student's pursuit of a degree as provided in G.S. 116-143.7(c).

20 (c) The Board of Governors shall adopt the policies needed to implement this section and
21 shall also determine what the fixed tuition and fee payment rates and the tuition periods shall be
22 for undergraduate transfer students who are North Carolina residents for purposes of tuition."

23 **SECTION 11.4.(a1)** Subsection (a) of this section is effective when it becomes law
24 and applies to freshmen and transfer students who enroll at a constituent institution beginning with
25 the 2016 fall academic semester.

26 **SECTION 11.4.(b)** Reduction of Student Fees. – Notwithstanding G.S. 116-143 and
27 G.S. 116-11(7), the Board of Governors of The University of North Carolina and the Board of
28 Trustees at each constituent institution shall reduce student fees as follows: Beginning with the
29 2018 fall academic semester, student fees shall be reduced by an amount that is five percent (5%)
30 less than the amount of the student fees charged in the 2016 fall academic semester. The Board of
31 Governors and the Boards of Trustees in their discretion shall determine what the amount of the
32 reduction in fees required by this subsection shall be. After making the initial fee reduction of five
33 percent (5%) required by this subsection, a constituent institution may increase student fees by no
34 more than three percent (3%) per academic year.

35 **SECTION 11.4.(c)** Reduced Tuition at Certain Institutions. – Article 14 of Chapter
36 116 of the General Statutes is amended by adding a new section to read:

37 **"§ 116-143.10. Reduced tuition at certain institutions.**

38 (a) Notwithstanding G.S. 116-143 and G.S. 116-11(7), the Board of Governors of The
39 University of North Carolina shall set tuition rates for the constituent institutions listed in
40 subsection (c) of this section as follows: Beginning with the 2018 fall academic semester, the
41 tuition rate for resident students shall be five hundred dollars (\$500.00) per academic semester and
42 the tuition rate for nonresident students shall be two thousand five hundred dollars (\$2,500) per
43 academic semester.

44 (b) Notwithstanding any other provision of law, beginning with the 2018-2019 fiscal year,
45 the Director of the Budget may, on recommendation of the Board of Governors of The University
46 of North Carolina, authorize an increase in the base budget for The University of North Carolina
47 of up to seventy million dollars (\$70,000,000) to cover the cost of lost tuition revenue for that
48 fiscal year. Any increase in the base budget authorized pursuant to this subsection shall not be
49 included in the calculation of projected enrollment growth under G.S. 116-30.7. The authorization
50 provided in this subsection shall be effective only as long as tuition continues at the rate
51 established by subsection (a) of this section.

1 (c) This section applies only to the following constituent institutions:

- 2 (1) Elizabeth City State University.
3 (2) Fayetteville State University.
4 (3) University of North Carolina at Pembroke.
5 (4) Winston-Salem State University.
6 (5) Western Carolina University."

7 **SECTION 11.4.(c1)** G.S. 116-144 reads as rewritten:

8 **"§ 116-144. Higher tuition to be charged nonresidents.**

9 ~~The~~ Unless provided otherwise by law, the Board of Governors shall fix the tuition and
10 required fees charged nonresidents of North Carolina who attend the institutions enumerated in
11 G.S. 116-4 at rates higher than the rates charged residents of North Carolina and comparable to the
12 rates charged nonresident students by comparable public institutions nationwide, except that a
13 person who serves as a graduate teaching assistant or graduate research assistant or in a similar
14 instructional or research assignment and is at the same time enrolled as a graduate student in the
15 same institution may, in the discretion of the Board of Governors, be charged a lower rate fixed by
16 the Board, provided the rate is not lower than the North Carolina resident rate."

17 **SECTION 11.4.(d)** Evaluation of Admission Cap on Nonresident Students Entering
18 the Freshman Class of a Constituent Institution. – The Board of Governors shall consider what
19 effect, if any, the elimination of or an increase in the current cap of eighteen percent (18%) on the
20 admission of nonresident students entering the freshman class at the constituent institutions listed
21 in subsection (d1) of this section may have regarding the student applications to those institutions.
22 If the Board of Governors determines that eliminating or increasing such cap may increase the
23 number, academic strength, and diversity of student applications at those institutions, then the
24 Board of Governors may, in its discretion, adopt a policy that eliminates or establishes a different
25 cap and the period of time for which the modification of the cap shall be implemented at those
26 institutions.

27 **SECTION 11.4.(d1)** Subsection (d) of this section applies only to the following
28 constituent institutions:

- 29 (1) Elizabeth City State University.
30 (2) Fayetteville State University.
31 (3) University of North Carolina at Pembroke.
32 (4) Winston-Salem State University.
33 (5) Western Carolina University.

34 **SECTION 11.4.(e)** Establish Merit Scholarships at North Carolina Agricultural and
35 Technical State University and North Carolina Central University. – Chapter 116 of the General
36 Statutes is amended by adding a new Article to read:

37 "Article 35.

38 "Cheatham-White Scholarships.

39 **"§ 116-290. Cheatham-White Scholarships; establishment and purpose; benefits.**

40 (a) Scholarships Established; Purpose. – The Cheatham-White Scholarships are
41 established as a merit scholarship program at North Carolina Agricultural and Technical State
42 University and at North Carolina Central University. The purpose of the scholarships is to provide
43 an outstanding educational experience for students who are exceptional scholars, versatile and
44 well-rounded individuals with a broad range of interests, and who are accomplished and proficient
45 in areas of both the arts and the sciences. They must also demonstrate leadership potential and a
46 strong commitment to service.

47 (b) Scholarship Benefits. – Each scholarship is a fully funded four-year scholarship that
48 covers the cost of all of the following: full tuition, student fees, housing, meals, textbooks, a
49 laptop, supplies, travel, and personal expenses. Each scholarship also provides four summers of
50 fully funded enrichment and networking opportunities that may include international travel and
51 study.

1 (c) Number of Scholarships Awarded. – Up to 50 scholarships, 40 for resident students
 2 and 10 for nonresident students, may be awarded each academic year to students admitted to North
 3 Carolina Agricultural and Technical State University. Up to 50 scholarships, 40 for resident
 4 students and 10 for nonresident students, may be awarded each academic year to students admitted
 5 to North Carolina Central University.

6 **"§ 116-291. Cheatham-White Scholarships; fund established; administration of fund.**

7 (a) Fund Established. – There is established the Cheatham-White Scholarships Fund to be
 8 used to fund scholarships awarded pursuant to this Article. Both private and public funds may be
 9 solicited in the creation of the fund.

10 (b) Matching Funds. – The funds appropriated each fiscal year to the Cheatham-White
 11 Scholarships Fund shall be matched by non-State funds and disbursed pursuant to G.S. 143C-4-5.

12 (c) Administration of Fund. – The University of North Carolina General Administration
 13 shall administer the Cheatham-White Scholarships Fund and the Cheatham-White Scholarships
 14 program.

15 **"§ 116-292. Cheatham-White Scholarships; eligibility and selection criteria.**

16 (a) Eligibility. – To be eligible to be nominated as a potential candidate for a
 17 Cheatham-White Scholarship, a person must satisfy all of the following criteria:

- 18 (1) Be a competitive applicant for admission as a freshman in the fall semester into
 19 a baccalaureate program at either North Carolina Agricultural and Technical
 20 State University or North Carolina Central University.
- 21 (2) Be a United States citizen or permanent resident.
- 22 (3) Be on course to graduate from high school in the spring semester prior to
 23 college admission.

24 (b) Selection Criteria. – Candidates for Cheatham-White Scholarships shall be selected on
 25 the basis of academic merit, honorable character, outstanding leadership potential, and a
 26 demonstrable commitment to service. Financial need shall not be a consideration.

27 **"§ 116-293. Cheatham-White Scholarships; school nomination of candidates.**

28 All North Carolina high schools are eligible to nominate a student to be considered as a
 29 candidate for a Cheatham-White Scholarship. For purposes of this section, a high school includes
 30 a public school under the direction of a local board of education, a charter school, a regional
 31 school, a high school operated as part of The University of North Carolina, a school operated by
 32 the Department of Health and Human Services, a school operated by the State Board of Education,
 33 or a nonpublic school regulated under Article 39 of Chapter 115C of the General Statutes.

34 The number of nominees from each school is determined by the size of the senior class as
 35 follows:

- 36 (1) Up to 199 seniors 2 nominees.
- 37 (2) 200-399 seniors 3 nominees.
- 38 (3) 400-499 seniors 4 nominees.
- 39 (4) 500 or more seniors 5 nominees.

40 **"§ 116-294. Cheatham-White Scholarships; administration of scholarships.**

41 The University of North Carolina General Administration shall administer the
 42 Cheatham-White Scholarships, in consultation and collaboration with North Carolina Agricultural
 43 and Technical State University and North Carolina Central University, pursuant to policies
 44 adopted by the Board of Trustees of both constituent institutions. As part of its administrative
 45 responsibilities, the University of North Carolina General Administration, in consultation and
 46 collaboration with North Carolina Agricultural and Technical State University and North Carolina
 47 Central University, shall do all of the following:

- 48 (1) Design and implement an application and school nomination process to be used
 49 to identify potential scholarship candidates and a process for awarding the
 50 scholarships.

1 (a) Each constituent institution of The University of North Carolina with an educator
2 preparation program shall establish a laboratory school to serve public school students in
3 accordance with this Article.

4 (b) The mission of a laboratory school shall be to improve student performance in local
5 school administrative units with low-performing schools by providing an enhanced education
6 program for students residing in those units and to provide exposure and training for teachers and
7 principals to successfully address challenges existing in high needs school settings. A laboratory
8 school shall provide an opportunity for research, demonstration, student support and expansion of
9 the teaching experience, and evaluation regarding management, teaching, and learning.

10 (c) Each laboratory school shall expand student opportunities for educational success
11 through high quality instructional programming and innovative instruction and research by using
12 the resources available to the constituent institution. Each constituent institution operating a
13 laboratory school shall incorporate best practices gained from State initiatives focused on
14 leadership development for both teachers and principals in low-performing schools and local
15 school administrative units.

16 (d) Except as otherwise provided in this Article, a laboratory school is exempt from
17 statutes and rules applicable to a local board of education or local school administrative unit.

18 **"§ 116-239.6. Definitions.**

19 The following definitions apply in this Article:

20 (1) Advisory board. – An advisory board established by the board of trustees under
21 G.S. 116-239.8.

22 (2) Board of trustees. – The board of trustees of the constituent institution of The
23 University of North Carolina with an educator preparation program that is the
24 governing body of a lab school established under this Article.

25 (3) Laboratory school or lab school. – A public school created under
26 G.S. 116-239.7 that (i) is located in a local school administrative unit that has
27 twenty five percent (25%) or more of the schools located in the unit identified
28 as low-performing under G.S. 115C-105.37 and (ii) serves students in
29 kindergarten through eighth grade.

30 (4) Principal. – The principal of a lab school.

31 **"§ 116-239.7. Plan for the location of lab schools; creation of a lab school; dissolution.**

32 (a) Plan for the Location of Lab Schools. – The Board of Governors, in collaboration with
33 the boards of trustees of constituent institutions with educator preparation programs, shall adopt a
34 plan for the location of lab schools in local school administrative units that meet the minimum
35 threshold for the number of low-performing schools located in the units under G.S. 116-239.6(3).
36 The plan shall include a geographically diverse distribution of lab schools throughout the State
37 and a maximum of one lab school located in a qualifying local school administrative unit. The
38 Board of Governors shall update the plan as necessary to reflect any changes to the number of
39 constituent institutions with educator preparation programs and the status of qualifying local
40 school administrative units at the end of the term of operation of a lab school. A constituent
41 institution shall not adopt a resolution to create a lab school under this section prior to receiving
42 approval from the Board of Governors on the location of the lab school. At least 90 days prior to
43 implementation, the Board of Governors shall submit the plan and any revisions to the plan to the
44 Joint Legislative Commission on Governmental Operations.

45 (b) Resolution to Create a Lab School. – The board of trustees of each constituent
46 institution of The University of North Carolina with an educator preparation program shall adopt a
47 resolution stating its intent to create a lab school, which shall include the following:

48 (1) Name of the lab school.

49 (2) The local school administrative unit in which the lab school shall be located.
50 The local school administrative unit in which the lab school is located shall
51 meet the requirement under G.S. 116-239.6(3) that twenty-five percent (25%)

1 or more of the schools located in the unit are identified as low-performing
2 under G.S. 115C-105.37 at the time the resolution is adopted. However, the
3 board of trustees shall continue to operate the lab school within the local school
4 administrative unit for at least five years as provided under subdivision (3) of
5 this subsection regardless of whether the local school administrative unit
6 continues to qualify under G.S. 116-239.6(3).

7 (3) A term of operation for the lab school of five years from the date of initial
8 operation. At the end of five years of operation, if the lab school is still located
9 in a local school administrative unit that has twenty-five percent (25%) or more
10 of the schools located in the unit identified as low-performing under
11 G.S. 115C-105.37, the resolution shall be renewed by the constituent institution
12 at the end of the term for an additional five years. If the lab school is no longer
13 located in a qualifying local school administrative unit at the end of five years,
14 the board of trustees shall notify the Board of Governors to request consultation
15 on determining the location of creating a new lab school in accordance with
16 subsection (a) of this section and the provisions of this Article.

17 (c) Recognition of a Lab School. – Each board of trustees that adopts a resolution as
18 provided in this section shall file a copy of the resolution with the State Board of Education. Upon
19 receipt of a resolution from a board of trustees for a named lab school, the State Board of
20 Education shall approve the creation of the lab school.

21 (d) Dissolution or Assumption of a Lab School. – In the event of the potential dissolution
22 of a lab school at the end of the term of the school's operation or due to the termination of an
23 educator preparation program at the constituent institution, subject to approval by the Board of
24 Governors, the board of trustees shall adopt a plan for the dissolution or the assumption of the lab
25 school by a new entity. A local board of education of the local school administrative unit in which
26 the lab school is located may transition the lab school to a public school under the governance of
27 the local board or, if the local school administrative unit still qualifies under G.S. 116-239.6(3),
28 the board of trustees of another constituent institution with an educator preparation program may
29 assume operation of the lab school. If the lab school is dissolved or a local board of education
30 assumes operation of the school, all net assets of the lab school purchased with public funds shall
31 be deemed property of the local school administrative unit in which the lab school is located. The
32 State Board of Education shall be notified in the event of the dissolution or assumption of a lab
33 school, including the identity of the entity assuming operation of the school.

34 **"§ 116-239.8. Board of trustees; powers and duties.**

35 The board of trustees shall have the following powers and duties:

36 (1) Advisory board. – A board of trustees shall appoint an advisory board to
37 provide general oversight and guidance to the board of trustees of the lab school
38 as follows:

39 a. Composition of the advisory board.– The dean of the constituent
40 institution's educator preparation program shall be a standing member of
41 the advisory board and the board of trustees, upon recommendation of
42 the president of the constituent institution, shall appoint four faculty
43 members from the institution, at least two of whom are from the
44 educator preparation program, one public member who resides in the
45 local school administrative unit in which the lab school is located, two
46 parents or guardians of students who attend the lab school, and one lab
47 school student appointed by the principal to serve on the advisory board.
48 The term of each member shall be for two years, and any vacancy shall
49 be filled with a person of the same classification as his or her
50 predecessor for the balance of the unexpired term. The board of trustees
51 shall stagger the terms of the initial appointees in a manner that results

- 1 in the expiration of terms of no more than two members in any year.
2 The board of trustees shall call the organizational meeting of the
3 advisory board. The advisory board shall annually elect a chair and a
4 vice-chair. There shall be no limitation on successive appointments to
5 the advisory board or successive terms that may be served by a chair or
6 vice-chair. The advisory board shall adopt internal organizational
7 procedures or bylaws necessary for efficient operation. Advisory board
8 members shall not receive per diem or travel expenses for the
9 performance of their duties.
- 10 b. The advisory board shall meet at least quarterly and shall have the
11 following duties:
- 12 1. Monitor the operations of the lab school and the distribution of
13 moneys allocated for such operations.
- 14 2. Recommend to the board of trustees necessary policy, program,
15 and administration modifications.
- 16 3. Evaluate biennially the performance of the principal and
17 recommend corresponding action to the board of trustees.
- 18 4. Annually review evaluations of the lab school's operation and
19 research findings.
- 20 (2) Academic program. –
- 21 a. The board of trustees shall establish the standard course of study for the
22 lab school. This course of study shall set forth the subjects to be taught
23 in each grade and the texts and other educational materials on each
24 subject to be used in each grade. The board of trustees shall design its
25 programs to meet at least the student performance standards adopted by
26 the State Board of Education and the student performance standards
27 contained in Chapter 115C of the General Statutes.
- 28 b. The board of trustees shall conduct student assessments required by the
29 State Board of Education.
- 30 c. The board of trustees shall adopt a school calendar consisting of a
31 minimum of 185 days or 1,025 hours of instruction covering at least
32 nine calendar months.
- 33 (3) Standards of performance and conduct. – The board of trustees shall establish
34 policies and standards for academic performance, attendance, and conduct for
35 students of the lab school. The policies of the board of trustees shall comply
36 with Article 27 of Chapter 115C of the General Statutes.
- 37 (4) Food and transportation services. – The local school administrative unit in
38 which the lab school is located shall continue to provide food services and
39 transportation to students attending the lab school. The board of trustees shall
40 arrange for the provision of these services from the local school administrative
41 unit.
- 42 (5) School attendance. – Every parent, guardian, or other person in this State
43 having charge or control of a child who is enrolled in the lab school and who is
44 less than 16 years of age shall cause such child to attend school continuously
45 for a period equal to the time that the lab school shall be in session. No person
46 shall encourage, entice, or counsel any child to be unlawfully absent from the
47 lab school. Any person who aids or abets a student's unlawful absence from the
48 lab school shall, upon conviction, be guilty of a Class 1 misdemeanor. The
49 principal shall be responsible for implementing such additional policies
50 concerning compulsory attendance as shall be adopted by the board of trustees,
51 including regulations concerning lawful and unlawful absences, permissible

- 1 excuses for temporary absences, maintenance of attendance records, and
2 attendance counseling.
- 3 (6) Reporting. – The board of trustees shall comply with the reporting requirements
4 established by the State Board of Education in the Uniform Education
5 Reporting System.
- 6 (7) Assessment results. – The board of trustees shall provide data to the local
7 school administrative unit on the performance of that student on any testing
8 required by the State Board of Education.
- 9 (8) Education of children with disabilities. – The board of trustees shall require
10 compliance with laws and policies relating to the education of children with
11 disabilities.
- 12 (9) Health and safety. – The board of trustees shall require that the lab school meet
13 the same health and safety standards required of a local school administrative
14 unit. The Department of Public Instruction shall ensure that lab schools comply
15 with G.S. 115C-375.2A. The board of trustees of a lab school shall provide the
16 school with a supply of emergency epinephrine auto-injectors necessary to
17 carry out the provisions of G.S. 115C-375.2A.
- 18 (10) School Risk Management Plan. – Each lab school, in coordination with local
19 law enforcement agencies, is encouraged to adopt a School Risk Management
20 Plan (SRMP) relating to incidents of school violence. In constructing and
21 maintaining these plans, a lab school may utilize the School Risk and Response
22 Management System (SRRMS) established pursuant to G.S. 115C-105.49A.
23 These plans are not considered a public record as the term "public record" is
24 defined under G.S. 132-1 and shall not be subject to inspection and examination
25 under G.S. 132-6.
- 26 (11) Schematic diagrams and school crisis kits. – Lab schools are encouraged to
27 provide schematic diagrams and keys to the main entrance of school facilities to
28 local law enforcement agencies, in addition to implementing the provisions in
29 G.S. 115C-105.52.
- 30 (12) School safety exercises. – At least once a year, a lab school is encouraged to
31 hold a full schoolwide lockdown exercise with local law enforcement and
32 emergency management agencies that are part of the lab school's SRMP.
- 33 (13) Safety information provided to the Department of Public Safety, Division of
34 Emergency Management. – A lab school is encouraged to provide the
35 following: (i) schematic diagrams, including digital schematic diagrams and (ii)
36 emergency response information requested by the Division for the SRMP. The
37 schematic diagrams and emergency response information are not considered
38 public records as the term "public record" is defined under G.S. 132-1 and shall
39 not be subject to inspection and examination under G.S. 132-6.
- 40 (14) North Carolina school report cards. – A lab school shall ensure that the report
41 card issued for it by the State Board of Education receives wide distribution to
42 the local press or is otherwise provided to the public. A lab school shall ensure
43 that the overall school performance score and grade earned by the lab school for
44 the current and previous four school years is prominently displayed on the
45 school Web site. If a lab school is awarded a grade of D or F, the lab school
46 shall provide notice of the grade in writing to the parent or guardian of all
47 students enrolled in that school.
- 48 (15) Policy against bullying. – A lab school is encouraged to adopt a policy against
49 bullying or harassing behavior, including cyberbullying, that is consistent with
50 the provisions of Article 29C of Chapter 115C of the General Statutes. If a lab
51 school adopts a policy to prohibit bullying and harassing behavior, the lab

1 school shall, at the beginning of each school year, provide the policy to staff,
2 students, and parents as defined in G.S. 115C-390.1(b)(8).

- 3 (16) Access for youth groups. – Lab schools are encouraged to facilitate access for
4 students to participate in activities provided by any youth group listed in Title
5 36 of the United States Code as a patriotic society, such as the Boy Scouts of
6 America, and its affiliated North Carolina groups and councils, and the Girl
7 Scouts of the United States of America, and its affiliated North Carolina groups
8 and councils. Student participation in any activities offered by these
9 organizations shall not interfere with instructional time during the school day
10 for the purposes of encouraging civic education.

11 **"§ 116-239.9. Student admissions and assignment.**

12 (a) Any child who is residing in a local school administrative unit in which a lab school is
13 located and is enrolled in a low-performing school, as defined by G.S. 115C-105.37 at the time of
14 the student's application, may attend the lab school.

15 (b) No local board of education shall require any student enrolled in the local school
16 administrative unit to attend a lab school.

17 (c) During each period of enrollment, the lab school shall enroll an eligible student who
18 submits a timely application, with priority enrollment given in the order in which applications are
19 received to a student who did not meet expected student growth in the prior school year based on
20 any of the following: (i) grades, (ii) observations, (iii) diagnostic and formative assessments, (iv)
21 State assessments, or (v) other factors, including reading on grade level. If the number of
22 applications from other eligible students exceeds the capacity of a program, class, grade level, or
23 building, those students shall be accepted by lot. Once enrolled, students are not required to
24 reapply in subsequent enrollment periods.

25 (d) Notwithstanding any law to the contrary, a lab school may refuse admission to any
26 student who has been expelled or suspended from a public school under G.S. 115C-390.5 through
27 G.S. 115C-390.11 until the period of suspension or expulsion has expired.

28 **"§ 116-239.10. Employees.**

29 The board of trustees shall appoint all licensed and nonlicensed staff in accordance with the
30 following:

- 31 (1) Principal. – The constituent institution shall employ and contract with a
32 principal for a term not to exceed three years. The principal shall meet the
33 requirements for licensure set out in G.S. 115C-284, unless waived by the State
34 Board of Education upon submission of a request by the board of trustees. The
35 principal shall be responsible for school operations and shall exercise those
36 duties and powers delegated by the board of trustees.
- 37 (2) Faculty members. – Faculty members may serve simultaneously as instructional
38 personnel for the lab school and the constituent institution.
- 39 (3) Teachers. – The constituent institution shall employ and contract with necessary
40 teachers to perform the particular service for which they are employed in the
41 school. At least fifty percent (50%) of teachers employed by the constituent
42 institution shall hold teacher licenses, unless waived by the State Board of
43 Education upon submission of a request by the board of trustees.
- 44 (4) Leave of absence from local school administrative unit. – If a teacher employed
45 by a local school administrative unit makes a written request for a leave of
46 absence to teach at the lab school, the local school administrative unit shall
47 grant the leave for one year. For the initial year of the lab school's operation, the
48 local school administrative unit may require that the request for a leave of
49 absence be made up to 45 days before the teacher would otherwise have to
50 report for duty. After the initial year of the lab school's operation, the local
51 school administrative unit may require that the request for a leave of absence be

1 made up to 90 days before the teacher would otherwise have to report for duty.
2 A local board of education is not required to grant a request for a leave of
3 absence or a request to extend or renew a leave of absence for a teacher who
4 previously has received a leave of absence from that local board under this
5 subdivision. A teacher who has career status under G.S. 115C-325 prior to
6 receiving a leave of absence to teach at the lab school may return to a public
7 school in the local school administrative unit with career status at the end of the
8 leave of absence or upon the end of employment at the lab school if an
9 appropriate position is available. If an appropriate position is unavailable, the
10 teacher's name shall be placed on a list of available teachers in accordance with
11 G.S. 115C-325(e)(2).

12 (5) Nonlicensed staff. – The constituent institution also may employ necessary
13 employees who are not required to hold teacher licenses to perform duties other
14 than teaching and may contract for other services.

15 (6) Employment dismissal. – An employee of the constituent institution is not an
16 employee of the local school administrative unit in which the lab school is
17 located. The constituent institution may discharge licensed and nonlicensed
18 employees according to the terms of the employment contract.

19 (7) Employee benefits. – Employees of the constituent institution shall participate
20 in the Teachers' and State Employees' Retirement System and the State Health
21 Plan on the same terms as other employees employed by the constituent
22 institution.

23 (8) Exemptions. – Employees of the constituent institution shall be exempt from
24 Chapter 126 of the General Statutes, except Articles 6 and 7.

25 **§ 116-239.11. State and local funds.**

26 (a) The State Board of Education shall allocate to a lab school the following:

27 (1) An amount equal to the average per pupil allocation for average daily
28 membership from the local school administrative unit allotments in which the
29 school is located for each child attending the lab school, except for the
30 allocation for children with disabilities and for the allocation for children with
31 limited English proficiency.

32 (2) An additional amount for each child attending the lab school who is a child
33 with disabilities. In the event a child with disabilities leaves the lab school and
34 enrolls in a public school during the first 60 school days in the school year, the
35 lab school shall return a pro rata amount of funds allocated for that child to the
36 State Board, and the State Board shall reallocate those funds to the local school
37 administrative unit in which the public school is located. In the event a child
38 with disabilities enrolls in the lab school during the first 60 school days in the
39 school year, the State Board shall allocate to the lab school the pro rata amount
40 of additional funds for children with disabilities.

41 (3) An additional amount for children with limited English proficiency attending
42 the lab school, based on a formula adopted by the State Board.

43 (b) The State Board shall allow for annual adjustments to the amount allocated to the lab
44 school based on its enrollment growth in school years subsequent to the initial year of operation.

45 (c) Funds allocated by the State Board of Education may be used to enter into operational
46 and financing leases for real property or mobile classroom units for use as school facilities for lab
47 schools and may be used for payments on loans made to lab schools for facilities, equipment, or
48 operations. However, State funds allocated under this section shall not be used to obtain any other
49 interest in real property or mobile classroom units.

50 (d) If a student attends a lab school, the local school administrative unit in which the child
51 resides shall transfer to the lab school an amount equal to the per pupil share of the local current

1 expense fund of the local school administrative unit for the fiscal year. The per pupil share of the
2 local current expense fund shall be transferred to the lab school within 30 days of the receipt of
3 monies into the local current expense fund. The local school administrative unit and lab school
4 may use the process for mediation of differences provided in G.S. 115C-218.95(d) to resolve
5 differences on calculation and transference of the per pupil share of the local current expense fund.
6 The amount transferred under this subsection that consists of revenue derived from supplemental
7 taxes shall be transferred only to a lab school located in the tax district for which these taxes are
8 levied and in which the student resides.

9 (e) The local school administrative unit shall also provide each lab school to which it
10 transfers a per pupil share of its local current expense fund with all of the following information
11 within the 30-day time period provided in subsection (d) of this section:

- 12 (1) The total amount of monies the local school administrative unit has in each of
13 the funds listed in G.S. 115C-426(c).
- 14 (2) The student membership numbers used to calculate the per pupil share of the
15 local current expense fund.
- 16 (3) How the per pupil share of the local current expense fund was calculated.
- 17 (4) Any additional records requested by a lab school from the local school
18 administrative unit in order for the lab school to audit and verify the calculation
19 and transfer of the per pupil share of the local current expense fund.

20 (f) Prior to commencing an action under subsection (d) of this section, the complaining
21 party shall give the other party 15 days' written notice of the alleged violation. The court shall
22 award the prevailing party reasonable attorneys' fees and costs incurred in an action under
23 subsection (d) of this section. The court shall order any delinquent funds, costs, fees, and interest
24 to be paid in equal monthly installments and shall establish a time for payment in full that shall be
25 no later than one year from the entry of any judgment.

26 **"§ 116-239.12. Criminal history record checks.**

27 (a) As used in this section:

- 28 (1) "Criminal history" means a county, state, or federal criminal history of
29 conviction of a crime, whether a misdemeanor or a felony, that indicates an
30 individual (i) poses a threat to the physical safety of students or personnel or (ii)
31 has demonstrated that he or she does not have the integrity or honesty to fulfill
32 his or her duties as school personnel. These crimes include the following North
33 Carolina crimes contained in any of the following Articles of Chapter 14 of the
34 General Statutes: Article 5A, Endangering Executive and Legislative, and Court
35 Officers; Article 6, Homicide; Article 7B, Rape and Other Sex Offenses;
36 Article 8, Assaults; Article 10, Kidnapping and Abduction; Article 13,
37 Malicious Injury or Damage by Use of Explosive or Incendiary Device or
38 Material; Article 14, Burglary and Other Housebreakings; Article 15, Arson
39 and Other Burnings; Article 16, Larceny; Article 17, Robbery; Article 18,
40 Embezzlement; Article 19, False Pretense and Cheats; Article 19A, Obtaining
41 Property or Services by False or Fraudulent Use of Credit Device or Other
42 Means; Article 20, Frauds; Article 21, Forgery; Article 26, Offenses Against
43 Public Morality and Decency; Article 26A, Adult Establishments; Article 27,
44 Prostitution; Article 28, Perjury; Article 29, Bribery; Article 31, Misconduct in
45 Public Office; Article 35, Offenses Against the Public Peace; Article 36A, Riots
46 and Civil Disorders; Article 39, Protection of Minors; and Article 60,
47 Computer-Related Crime. These crimes also include possession or sale of drugs
48 in violation of the North Carolina Controlled Substances Act, Article 5 of
49 Chapter 90 of the General Statutes, and alcohol-related offenses such as sale to
50 underage persons in violation of G.S. 18B-302 or driving while impaired in
51 violation of G.S. 20-138.1 through G.S. 20-138.5. In addition to the North

1 Carolina crimes listed in this subdivision, such crimes also include similar
2 crimes under federal law or under the laws of other states.

3 (2) "School personnel" means any of the following:

4 a. Member of the board of trustees or the advisory board.

5 b. Employee of the lab school.

6 c. Independent contractor or employee of an independent contractor of the
7 lab school if the independent contractor carries out duties customarily
8 performed by school personnel, whether paid with federal, State, local,
9 or other funds, who has significant access to students or who has
10 responsibility for the fiscal management of the lab school.

11 (b) The board of trustees shall adopt a policy that requires an applicant for a school
12 personnel position to be checked for a criminal history as provided in subsection (c) of this
13 section. The board of trustees shall apply its policy uniformly in requiring applicants for school
14 personnel positions to be checked for a criminal history. The board of trustees may grant
15 conditional approval of an application while the board of trustees is checking a person's criminal
16 history and making a decision based on the results of the check. An applicant for a school
17 personnel position shall not be required to be checked for a criminal history if he or she has
18 received a license within six months of employment that required a criminal history check
19 equivalent to the criminal history check required in subsection (c) of this section.

20 The board of trustees shall not require an applicant to pay for the criminal history record check
21 authorized under this section.

22 (c) The board of trustees shall require the person to be checked by the Department of
23 Public Safety (i) to be fingerprinted and to provide any additional information required by the
24 Department of Public Safety to a person designated by the board of trustees or to the local sheriff
25 or the municipal police, whichever is more convenient for the person and (ii) to sign a form
26 consenting to the check of the criminal record and to the use of fingerprints and other identifying
27 information required by the repositories. The board of trustees shall consider refusal to consent
28 when making employment decisions and decisions with regard to independent contractors. The
29 fingerprints of the individual shall be forwarded to the State Bureau of Investigation for a search
30 of the State criminal history record file, and the State Bureau of Investigation shall forward a set of
31 fingerprints to the Federal Bureau of Investigation for a national criminal history record check.
32 The Department of Public Safety shall provide to the board of trustees the criminal history from
33 the State and National Repositories of Criminal Histories of any school personnel for which the
34 board of trustees requires a criminal history record check.

35 The board of trustees shall not require school personnel to pay for fingerprints authorized
36 under this section.

37 (d) The board of trustees shall review the criminal history it receives on an individual. The
38 board of trustees shall determine whether the results of the review indicate that the individual (i)
39 poses a threat to the physical safety of students or personnel or (ii) has demonstrated that he or she
40 does not have the integrity or honesty to fulfill his or her duties as school personnel and shall use
41 the information when making employment decisions and decisions with regard to independent
42 contractors. The board of trustees shall make written findings with regard to how it used the
43 information when making employment decisions and decisions with regard to independent
44 contractors. The board of trustees may delegate any of the duties in this subsection to the principal.

45 (e) The board of trustees, or the principal if designated by the board of trustees, shall
46 provide to the State Board of Education the criminal history it receives on a person who is
47 certificated, certified, or licensed by the State Board of Education. The State Board of Education
48 shall review the criminal history and determine whether the person's certificate or license should
49 be revoked in accordance with State laws and rules regarding revocation.

50 (f) All the information received by the board of trustees through the checking of the
51 criminal history or by the State Board of Education in accordance with this section is privileged

1 information and is not a public record but is for the exclusive use of the board of trustees or the
2 State Board of Education. The board of trustees or the State Board of Education may destroy the
3 information after it is used for the purposes authorized by this section after one calendar year.

4 (g) There shall be no liability for negligence on the part of the board of trustees, or its
5 employees, or the State Board of Education, or its employees, arising from any act taken or
6 omission by any of them in carrying out the provisions of this section. The immunity established
7 by this subsection shall not extend to gross negligence, wanton conduct, or intentional wrongdoing
8 that would otherwise be actionable. The immunity established by this subsection shall be deemed
9 to have been waived to the extent of indemnification by insurance, indemnification under Articles
10 31A and 31B of Chapter 143 of the General Statutes, and to the extent sovereign immunity is
11 waived under the Tort Claims Act, as set forth in Article 31 of Chapter 143 of the General
12 Statutes.

13 (h) Any applicant for employment who willfully furnishes, supplies, or otherwise gives
14 false information on an employment application that is the basis for a criminal history record
15 check under this section shall be guilty of a Class A1 misdemeanor.

16 **"§ 116-239.13. Review of lab schools.**

17 The Board of Governors of The University of North Carolina, in conjunction with the
18 constituent institutions operating lab schools and the State Board of Education, shall review and
19 evaluate the educational effectiveness of the lab schools authorized under this Article for both
20 public school students and students enrolled in educator preparation programs. The Board of
21 Governors shall report by November 15 of each year to the Joint Legislative Education Oversight
22 Committee on the following:

- 23 (1) Information on public school student enrollment in each lab school, including
24 student demographics.
- 25 (2) The public school student admissions process and the number of students
26 enrolled under the priority admissions category at each lab school.
- 27 (3) Public school student achievement data, including school performance grades
28 and student achievement scores and student growth, at each lab school.
- 29 (4) Public school student academic progress in each lab school as measured against
30 the previous school year and against other schools located in the local school
31 administrative unit and statewide.
- 32 (5) Information on the student outcomes for students who are enrolled in each
33 educator preparation program who obtained clinical experience in school
34 leadership and teaching in the lab schools, including the performance elements
35 reported under G.S. 115C-296.13(b).
- 36 (6) Best practices resulting from lab school operations.
- 37 (7) Other information the Board considers appropriate."

38 **SECTION 11.6.(b) G.S. 14-458.2(a) reads as rewritten:**

39 **"(a) The following definitions apply in this section:**

- 40 **(1) School employee. – The term means any of the following:**
 - 41 **a. An employee of a local board of education, a charter school authorized**
42 **under G.S. 115C-218.5, a regional school created under**
43 **G.S. 115C-238.62, a lab school created under G.S. 116-239.7, or a**
44 **nonpublic school which has filed intent to operate under Part 1 or Part 2**
45 **of Article 39 of Chapter 115C of the General Statutes.**
 - 46 **b. An independent contractor or an employee of an independent contractor**
47 **of a local board of education, a charter school authorized under**
48 **G.S. 115C-218.5, a regional school created under G.S. 115C-238.62, a**
49 **lab school created under G.S. 116-239.7, or a nonpublic school which**
50 **has filed intent to operate under Part 1 or Part 2 of Article 39 of Chapter**

1 115C of the General Statutes, if the independent contractor carries out
2 duties customarily performed by employees of the school.
3 (2) Student. – A person who has been assigned to a school by a local board of
4 education as provided in G.S. 115C-366 or has enrolled in a charter school
5 authorized under G.S. 115C-218.5, a regional school created under
6 G.S. 115C-238.62, a lab school created under G.S. 116-239.7, or a nonpublic
7 school which has filed intent to operate under Part 1 or Part 2 of Article 39 of
8 Chapter 115C of the General Statutes, or a person who has been suspended or
9 expelled from any of those schools within the last year."

10 **SECTION 11.6.(c)** G.S. 115C-83.15 reads as rewritten:

11 **"§ 115C-83.15. School achievement, growth, performance scores, and grades.**

12 ...

13 (b) Calculation of the School Achievement Score. – In calculating the overall school
14 achievement score earned by schools, the State Board of Education shall total the sum of points
15 earned by a school on all of the following indicators that are measured for that school:

- 16 (1) One point for each percent of students who score at or above proficient on
17 annual assessments for mathematics in grades three through eight.
- 18 (2) One point for each percent of students who score at or above proficient on
19 annual assessments for reading in grades three through eight.
- 20 (3) One point for each percent of students who score at or above proficient on
21 annual assessments for science in grades five and eight.
- 22 (4) One point for each percent of students who score at or above proficient on the
23 Algebra I or Integrated Math I end-of-course test.
- 24 (5) One point for each percent of students who score at or above proficient on the
25 English II end-of-course test.
- 26 (6) One point for each percent of students who score at or above proficient on the
27 Biology end-of-course test.
- 28 (7) One point for each percent of students who complete Algebra II or Integrated
29 Math III with a passing grade.
- 30 (8) One point for each percent of students who achieve the minimum score
31 required for admission into a constituent institution of The University of North
32 Carolina on a nationally normed test of college readiness.
- 33 (9) One point for each percent of students enrolled in Career and Technical
34 Education courses who meet the standard when scoring at Silver, Gold, or
35 Platinum levels on a nationally normed test of workplace readiness.
- 36 (10) One point for each percent of students who graduate within four years of
37 entering high school.

38 In calculating the overall school achievement score earned by schools, the State Board of
39 Education shall (i) use a composite approach to weigh the achievement elements based on the
40 number of students measured by any given achievement element and (ii) proportionally adjust the
41 scale to account for the absence of a school achievement element for award of scores to a school
42 that does not have a measure of one of the school achievement elements annually assessed for the
43 grades taught at that school. The overall school achievement score shall be translated to a
44 100-point scale and used for school reporting purposes as provided in G.S. 115C-12(9)c1.,
45 ~~115C-218.65, and 115C-238.66.~~ 115C-238.66, and 116-239.8.

46 (c) Calculation of the School Growth Score. – Using EVAAS, the State Board shall
47 calculate the overall growth score earned by schools. In calculating the total growth score earned
48 by schools, the State Board of Education shall weight student growth on the achievement
49 indicators as provided in subsection (b) of this section that have available growth values. The
50 numerical values used to determine whether a school has met, exceeded, or has not met expected

1 growth shall be translated to a 100-point scale and used for school reporting purposes as provided
2 in G.S. 115C-12(9)c1., 115C-218.65, and ~~115C-238.66.~~ 115C-238.66, and 116-239.8.

3 (d) Calculation of the School Performance Scores and Grades. – The State Board of
4 Education shall use EVAAS to calculate the school performance score by adding the school
5 achievement score, as provided in subsection (b) of this section, and the school growth score, as
6 provided in subsection (c) of this section, earned by a school. The school achievement score shall
7 account for eighty percent (80%), and the school growth score shall account for twenty percent
8 (20%) of the total sum. If a school has met expected growth and inclusion of the school's growth
9 score reduces the school's performance score and grade, a school may choose to use the school
10 achievement score solely to calculate the performance score and grade. For all schools, the total
11 school performance score shall be converted to a 100-point scale and used to determine a school
12 performance grade based on the following scale:

- 13 (1) A school performance score of at least 90 is equivalent to an overall school
14 performance grade of A.
- 15 (2) A school performance score of at least 80 is equivalent to an overall school
16 performance grade of B.
- 17 (3) A school performance score of at least 70 is equivalent to an overall school
18 performance grade of C.
- 19 (4) A school performance score of at least 60 is equivalent to an overall school
20 performance grade of D.
- 21 (5) A school performance score of less than 60 points is equivalent to an overall
22 school performance grade of F.

23 (e) Elementary and Middle School Reading and Math Achievement Scores. – For schools
24 serving students in kindergarten through eighth grade, the school achievement scores in reading
25 and mathematics, respectively, shall be reported separately on the annual school report card
26 provided under G.S. 115C-12(9)c1., 115C-218.65, and ~~115C-238.66.~~ 115C-238.66, and 116-239.8.

27 (f) Indication of Growth. – In addition to awarding the overall school scores for
28 achievement, growth, and performance and the performance grade, using EVAAS, the State Board
29 shall designate that a school has met, exceeded, or has not met expected growth. The designation
30 of student growth shall be clearly displayed in the annual school report card provided under
31 G.S. 115C-12(9)c1., 115C-218.65, and ~~115C-238.66.~~ 115C-238.66, and 116-239.8."

32 **SECTION 11.6.(d)** Notwithstanding G.S. 116-239.7(a), as enacted by this section, by
33 November 1, 2016, the Board of Governors of The University of North Carolina shall submit a
34 plan for the location of lab schools throughout the State to the Joint Legislative Commission on
35 Governmental Operations in accordance with G.S. 116-239.7(a).

36 Notwithstanding Article 29A of Chapter 116 of the General Statutes, as enacted by this
37 section, no earlier than April 1, 2017, each constituent institution of The University of North
38 Carolina with an educator preparation program shall adopt a resolution to create a lab school under
39 G.S. 116-239.7 to begin operation of its lab school in the 2017-2018 school year.

40 **SECTION 11.6.(e)** The nonrecurring funds in the amount of one million dollars
41 (\$1,000,000) appropriated by this act to the Board of Governors for the UNC Teacher and
42 Principal Preparation Laboratory School Program shall be allocated to The University of North
43 Carolina General Administration to provide administrative and technical assistance to constituent
44 institutions with educator preparation programs to support the establishment of lab schools in
45 accordance with this section.

46 **SECTION 11.6.(f)** By November 15, 2017, the Board of Governors shall submit a
47 report to the Joint Legislative Education Oversight Committee on the progress of establishing the
48 lab schools as required by Article 29A of Chapter 116 of the General Statutes, including
49 information on student enrollment numbers and the admissions process and any other information
50 the Board deems relevant. By November 15, 2018, the Board of Governors shall submit the initial
51 report required by G.S. 116-239.13 to the Joint Legislative Education Oversight Committee.

UNC ADVANCEMENT ACTIVITY

SECTION 11.7. The Board of Governors shall distribute the five million dollars (\$5,000,000) in nonrecurring funds appropriated to it by this act for the 2016-2017 fiscal year for the purpose of partially offsetting the reduction required by the cap on campus advancement activities established in Section 11.6 of S.L. 2015-241 proportionately among the constituent institutions as follows: the proportionate distributions shall be based on the proportion by which each constituent institution exceeded expenditures of one million dollars (\$1,000,000) in State funds on advancement programs for the 2015-2016 fiscal year.

LRC/STUDY TAXATION OF LESSEES AND USERS OF TAX-EXEMPT CROPLAND OR FORESTLAND

SECTION 11.8.(a) The Legislative Research Commission may study the laws regarding taxation of lessees and users of tax-exempt cropland or forestland, such as Hofmann Forest, to determine the effect of those laws with regard to a governmental entity that owns the property, a governmental entity in which the property is located, a person as defined in G.S. 105-273(12) that leases or uses the property in connection with business conducted for profit, and a person as defined in G.S. 105-273(12) that leases or uses the property in connection with an eleemosynary enterprise of some kind. In addition to the laws regarding taxation, the Commission may study any other issue it deems relevant to this study.

SECTION 11.8.(b) The Legislative Research Commission shall report its findings, together with any recommended legislation, to the 2017 General Assembly upon its convening.

SUBPART XI-A. UNIVERSITY/STATE EDUCATION ASSISTANCE AUTHORITY**MODIFICATIONS TO THE SPECIAL EDUCATION SCHOLARSHIP GRANT PROGRAM FOR CHILDREN WITH DISABILITIES**

SECTION 11A.2.(a) G.S. 115C-112.6 reads as rewritten:

"§ 115C-112.6. Scholarships.

...

(b1) Disbursement of Scholarship Funds. – The Authority shall disburse scholarship funds for tuition and for the reimbursement of costs incurred by the parent of an eligible student as follows:

- (1) ~~Scholarship-Tuition endorsement for tuition. – The Authority shall remit, at least two times each school year, scholarship funds awarded to eligible students for endorsement by at least one of the student's parents or guardians for tuition to attend (i) a North Carolina public school other than the public school to which that student has been assigned as provided in G.S. 115C 366 or (ii) a nonpublic school that meets the requirements of Part 1 or Part 2 of Article 39 of this Chapter as identified by the Department of Administration, Division of Nonpublic Education, and reimbursement. – The Authority shall disburse scholarship funds awarded to eligible students for tuition at a nonpublic school based upon the method selected by the nonpublic school. A nonpublic school may elect to participate in the scholarship endorsement for tuition option or the reimbursement for tuition option as set forth in this subdivision. Scholarship funds shall not be provided for tuition for home schooled students. If the student is attending a nonpublic school, the school must be deemed eligible by the Division of Nonpublic Education, pursuant to G.S. 115C-562.4, and the school shall be subject to the requirements of G.S. 115C-562.5. The parent or guardian shall restrictively endorse the scholarship funds awarded to the eligible student to the school for deposit into the account of the school. The~~

1 ~~parent or guardian shall not designate any entity or individual associated with~~
2 ~~the school as the parent's attorney in fact to endorse the scholarship funds but~~
3 ~~shall endorse the scholarship funds in person at the site of the school. A parent's~~
4 ~~or guardian's failure to comply with this section shall result in forfeiture of the~~
5 ~~scholarship funds. A scholarship forfeited for failure to comply with this~~
6 ~~section shall be returned to the Authority to be awarded to another~~
7 ~~student.~~ Scholarship funds for tuition shall be disbursed as follows:

8 a. Scholarship endorsement for tuition. – The Authority shall remit, at
9 least two times each school year, scholarship funds awarded to eligible
10 students for endorsement by at least one of the student's parents or
11 guardians for tuition to attend a nonpublic school that meets the
12 requirements of Part 1 or Part 2 of Article 39 of this Chapter as
13 identified by the Department of Administration, Division of Nonpublic
14 Education, is deemed eligible by the Division, and is subject to the
15 requirements of G.S. 115C-562.5. The parent or guardian shall
16 restrictively endorse the scholarship funds awarded to the eligible
17 student to the school for deposit into the account of the school. The
18 parent or guardian shall not designate any entity or individual associated
19 with the school as the parent's attorney-in-fact to endorse the
20 scholarship funds but shall endorse the scholarship funds in person at
21 the site of the school. A parent's or guardian's failure to comply with this
22 section shall result in forfeiture of the scholarship funds. A scholarship
23 forfeited for failure to comply with this section shall be returned to the
24 Authority to be awarded to another student.

25 b. Reimbursement for tuition. – The parent or guardian of an eligible
26 student who enrolls in a school that is (i) a North Carolina public school
27 other than the public school to which that student has been assigned as
28 provided in G.S. 115C-366 or (ii) a nonpublic school that meets the
29 requirements of Part 1 or Part 2 of Article 39 of this Chapter as
30 identified by the Department of Administration, Division of Nonpublic
31 Education, is deemed eligible by the Division, and is not subject to
32 G.S. 115C-562.5, shall pay tuition directly to the school. The Authority
33 shall reimburse the parent or guardian no sooner than the midpoint of
34 each semester. A parent or guardian may receive reimbursement for
35 tuition if the parent or guardian provides documentation that the student
36 was enrolled in a school under this sub-subdivision.

37 (2) Scholarship reimbursements for costs. – Scholarship reimbursement for costs
38 incurred shall be provided as follows:

39 a. Preapproval process. – Prior to the start of each school semester, the
40 parent of an eligible student may submit documentation of the special
41 education, related services, or educational technology the parent
42 anticipates incurring costs on in that semester for preapproval by the
43 Authority.

44 b. Reimbursement submissions. – Following the conclusion of each school
45 semester, the parent of an eligible student shall submit to the Authority
46 any receipts or other documentation approved by the Authority to
47 demonstrate the costs incurred during the semester. In addition, parents
48 shall provide documentation of the following to seek reimbursement:

49 1. Special education reimbursement. – Parents may only receive
50 reimbursement for special education if the parent provides
51 documentation that the student received special education for no

- 1 less than 75 days of the semester for which the parent seeks
 2 reimbursement. Special education reimbursement shall not be
 3 provided for special education instruction provided to a home
 4 schooled student by a member of the household of a home
 5 school, as defined in G.S. 115C-563(a).
- 6 2. Related services reimbursement. – Parents may only receive
 7 reimbursement for related services if the parent provides
 8 documentation that the student also received special education
 9 for no less than 75 days of the semester for which the parent
 10 seeks reimbursement for the related services. Related services
 11 reimbursement shall not be provided for related services
 12 provided to a home schooled student by a member of the
 13 household of a home school, as defined in G.S. 115C-563(a).
- 14 3. Educational technology reimbursement. – Parents may only
 15 receive reimbursement for educational technology if the parent
 16 provides documentation that the student used the educational
 17 technology for no less than 75 days of the semester for which the
 18 parent seeks reimbursement.
- 19 c. Scholarship award. – The Authority shall award a scholarship in the
 20 amount of costs demonstrated by the parent up to the maximum amount.
 21 If the costs incurred by the parent do not meet the maximum ~~amount,~~
 22 amount for the fall semester, the Authority shall use the remainder of
 23 those funds for the award of scholarships to eligible students for the
 24 following ~~semester.~~ spring semester. The Authority shall award
 25 scholarships to the parents of eligible students at least semiannually.
- 26 d. Carryforward of funds for reimbursements. – Any unexpended
 27 scholarship funds at the end of each fiscal year shall revert to the
 28 General Fund, except that the Authority may carry forward for the next
 29 fiscal year an amount necessary to ensure that any outstanding,
 30 allowable reimbursements can be disbursed in accordance with this
 31 section. Any funds carried forward for the purpose of meeting
 32 anticipated reimbursement obligations from the prior fiscal year that are
 33 not expended shall not be used to award additional scholarships to
 34 eligible students but shall revert to the General Fund at the end of the
 35 that fiscal year.
- 36 (c) Student Continuing Eligibility. – After an eligible student's initial receipt of a
 37 scholarship, the Authority shall ensure that the student's continuing eligibility is assessed at least
 38 every three years by one of the following:
- 39 (1) The local educational agency. – The local school educational agency shall
 40 assess if the child continues to be a child with a disability and verify the
 41 outcome on a form to be provided to the Authority.
- 42 (2) A licensed psychologist with a school psychology ~~focus,~~ focus or a psychiatrist.
 43 – The psychologist or psychiatrist shall assess, after review of appropriate
 44 medical and educational records, if the education and related services received
 45 by the student in the nonpublic school setting have improved the child's
 46 educational performance and if the student would continue to benefit from
 47 placement in the nonpublic school setting. The psychologist or psychiatrist shall
 48 verify the outcome of the assessment on a form to be provided to the Authority.
- 49"

50 **SECTION 11A.2.(b)** Notwithstanding G.S. 115C-112.5(2)f.1., for the 2016-2017
 51 school year only, a child shall be deemed to have met the eligibility requirement of enrollment in a

1 North Carolina public school during the previous semester under G.S. 115C-112.5(2)f.1. if (i) the
2 child's parent or guardian submitted an application and was eligible to receive a scholarship grant
3 under Part 1H of Article 9 of Chapter 115C of the General Statutes for the 2015-2016 school year
4 and was enrolled in a public school for at least 75 days during the spring semester of the
5 2014-2015 school year or (ii) the child was enrolled for at least 75 days during the spring semester
6 of the 2015-2016 school year.

7 **SECTION 11A.2.(c)** Except as otherwise provided in this section, this section applies
8 beginning with the 2016-2017 school year.

9 **OPPORTUNITY SCHOLARSHIP PROGRAM FORWARD FUNDING**

10 **SECTION 11A.3.(a)** It is the intent of the General Assembly to move the Opportunity
11 Scholarship Grant program funding into the Opportunity Scholarship Grant Fund Reserve
12 (Reserve) established under G.S. 115C-562.8, as enacted by this act, so that funds appropriated for
13 scholarship grants in a fiscal year are awarded to students for the following school year. This
14 change shall provide additional program stability.

15 **SECTION 11A.3.(b)** G.S. 115C-562.1 is amended by adding a new subdivision to
16 read:

17 "(5a) Reserve. – The Opportunity Scholarship Grant Fund Reserve established under
18 G.S. 115C-562.8."

19 **SECTION 11A.3.(c)** G.S. 115C-562.2 is amended by adding a new subsection to
20 read:

21 "(b1) Beginning with the 2017-2018 school year, within the funds appropriated by the
22 General Assembly to award scholarship grants to eligible students under this Part, the Authority
23 may award scholarship grants to at least 2,000 more eligible students each school year than were
24 served in the prior school year."

25 **SECTION 11A.3.(d)** Part 2A of Article 39 of Chapter 115C of the General Statutes is
26 amended by adding a new section to read:

27 **"§ 115C-562.8. The Opportunity Scholarship Grant Fund Reserve.**

28 The Opportunity Scholarship Grant Fund Reserve is established as a reserve to be
29 administered by the Board of Governors of The University of North Carolina for the purpose of
30 allocating funds to the Authority for the award of scholarship grants in accordance with this Part.
31 The Reserve shall consist of monies appropriated from the General Fund to the Reserve by the
32 General Assembly. These funds shall be used to award scholarship grants to eligible students for
33 the school year that begins in the fiscal year following the fiscal year in which the appropriation is
34 made to the Reserve. The Board of Governors shall only use monies in the Reserve in accordance
35 with the purposes set forth in this section. The unobligated balance of funds in the Reserve at the
36 end of each fiscal year shall not revert to the General Fund but shall be used for those purposes set
37 forth in this section for the next fiscal year."

38 **SECTION 11A.3.(e)** G.S. 115C-562.8, as enacted by subsection (d) of this section,
39 reads as rewritten:

40 **"§ 115C-562.8. The Opportunity Scholarship Grant Fund Reserve.**

41 (a) The Opportunity Scholarship Grant Fund Reserve is established as a reserve to be
42 administered by the Board of Governors of The University of North Carolina for the purpose of
43 allocating funds to the Authority for the award of scholarship grants in accordance with this Part.
44 The Reserve shall consist of monies appropriated from the General Fund to the Reserve by the
45 General Assembly to be used to award scholarship grants to eligible students for the school year
46 that begins in the fiscal year following the fiscal year in which the appropriation is made to the
47 Reserve. The Board of Governors shall only use monies in the Reserve in accordance with the
48 purposes set forth in this section. The unobligated balance of funds in the Reserve at the end of
49 each fiscal year shall not revert to the General Fund, but shall be used for those purposes set forth
50 in this section for the next fiscal year.

(b) The General Assembly finds that, due to the critical need in this State to provide opportunity for school choice for North Carolina students, it is imperative that the State provide an increase of funds of at least ten million dollars (\$10,000,000) each fiscal year for 10 years to the Opportunity Scholarship Grant Fund Reserve. Therefore, there is appropriated from the General Fund to the Reserve the following amounts for each fiscal year to be used for the purposes set forth in this section:

<u>Fiscal Year</u>	<u>Appropriation</u>
<u>2017-2018</u>	<u>\$44,840,000</u>
<u>2018-2019</u>	<u>\$54,840,000</u>
<u>2019-2020</u>	<u>\$64,840,000</u>
<u>2020-2021</u>	<u>\$74,840,000</u>
<u>2021-2022</u>	<u>\$84,840,000</u>
<u>2022-2023</u>	<u>\$94,840,000</u>
<u>2023-2024</u>	<u>\$104,840,000</u>
<u>2024-2025</u>	<u>\$114,840,000</u>
<u>2025-2026</u>	<u>\$124,840,000</u>
<u>2026-2027</u>	<u>\$134,840,000</u>

For the 2027-2028 fiscal year and each fiscal year thereafter, there is appropriated from the General Fund to the Reserve the sum of one hundred forty-four million eight hundred forty thousand dollars (\$144,840,000) to be used for the purposes set forth in this section.

(c) Of the funds allocated to the Authority to award scholarship grants under this Part, the Authority may retain the lesser of up to four percent (4%) of the funds appropriated or one million five hundred thousand dollars (\$1,500,000) each fiscal year for administrative costs associated with the scholarship grant program."

SECTION 11A.3.(f) Section 5(b) of S.L. 2013-364, as amended by Section 3.2 of S.L. 2013-363 and Section 11.18 of S.L. 2015-241, is repealed.

SECTION 11A.3.(g) Subsections (e) and (f) of this section become effective July 1, 2017.

ELIMINATE THE TRANSFORMING PRINCIPAL PREPARATION PROGRAM

SECTION 11A.4. Section 11.9 of S.L. 2015-241 is repealed.

PART XII. DEPARTMENT OF HEALTH AND HUMAN SERVICES

SUBPART XII-A. CENTRAL MANAGEMENT AND SUPPORT

FUNDS FOR NORTH CAROLINA FAMILIES ACCESSING SERVICES THROUGH TECHNOLOGY (NC FAST)

SECTION 12A.1. Section 12A.7 of S.L. 2015-241 reads as rewritten:

"**SECTION 12A.7.(a)** Funds appropriated in this act in the amount of five million eight hundred three thousand dollars (\$5,803,000) for the 2015-2016 fiscal year and thirteen million fifty-two thousand dollars (\$13,052,000) for the 2016-2017 fiscal year along with prior year earned revenue in the amount of nine million four hundred thousand dollars (\$9,400,000) for the 2015-2016 fiscal year and ten million nine hundred eighty-nine thousand seventeen dollars (\$10,989,017) for the 2016-2017 fiscal year; and for each of those fiscal years, the cash balance in Budget Code 24410 Fund 2411 for the North Carolina Families Accessing Services through Technology (NC FAST) project shall be used to match federal funds in the 2015-2016 and 2016-2017 fiscal years to expedite the development and implementation of Child Care, Low Income Energy Assistance, Crisis Intervention Programs, Child Services, and NC FAST Federally-Facilitated Marketplace (FFM) ~~Interoperability~~ Interoperability, and Additional Medicaid Eligibility Requirements and Enterprise Program Integrity components of the NC FAST

1 program. The Department shall report any changes in approved federal funding or federal match
2 rates within 30 days after the change to the Joint Legislative Oversight Committees on Health and
3 Human Services and Information Technology and the Fiscal Research Division.

4 "SECTION 12A.7.(b) Departmental receipts appropriated in this act in the amount of nine
5 million eight hundred seventy-one thousand fifty-nine dollars (\$9,871,059) for the 2015-2016
6 fiscal year and ~~thirteen million two hundred twenty thousand six hundred sixty-five dollars~~
7 ~~(\$13,220,665)~~ twenty-five million eight hundred fifty-eight thousand one hundred eighty-seven
8 dollars (\$25,858,187) for the 2016-2017 fiscal year shall be used to provide ongoing maintenance
9 and operations for the NC FAST system, including the creation of three full-time equivalent
10 technology support analyst positions."

11 12 **ELIMINATION OF NC TRACKS ICD-10 IMPLEMENTATION REPORT**

13 **SECTION 12A.2.** Section 12A.6(b) of S.L. 2015-241 is repealed.
14

15 **FINAL REPORT ON COMMUNITY PARAMEDICINE PILOT PROGRAM**

16 **SECTION 12A.3.** Section 12A.12(e) of S.L. 2015-241 reads as rewritten:

17 "SECTION 12A.12.(e) The Department of Health and Human Services shall submit a final
18 report to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal
19 Research Division by ~~November 1, 2016~~ March 1, 2017. At a minimum, the final report shall
20 include all of the following:

- 21 (1) An updated version of the evaluation plan required by subsection (d) of this
22 section.
- 23 (2) An estimate of the cost to expand the program incrementally and statewide.
- 24 (3) An estimate of any potential savings of State funds associated with expansion
25 of the program.
- 26 (4) If expansion of the program is recommended, a time line for expanding the
27 program."
28

29 **CONTRACTING SPECIALIST TRAINING PROGRAM**

30 **SECTION 12A.4.(a)** The School of Government at the University of North Carolina
31 at Chapel Hill (SOG), in collaboration with the Director of Procurement, Contracts and Grants for
32 the Department of Health and Human Services, shall prepare a proposal for the design of a
33 contracting specialist training program for management level personnel within the Department that
34 is based on both national standards and the Certified Local Government Purchasing Officer
35 Program administered by the SOG. By August 1, 2016, the SOG and the Department shall submit
36 the proposal prepared pursuant to this subsection to the Joint Legislative Oversight Committee on
37 Health and Human Services and the Fiscal Research Division.

38 **SECTION 12A.4.(b)** The SOG, in collaboration with the Director of Procurement,
39 Contracts and Grants for the Department of Health and Human Services, shall prepare a proposal
40 for the implementation and administration of the contracting specialist training program for
41 management level personnel within the Department. The proposal shall include budget estimates
42 for program implementation and administration based on the requirements of the program design.
43 The SOG and the Department shall submit the proposal prepared pursuant to this subsection,
44 including budget estimates for program implementation and administration, to the House
45 Appropriations Committee on Health and Human Services, the Senate Appropriations Committee
46 on Health and Human Services, and the Fiscal Research Division for consideration during the
47 2017 Regular Session.

48 **SECTION 12A.4.(c)** This section is effective when it becomes law.
49

50 **REVISE LIST OF INITIATIVES/COMPETITIVE GRANTS/NONPROFIT** 51 **ORGANIZATIONS**

1 **SECTION 12A.5.** Section 12A.8(b)(4) of S.L. 2015-241 is amended by adding the
2 following new sub-subdivision to read:

3 **"SECTION 12A.8.(b)** The Department shall continue administering a competitive grants
4 process for nonprofit funding. The Department shall administer a plan that, at a minimum,
5 includes each of the following:

6 ...
7 (4) A process that awards grants to nonprofits that have the capacity to provide
8 services on a statewide basis and that support any of the following State health
9 and wellness initiatives:

10 ...
11 n. A program that provides year-round sports training and athletic
12 competition for children and adults with disabilities."
13

14 **FUNDS FOR CONTINUED DEVELOPMENT OF HEALTH ANALYTICS PILOT** 15 **PROGRAM**

16 **SECTION 12A.7.** Section 12A.17 of S.L. 2015-241 reads as rewritten:

17 **"SECTION 12A.17.(a)** Of the funds appropriated in this act to the Department of Health and
18 Human Services, Division of Central Management and Support, the sum of seven hundred fifty
19 thousand dollars (\$750,000) in nonrecurring funds for the 2015-2016 fiscal ~~year and year~~; the sum
20 of two hundred fifty thousand dollars (\$250,000) in recurring funds for each year of the
21 2015-2016 fiscal year 2015-2017 fiscal biennium; and the sum of one million two hundred fifty
22 thousand dollars (\$1,250,000) in nonrecurring funds for the 2016-2017 fiscal year shall be used
23 for the development and implementation-phased development, implementation, and operation of a
24 pilot program for Medicaid claims analytics and population health management.

25 **"SECTION 12A.17.(b)** The Department shall coordinate with the Government Data
26 Analytics Center (GDAC) to develop the pilot program and to provide access to needed data
27 sources, including Medicaid claims data, Medicaid beneficiary files, and local management
28 entity/managed care organization (LME/MCO) encounter data for the pilot program. The pilot
29 program shall utilize the subject matter expertise and technology available through existing
30 GDAC public-private partnerships in order to apply analytics in a manner that would maximize
31 health care savings and efficiencies to the State and optimize positive impacts on health outcomes.

32 **"SECTION 12A.17.(b1)** During the 2016-2017 fiscal year, the scope of the pilot program
33 shall be expanded to include all of the following:

34 (1) The integration of new data sources, such as patient level Healthcare
35 Effectiveness Data and Information Set (HEDIS) quality measures, as
36 prioritized by the Department and GDAC.

37 (2) Customized reporting and analytics capabilities.

38 (3) A tool to construct and analyze claims as clinical episodes of care in order to
39 assist North Carolina in its transition to capitated managed care and value-based
40 purchasing arrangements.

41 (4) Operationalization of the pilot program, including an ongoing feed of the data
42 sources described in subsection (b) of this section and any other data sources
43 mutually agreed upon by the Department and GDAC.

44 **"SECTION 12A.17.(c)** By November 30, 2015, the Department shall execute all contractual
45 agreements and interagency data-sharing agreements necessary for development and
46 implementation of the pilot program authorized by this section.

47 **"SECTION 12A.17.(d)** The Department and GDAC shall make the following reports on the
48 pilot program authorized by this section:

49 (1) By January 15, 2016, the Department and GDAC shall provide a progress
50 report on the pilot program authorized by this section to the Senate
51 Appropriations Committee on Health and Human Services, the House of

1 Representatives Appropriations Committee on Health and Human Services, and
2 the Fiscal Research Division.

3 (2) By May 31, 2016, the Department and GDAC shall make ~~a final~~ an interim
4 report of their findings and recommendations on the pilot program authorized
5 by this section to the Joint Legislative Oversight Committee on Health and
6 Human Services, the Joint Legislative Oversight Committee on Information
7 Technology, and the Fiscal Research Division.

8 (3) By May 31, 2017, the Department and GDAC shall make a final report of their
9 findings and recommendations on the pilot program authorized by this section
10 to the Joint Legislative Oversight Committee on Health and Human Services,
11 the Joint Legislative Oversight Committee on Information Technology, and the
12 Fiscal Research Division."
13

14 GRADUATE MEDICAL EDUCATION FUNDING/CAPE FEAR VALLEY MEDICAL 15 CENTER

16 **SECTION 12A.8.(a)** Of the funds appropriated in this act to the Department of Health
17 and Human Services, Division of Central Management and Support, for the 2016-2017 fiscal year
18 for Graduate Medical Education, the sum of up to seven million seven hundred thousand dollars
19 (\$7,700,000) in recurring funds shall be allocated to Cape Fear Valley Medical Center to support
20 the establishment of a residency program affiliated with Campbell University Medical School. The
21 amount of funds allocated to Cape Fear Valley Medical Center pursuant to this section shall not
22 exceed the lesser of the following two amounts:

23 (1) The total amount of lost Medicare revenues attributed to the hospital's
24 reclassification by the Centers for Medicare and Medicaid Services as a rural
25 hospital minus three million dollars (\$3,000,000) in private donations.

26 (2) Seven million seven hundred thousand dollars (\$7,700,000).

27 **SECTION 12A.8.(b)** No funds shall be allocated to Cape Fear Valley Medical Center
28 pursuant to subsection (a) of this section until the Office of State Budget and Management
29 certifies, in writing, that the hospital has met the following criteria by June 30, 2017:

30 (1) Received private donations for the residency program in the amount of at least
31 three million dollars (\$3,000,000). No funds shall be allocated to Cape Fear
32 Valley Medical Center in any subsequent fiscal year pursuant to this section
33 unless OSBM certifies, in writing, that Cape Fear Valley Medical Center has
34 received three million dollars (\$3,000,000) in private donations for the
35 residency program by June 30th of that fiscal year.

36 (2) Received approval from the federal Centers for Medicare and Medicaid
37 Services for reclassification as a rural hospital.

38 (3) Obtained accreditation of the residency program with a minimum of 130
39 additional residency slots by the Accreditation Council for Graduate Medical
40 Education or the American Osteopathic Association.
41

42 SUBPART XII-B. DIVISION OF CHILD DEVELOPMENT AND EARLY EDUCATION

43 44 NC PRE-K/CLARIFY BUILDING STANDARDS

45 **SECTION 12B.1.(a)** Section 12B.1 of S.L. 2015-241 is amended by adding a new
46 subsection to read:

47 "**SECTION 12B.1.(b1)** Building Standards. – Notwithstanding G.S. 110-91, private child
48 care facilities and public schools operating prekindergarten classrooms shall meet the building
49 standards for preschool students as provided in G.S. 115C-521.1."

50 **SECTION 12B.1.(b)** Section 12B.1(c) of S.L. 2015-241 reads as rewritten:

1 "SECTION 12B.1.(c) Programmatic Standards. – ~~All-Except as provided in subsection (b1)~~
2 ~~of this section,~~ entities operating prekindergarten classrooms shall adhere to all of the policies
3 prescribed by the Division of Child Development and Early Education regarding programmatic
4 standards and classroom requirements."
5

6 **STUDY CHILD CARE SUBSIDY RATE SETTING**

7 **SECTION 12B.2.** The Department of Health and Human Services, Division of Child
8 Development and Early Education, shall study how rates are set for child care subsidy. In
9 conducting the study, the Division shall, at a minimum, review market rate studies and other
10 methodologies for establishing rates, including any cost estimation models, along with the pros
11 and cons of each method reviewed. The Division shall report to the House Appropriations
12 Committee on Health and Human Services, the Senate Appropriations Committee on Health and
13 Human Services, and the Fiscal Research Division by March 1, 2017, on any recommendations,
14 including the suggested methodology to be used for setting rates, as well as time frames for
15 implementing the methodology.
16

17 **SUBPART XII-C. DIVISION OF SOCIAL SERVICES**

18 **CHILD WELFARE SYSTEM CHANGES**

19 **SECTION 12C.1.(a)** Federal Improvement Plan Implementation. – The Department
20 of Health and Human Services, Division of Social Services, shall implement the requirements of
21 the federal Program Improvement Plan to bring our State into compliance with national standards
22 for child welfare policy and practices. The Division shall collaborate with county departments of
23 social services to develop a model of oversight that supports program outcomes and a county's
24 ability to meet performance standards as outlined in the Program Improvement Plan. Oversight
25 may include support for continuous quality improvement, staff training, and data analysis. During
26 the first two years of implementing the Program Improvement Plan, the Division shall ensure the
27 three new Human Services/Planner Evaluator positions funded by this act are used to carry out the
28 activities detailed in the Plan. Upon complete implementation of the Plan, these positions shall be
29 used in child welfare services to continually improve outcomes for children and families.
30

31 The Division shall report on the implementation and outcomes of the Program
32 Improvement Plan to the Joint Legislative Oversight Committee on Health and Human Services.
33 The report shall be submitted semiannually on February 1 and August 1 of each year, with the first
34 report submitted on August 1, 2016, and the final report on February 1, 2019.

35 **SECTION 12C.1.(b)** Statewide Strategic Plan. – The Division of Social Services shall
36 develop a statewide strategic plan for child welfare services that complements the required federal
37 Program Improvement Plan. The statewide strategic plan shall, at a minimum, address the findings
38 of the North Carolina Statewide Child Protective Services Evaluation, which was conducted as
39 required by Section 12C.1(f) of S.L. 2014-100, in the areas of county performance, caseload sizes,
40 administrative structure, adequacy of funding, social worker turnover, and monitoring and
41 oversight. The plan shall also address measures for ensuring that Native American children in this
42 State are served in a culturally appropriate manner, including in placements for adoption and
43 foster care. The Division shall submit the plan to the Joint Legislative Oversight Committee on
44 Health and Human Services by December 1, 2016, for consideration by the 2017 General
45 Assembly.

46 **SECTION 12C.1.(c)** Child Welfare/NC FAST. – The Department of Health and
47 Human Services, Division of Social Services, shall continue toward completion of the child
48 welfare component of the North Carolina Families Accessing Services Through Technology (NC
49 FAST) system to (i) bring the State into compliance with the Statewide Information System
50 systematic factor of the Child and Family Services Review (CFSR) and (ii) ensure that data

1 quality meets federal standards and adequate information is collected and available to counties to
2 assist in tracking children and outcomes across counties.

3 The Department of Health and Human Services, Division of Social Services, shall
4 report on the development, implementation, and outcomes of the child welfare component of the
5 NC FAST system to the Joint Legislative Oversight Committee on Health and Human Services
6 quarterly beginning October 1, 2016, and ending with a final report on October 1, 2018. The
7 report shall include, at a minimum, each of the following:

- 8 (1) The current time line for development and implementation of the child welfare
9 component to NC FAST.
- 10 (2) Any adjustments and justifications for adjustments to the time line.
- 11 (3) Progress on the development and implementation of the system.
- 12 (4) Address any identified issues in developing or implementing the child welfare
13 component to NC FAST and solutions to address those issues.
- 14 (5) The level of county participation and involvement in each phase of the project.
- 15 (6) Any budget and expenditure reports, including overall project budget and
16 expenditures, and current fiscal year budget and expenditures.

17 **SECTION 12C.1.(d)** G.S. 7B-101(3) reads as rewritten:

18 **"§ 7B-101. Definitions.**

19 As used in this Subchapter, unless the context clearly requires otherwise, the following words
20 have the listed meanings:

- 21 ...
- 22 (3) Caretaker. – Any person other than a parent, guardian, or custodian who has
23 responsibility for the health and welfare of a juvenile in a residential setting. A
24 person responsible for a juvenile's health and welfare means a stepparent, foster
25 parent, an adult member of the juvenile's household, an adult relative entrusted
26 with the juvenile's care, a potential adoptive parent during a visit or trial
27 placement with a juvenile in the custody of a department, any person such as a
28 house parent or cottage parent who has primary responsibility for supervising a
29 juvenile's health and welfare in a residential child care facility or residential
30 educational facility, or any employee or volunteer of a division, institution, or
31 school operated by the Department of Health and Human Services. Nothing in
32 this subdivision shall be construed to impose a legal duty of support under
33 Chapter 50 or Chapter 110 of the General Statutes. The duty imposed upon a
34 caretaker as defined in this subdivision shall be for the purpose of this
35 Subchapter only."

36 **SECTION 12C.1.(e)** G.S. 7B-302(a1)(1) reads as rewritten:

37 "(a1) All information received by the department of social services, including the identity of
38 the reporter, shall be held in strictest confidence by the department, except under the following
39 circumstances:

- 40 (1) The department shall disclose confidential information to any federal, State, or
41 local government entity or its ~~agent~~ agent, or any private child placing or
42 adoption agency licensed by the Department of Health and Human Services, in
43 order to protect a juvenile from abuse or neglect. Any confidential information
44 disclosed to any federal, State, or local government entity or its agent under this
45 subsection shall remain confidential with the other ~~government~~ entity or its
46 agent and shall only be redisclosed for purposes directly connected with
47 carrying out that entity's mandated responsibilities."

48 **SECTION 12C.1.(f)** G.S. 7B-401.1(h) reads as rewritten:

49 "(h) Intervention. – Except as provided in G.S. 7B-1103(b) and subsection (e1) of this
50 section, the court shall not allow intervention by a person who is not the juvenile's parent,
51 guardian, or custodian, ~~or caretaker~~ but may allow intervention by another county department of

1 social services that has an interest in the proceeding. This section shall not prohibit the court from
 2 consolidating a juvenile proceeding with a civil action or claim for custody pursuant to
 3 G.S. 7B-200."

4 **SECTION 12C.1.(g)** G.S. 7B-901(c) reads as rewritten:

5 "(c) If the disposition order places a juvenile in the custody of a county department of social
 6 services, the court shall direct that reasonable efforts for reunification as defined in G.S. 7B-101
 7 shall not be required if the court makes written findings of fact pertaining to any of the
 8 ~~following~~following, unless the court concludes that there is compelling evidence warranting
 9 continued reunification efforts:

- 10 (1) A court of competent jurisdiction has determined that aggravated circumstances
 11 exist because the parent has committed or encouraged the commission of, or
 12 allowed the continuation of, any of the following upon the juvenile:
 13 a. Sexual abuse.
 14 b. Chronic physical or emotional abuse.
 15 c. Torture.
 16 d. Abandonment.
 17 e. Chronic or toxic exposure to alcohol or controlled substances that
 18 causes impairment of or addiction in the juvenile.
 19 f. Any other act, practice, or conduct that increased the enormity or added
 20 to the injurious consequences of the abuse or neglect.
- 21 (2) A court of competent jurisdiction has terminated involuntarily the parental
 22 rights of the parent to another child of the parent.
- 23 (3) A court of competent jurisdiction has determined that (i) the parent has
 24 committed murder or voluntary manslaughter of another child of the parent; (ii)
 25 has aided, abetted, attempted, conspired, or solicited to commit murder or
 26 voluntary manslaughter of the child or another child of the parent; (iii) has
 27 committed a felony assault resulting in serious bodily injury to the child or
 28 another child of the parent; (iv) has committed sexual abuse against the child or
 29 another child of the parent; or (v) has been required to register as a sex offender
 30 on any government-administered registry."

31 **SECTION 12C.1.(h)** G.S. 7B-906.2 is amended by adding a new subsection to read:

32 "(a1) Concurrent planning shall continue until a permanent plan has been achieved."

34 REVISE REPORT DATE/EBCI ASSUMPTION OF SERVICES

35 **SECTION 12C.2.(a)** Section 12C.10 of S.L. 2015-241, as amended by Section 4.2 of
 36 S.L. 2015-268, reads as rewritten:

37 "...

38 **"SECTION 12C.10.(d)** Approval for the Eastern Band of Cherokee Indians to administer the
 39 eligibility process for Medicaid and NC Health Choice is contingent upon federal approval of
 40 State Plan amendments and Medicaid waivers by the Centers for Medicare & Medicaid Services
 41 (CMS). The Department of Health and Human Services, Division of Medical Assistance (DMA),
 42 shall submit any State Plan amendments and Medicaid waivers necessary for the delegation of
 43 authority and administrative transfer of function to the Eastern Band of Cherokee Indians or to
 44 effectuate the changes required by this section and Section 12C.3 of S.L. 2014-100. All State Plan
 45 amendments and Medicaid waivers submitted as allowed under this subsection shall have an
 46 effective date of ~~October 1, 2016~~April 1, 2017. DMA shall submit the State Plan amendments and
 47 waivers allowed under this subsection and any related responses to CMS requests for additional
 48 information to the Eastern Band of Cherokee Indians for review prior to submission to CMS. If
 49 CMS does not approve the State Plan amendments and Medicaid waivers allowed by this
 50 subsection, the counties shall continue serving individuals living on the federal lands held in trust
 51 by the United States.

1 "~~SECTION 12C.10.(e) Within 30 days of CMS approval of the State Plan amendments and~~
2 ~~Medicaid waivers submitted as allowed under subsection (d) of this section, the Department of~~
3 ~~Health and Human Services shall submit an Advanced Planning Document Update (APDU) When~~
4 ~~an Advanced Planning Document Update (APDU) is required, the Department of Health and~~
5 ~~Human Services shall submit an APDU within 30 days after CMS approval of the State Plan~~
6 ~~amendments allowed under subsection (d) of this section. The Department shall submit the APDU~~
7 ~~to CMS, the United States Department of Agriculture (USDA), and the Administration for~~
8 ~~Children and Families (ACF). If CMS, USDA, and ACF do not approve the APDU, the counties~~
9 ~~shall continue serving individuals living on the federal lands held in trust by the United States.~~

10 ...

11 "**SECTION 12C.10.(f1)** The Department, in collaboration with the Eastern Band of Cherokee
12 Indians, shall draft a project plan to meet the ~~October 1, 2016,~~April 1, 2017, effective date
13 required by subsection (d) of this section. The Department shall report on the project plan to the
14 Joint Legislative Oversight Committee on Health and Human Services on or before January 1,
15 2016.

16 "

17 **SECTION 12C.2.(b)** Section 12C.3(b) of S.L. 2014-100, as amended by Section
18 12C.10(e1) of S.L. 2015-241, reads as rewritten:

19 "**SECTION 12C.3.(b)** Beginning October 1, 2014, or upon federal approval, the Eastern
20 Band of Cherokee Indians may begin assuming the responsibility for the Supplemental Nutrition
21 Assistance Program (SNAP). When the Eastern Band of Cherokee Indians assumes responsibility
22 for SNAP, then any State statutes, portions of statutes, or rules relating to the provision of social
23 services regarding SNAP services by a county department of social services for members of the
24 Eastern Band of Cherokee Indians shall no longer apply to the Tribe, and the functions,
25 administration, and funding requirements relating to those social services are thereby delegated to
26 the Eastern Band of Cherokee Indians.

27 No later than ~~October 1, 2016,~~April 1, 2017, and with the exception of services related to
28 special assistance, childcare, and adult care homes, the Eastern Band of Cherokee Indians may
29 assume responsibility for other programs as described under G.S. 108A-25(e), enacted in
30 subsection (c) of this section. When the Eastern Band of Cherokee Indians assumes responsibility
31 for any of those other programs, then any State statutes, portions of statutes, or rules relating to the
32 provision of services for those programs by a county department of social services for members of
33 the Eastern Band of Cherokee Indians shall no longer apply to the Tribe, and the functions,
34 administration, and funding requirements relating to those programs are thereby delegated to the
35 Eastern Band of Cherokee Indians."

36 37 **PILOT PROGRAM/INCREASE ACCESS TO PUBLIC BENEFITS FOR OLDER DUAL** 38 **ELIGIBLE SENIORS**

39 **SECTION 12C.3.(a)** The Department of Health and Human Services, Division of
40 Social Services (Division), shall establish an evidence-based pilot program to increase access to
41 public benefits for seniors aged 65 and older who are dually enrolled in Medicare and Medicaid to
42 (i) improve the health and independence of seniors and (ii) reduce health care costs. On or before
43 January 1, 2017, the Division shall partner with a not-for-profit firm for the purposes of engaging
44 in a data-driven campaign to help seniors aged 65 and older who are dually enrolled in Medicare
45 and Medicaid meet their basic social needs. The not-for-profit firm shall have demonstrated
46 experience in assisting with these types of services and the partnership shall accomplish each of
47 the following:

- 48 (1) Identify through data sharing, dual eligible seniors aged 65 and older who
49 qualify for the Supplemental Nutrition and Assistance Program (SNAP) but are
50 not currently enrolled.

- 1 (2) Conduct an outreach program towards those seniors for the purpose of enrolling
- 2 them into SNAP.
- 3 (3) Provide comprehensive application assistance through outreach specialists to
- 4 complete public benefits application processes.
- 5 (4) Evaluate project effectiveness and explore how data can be utilized to achieve
- 6 optimal outcomes.
- 7 (5) Make recommendations regarding policy options available to the State to
- 8 streamline access to benefits.

9 **SECTION 12C.3.(b)** The Division of Social Services shall report to the Office of the
10 Governor and the Joint Legislative Oversight Committee on Health and Human Services on its
11 progress in the pilot program by February 1 following each year the pilot program is in place. The
12 report shall, at a minimum, include the following:

- 13 (1) The number of seniors age 65 and older who are dual eligibles but are not
- 14 enrolled in SNAP.
- 15 (2) The number of those identified that would be included in the sample
- 16 population.
- 17 (3) Methods of outreach toward those seniors in the sample population.
- 18 (4) Number of to date enrollments in SNAP as a direct result of outreach during the
- 19 pilot program.
- 20 (5) Participation rate to date in SNAP of those seniors in the sample population.
- 21 (6) Any other findings the Division deems relevant.

22 **SECTION 12C.3.(c)** If funding and capacity exist, the Division of Social Services
23 may expand the pilot program to include other public benefits programs.

24

25 **UPDATE DATES/TANF BENEFIT IMPLEMENTATION PLAN**

26 **SECTION 12C.5.(a)** Section 12C.1 of S.L. 2015-241 is amended by adding a new
27 subsection to read:

28 "SECTION 12C.1.(f) This section expires September 30, 2016."

29 **SECTION 12C.5.(b)** Beginning October 1, 2016, the General Assembly approves the
30 plan titled "North Carolina Temporary Assistance for Needy Families State Plan FY 2016-2019,"
31 prepared by the Department of Health and Human Services and presented to the General
32 Assembly. The North Carolina Temporary Assistance for Needy Families State Plan covers the
33 period October 1, 2016, through September 30, 2019. The Department shall submit the State Plan,
34 as revised in accordance with subsection (b) of this section, to the United States Department of
35 Health and Human Services.

36 **SECTION 12C.5.(c)** The counties approved as Electing Counties in the North
37 Carolina Temporary Assistance for Needy Families State Plan FY 2016-2019, as approved by this
38 section, are Beaufort, Caldwell, Catawba, Lenoir, Lincoln, Macon, and Wilson.

39 **SECTION 12C.5.(d)** Counties that submitted the letter of intent to remain as an
40 Electing County or to be redesignated as an Electing County and the accompanying county plan
41 for years 2016 through 2019, pursuant to G.S. 108A-27(e), shall operate under the Electing
42 County budget requirements effective July 1, 2016. For programmatic purposes, all counties
43 referred to in this subsection shall remain under their current county designation through
44 September 30, 2019.

45 **SECTION 12C.5.(e)** For the 2016-2017 fiscal year, Electing Counties shall be held
46 harmless to their Work First Family Assistance allocations for the 2015-2016 fiscal year, provided
47 that remaining funds allocated for Work First Family Assistance and Work First Diversion
48 Assistance are sufficient for payments made by the Department on behalf of Standard Counties
49 pursuant to G.S. 108A-27.11(b).

50 **SECTION 12C.5.(f)** In the event that departmental projections of Work First Family
51 Assistance and Work First Diversion Assistance for the 2016-2017 fiscal year indicate that

1 remaining funds are insufficient for Work First Family Assistance and Work First Diversion
2 Assistance payments to be made on behalf of Standard Counties, the Department is authorized to
3 deallocate funds, of those allocated to Electing Counties for Work First Family Assistance in
4 excess of the sums set forth in G.S. 108A-27.11, up to the requisite amount for payments in
5 Standard Counties. Prior to deallocation, the Department shall obtain approval by the Office of
6 State Budget and Management. If the Department adjusts the allocation set forth in subsection (d)
7 of this section, then a report shall be made to the Joint Legislative Oversight Committee on Health
8 and Human Services and the Fiscal Research Division.

9
10 **SUBPART XII-D. DIVISION OF AGING AND ADULT SERVICES [RESERVED]**

11
12 **SUBPART XII-E. DIVISION OF PUBLIC HEALTH**

13
14 **USE OF AIDS DRUG ASSISTANCE PROGRAM (ADAP) FUNDS TO PURCHASE**
15 **HEALTH INSURANCE**

16 **SECTION 12E.1.(a)** The Department of Health and Human Services, Division of
17 Public Health, shall create within the North Carolina AIDS Drug Assistance Program (ADAP) a
18 health insurance premium assistance program that utilizes federal funds from Part B of the Ryan
19 White HIV/AIDS Program and ADAP funds to provide eligible beneficiaries with premium and
20 cost-sharing assistance for the purchase or maintenance of private health insurance coverage,
21 including premiums, co-payments, and deductibles. In creating this program, the Department shall
22 ensure full compliance with federal Health Resource and Services Administration (HRSA)
23 guidance, including the methodology used to do all of the following:

- 24 (1) Assess and compare the cost of providing prescription drugs to eligible
25 beneficiaries through the health insurance premium assistance program created
26 pursuant to this section versus the existing ADAP program.
- 27 (2) Ensure that insurance premium assistance program funds are used solely to pay
28 for premium and cost-sharing assistance for the purchase or maintenance of
29 private health insurance coverage that provides, at a minimum, prescription
30 coverage equivalent to the formulary available under Part B of the Ryan White
31 HIV/AIDS Program.
- 32 (3) Limit the total annual amount of funds expended for the health insurance
33 premium assistance program authorized by this section to no more than the total
34 annual cost of maintaining the same individuals on the existing ADAP
35 Program.

36 **SECTION 12E.1.(b)** By March 1, 2017, the Department shall submit a report to the
37 House Appropriations Committee on Health and Human Services, the Senate Appropriations
38 Committee on Health and Human Services, and the Fiscal Research Division on the operation of
39 the program authorized by subsection (a) of this section, including any obstacles to
40 implementation.

41
42 **FUNDING FOR THE ELIMINATION OF HEALTH DISPARITIES**

43 **SECTION 12E.3.(a)** The Department of Health and Human Services, Division of
44 Public Health, shall not award any new Community-Focused Eliminating Health Disparities
45 Initiative grants under Section 12E.3 of S.L. 2015-241 after June 30, 2016.

46 **SECTION 12E.3.(b)** By September 30, 2016, the Department shall terminate all
47 existing grants awarded pursuant to Section 12E.3 of S.L. 2015-241.

48 **SECTION 12E.3.(c)** Section 12E.3 of S.L. 2015-241 is repealed effective October 1,
49 2016.

50 **SECTION 12E.3.(d)** Funds appropriated to the Department of Health and Human
51 Services, Division of Public Health, for the Community-Focused Eliminating Health Disparities

1 Initiative for the 2016-2017 fiscal year shall be used by the Office of Minority Health to fund
2 evidence-based programs designed to address health disparities affecting minority populations.
3 The Office of Minority Health shall award these funds utilizing a methodology approved by the
4 Secretary of Health and Human Services.

6 VECTOR SURVEILLANCE PROGRAM

7 SECTION 12E.4.(a) As used in this section, the term vector means a living
8 transporter and transmitter of the causative agent of a disease.

9 SECTION 12E.4.(b) The Department of Health and Human Services, Division of
10 Public Health, shall establish and administer a vector surveillance program to protect the public
11 health. In conducting the program, the Department shall do all of the following:

- 12 (1) Conduct vector surveillance.
- 13 (2) Characterize vector-borne disease risk.
- 14 (3) Recommend appropriate vector control measures.
- 15 (4) Evaluate the effectiveness of vector control measures.
- 16 (5) Provide comprehensive vector-borne disease consultation, communication, and
17 education.

18 SECTION 12E.4.(c) The Commission for Public Health is authorized to adopt rules
19 necessary to implement the vector surveillance program established pursuant to this section.

21 INCREASED FEE FOR NEWBORN SCREENING PROGRAM

22 SECTION 12E.5.(a) G.S. 130A-125(c), as amended by Section 12E.12 of S.L.
23 2015-241 reads as rewritten:

24 "(c) A fee of ~~twenty-four dollars (\$24.00)~~ forty-four dollars (\$44.00) applies to a laboratory
25 test performed by the State Laboratory of Public Health pursuant to this section. The fee for a
26 laboratory test is a departmental receipt of the Department and shall be used to offset the cost of
27 the Newborn Screening Program."

28 SECTION 12E.5.(b) Subsection (a) of this section becomes effective July 1, 2016,
29 and applies to fees imposed for laboratory tests performed on or after that date.

31 SUBPART XII-F. DIVISION OF MH/DD/SAS AND STATE OPERATED HEALTHCARE 32 FACILITIES

34 MEDICATION-ASSISTED OPIOID USE DISORDER TREATMENT PILOT PROGRAM

35 SECTION 12F.1.(a) Definitions. – As used in this section, the following terms have
36 the following meanings:

- 37 (1) Department. – The North Carolina Department of Health and Human Services.
- 38 (2) FQHC. – A federally qualified health center located in this State.
- 39 (3) Prescriber. – Anyone authorized to prescribe drugs pursuant to the laws of this
40 State.
- 41 (4) Program participant. – An individual who (i) has been clinically assessed and
42 diagnosed with opioid addiction, (ii) is selected by an FQHC to participate in
43 the pilot program authorized by this section, and (iii) as part of the pilot
44 program, receives the nonnarcotic, nonaddictive, extended-release, injectable
45 formulation of opioid antagonist approved by the United States Food and Drug
46 Administration for the prevention of relapse to opioid dependence.
- 47 (5) Randomized control group member. – An individual who (i) has been clinically
48 assessed and diagnosed with opioid addiction, (ii) is selected by a FQHC to
49 participate in the pilot program authorized by this section, and (iii) as part of the
50 pilot program, does not receive the nonnarcotic, nonaddictive, extended-release,

1 injectable formulation of opioid antagonist approved by the United States Food
2 and Drug Administration for the prevention of relapse to opioid dependence.

3 **SECTION 12F.1.(b)** Pilot Program. – The Department shall oversee the
4 administration of a three-year pilot program to be conducted by designated FQHCs to address
5 North Carolina's growing opioid addiction and overdose crisis. The goal of the pilot program is to
6 study the effectiveness of combining behavioral therapy with the utilization of a nonnarcotic,
7 nonaddictive, extended-release, injectable formulation of opioid antagonist approved by the
8 United States Food and Drug Administration for the prevention of relapse to opioid dependence.
9 In conducting the pilot program, selected FQHCs may collaborate with the Department, the
10 School of Government at the University of North Carolina at Chapel Hill (UNC School of
11 Government), and any other State agency that may be of assistance in accomplishing the
12 objectives of the pilot program. Prior to the initiation of this pilot program, the Department shall,
13 in collaboration with UNC School of Government, determine the number of program participants
14 and randomized control group members needed to participate in the pilot program in order to
15 ensure sufficient statistical significance to support any conclusions about the effectiveness of the
16 pilot program.

17 **SECTION 12F.1.(c)** Selection of Participating FQHCs. – Not later than 30 days after
18 the effective date of this section, the Department shall select a minimum of three and not more
19 than five FQHCs located in different areas of the State to participate in the pilot program
20 authorized by this section, giving first priority to FQHCs that have received supplemental grant
21 funds from the United States Department of Health and Human Services, Health Resources and
22 Services Administration, for substance abuse service expansion with a focus on
23 medication-assisted treatment in opioid use disorders.

24 **SECTION 12F.1.(d)** Selection of Program Participants. – Not later than 60 days after
25 the effective date of this section, the Department shall develop, in collaboration with UNC School
26 of Government, a methodology for selecting program participants and randomized control group
27 members at each FQHC. Only individuals who have been clinically assessed and diagnosed with
28 opioid addiction may be selected and treated as program participants and randomized control
29 group members. Individuals who have been referred from local criminal justice agencies may be
30 selected as program participants and randomized control group members.

31 **SECTION 12F.1.(e)** Treatment Standards. – As a condition of participating in the
32 pilot program authorized by this section, each FQHC shall sign a written participation agreement
33 provided by the Department that requires the FQHC to adhere to at least all of the following
34 treatment standards for the duration of its participation in the pilot program:

- 35 (1) Treatment may be provided to program participants and randomized control
36 group members only by a treatment provider who is affiliated with a
37 participating FQHC.
- 38 (2) Only individuals who have been clinically assessed and diagnosed with opioid
39 addiction may be selected and treated as program participants and randomized
40 control group members.
- 41 (3) Treatment providers at participating FQHCs shall do all of the following:
- 42 a. Provide treatment based on an integrated service delivery model that
43 consists of the coordination of care between a prescriber and an
44 addiction services provider.
- 45 b. Conduct any necessary additional professional, comprehensive
46 substance use disorder and mental health diagnostic assessments of
47 individuals under consideration for selection as pilot program
48 participants to determine if they would benefit from substance use
49 disorder treatment and monitoring.

- 1 c. Determine, based on the assessments described in sub-subdivision b. of
- 2 this subdivision, the treatment needs of the program participants served
- 3 by the treatment provider.
- 4 d. Develop individualized treatment goals and objectives for each program
- 5 participant.
- 6 e. Provide program participants with access to medication-assisted
- 7 treatment utilizing a nonnarcotic, nonaddictive, extended-release,
- 8 injectable formulation of opioid antagonist.
- 9 f. In addition to medication-assisted treatment, provide program
- 10 participants with other types of therapies, including behavioral
- 11 therapies, outpatient programs, and community support, for opioid use
- 12 disorder and any other disorders that are determined by the treatment
- 13 provider to be co-occurring disorders.
- 14 g. In the case of medication-assisted treatment provided under the pilot
- 15 program, a drug may be used only if it has been approved by the United
- 16 States Food and Drug Administration for use in combination with
- 17 behavioral therapy for the prevention of relapse to opioid dependence.
- 18 h. Comply with all applicable federal opioid treatment standards.
- 19 i. Monitor the progress of program participants and randomized control
- 20 group members through the use of regular drug testing, including
- 21 urinalysis.

22 **SECTION 12F.1.(f)** FQHC Reports. – No later than 60 days after the effective date of
23 this section, the Department shall, in collaboration with the UNC School of Government, develop
24 a standardized methodology for the collection of information on program participants and
25 randomized control group members at each FQHC. As a condition of participating in the pilot
26 program authorized by this section, each selected FQHC must agree to follow this standardized
27 methodology for (i) collecting information on program participants and randomized control group
28 members and (ii) annually reporting that information to the Department, in the format prescribed
29 by the Department. The annual report shall include at least all of the following information, in the
30 format prescribed by the Department:

- 31 (1) For each program participant and randomized control group member, that
- 32 individual's age, sex, and length of treatment. This information shall be reported
- 33 to the Department in a manner that does not disclose personally identifying
- 34 information about program participants and randomized control group
- 35 members.
- 36 (2) The total number of program participants and the total number of randomized
- 37 control group members who successfully transitioned to opioid abstinence for a
- 38 minimum of 30 days, 60 days, 90 days, six months, 12 months, and 18 months.
- 39 (3) A comparison of program participants to the randomized control group
- 40 members.
- 41 (4) The amount of State appropriations expended on a per program participant
- 42 basis at each participating FQHC.

43 **SECTION 12F.1.(g)** Evaluation of Pilot Program. – By November 1, 2020, the
44 Department shall conduct and submit to the Joint Legislative Oversight Committee on Health and
45 Human Services a comprehensive evaluation of the effectiveness of this pilot program in
46 addressing North Carolina's growing opioid addiction and overdose crisis. The Department may
47 contract with an institution of higher education or other qualified entity with expertise in
48 evaluating programs similar to the pilot program authorized by this section. The comprehensive
49 evaluation shall include whether this pilot program was successful as measured by at least all of
50 the following:

- 1 (1) The total number of program participants who successfully transitioned to
2 opioid abstinence for a minimum of 30 days, 60 days, 90 days, six months, 12
3 months, and 18 months.
- 4 (2) A comparison of the program participants to the randomized control group
5 members.
- 6 (3) A cost-benefit analysis of the pilot program.

7 **SECTION 12F.1.(h)** Expiration. – The pilot program conducted at each selected
8 FQHC shall expire no later than three years after the date of its commencement at that particular
9 FQHC.

10 **SECTION 12F.1.(i)** Funds in the amount of five hundred thousand dollars (\$500,000)
11 from the federal Substance Abuse Prevention and Treatment Block Grant shall be allocated to the
12 Department of Health and Human Services, Division of Mental Health, Developmental
13 Disabilities, and Substance Abuse Services, for the 2016-2017 fiscal year. These funds shall be
14 allocated to the FQHCs selected to participate in the pilot program authorized by this section on a
15 per program participant basis to offset the cost of the following services:

- 16 (1) Medication dispensed to program participants.
17 (2) Provider fees for services rendered to program participants.
18 (3) Up to 14 days of detoxification services.
19 (4) Behavioral therapy for program participants.
20 (5) Drug testing and monitoring of program participants.

21 **SECTION 12F.1.(j)** Subsection (i) of this section becomes effective July 1, 2016. The
22 remainder of this section is effective when it becomes law.

23

24 SINGLE-STREAM FUNDING FOR MH/DD/SAS COMMUNITY SERVICES

25 **SECTION 12F.2.** Section 12F.2(d) of S.L. 2015-241 reads as rewritten:

26 "SECTION 12F.2.(d) If, on or after June 1, 2016, the Office of State Budget and
27 Management (OSBM) certifies a Medicaid budget surplus in funds 1310 and 1311 and sufficient
28 cash in Budget Code 14445 to meet total obligations for fiscal year 2015-2016, then the DMA
29 may transfer to the DMH/DD/SAS funds not to exceed the amount of the certified surplus or thirty
30 million dollars (\$30,000,000), whichever is less, to offset the reduction in single stream funding
31 required by this section. If, on or after June 1, 2017, (i) the OSBM certifies a Medicaid budget
32 surplus in funds 1310 and 1311 and sufficient cash in Budget Code 14445 to meet total obligations
33 for fiscal year ~~2016-2017~~, 2016-2017 and (ii) the LME/MCOs have met the milestones set by the
34 Department of Health and Human Services for consolidation that are required by that date, then
35 the DMA may transfer to the DMH/DD/SAS funds not to exceed the amount of the certified
36 surplus or thirty million dollars (\$30,000,000), whichever is less, to offset the reduction in single
37 stream funding required by this section. The DMH/DD/SAS shall allocate funds transferred
38 pursuant to this subsection among the LME/MCOs based on the individual LME/MCO's
39 percentage of the total cash on hand of all the LME/MCOs in the State, calculated in accordance
40 with subsection (b) of this section. These funds shall be allocated as prescribed by June 30 of each
41 State fiscal year."

42

43 USE OF DOROTHEA DIX HOSPITAL PROPERTY FUNDS

44 **SECTION 12F.4.(a)** It is the intent of the General Assembly to increase short-term
45 inpatient behavioral health bed capacity in rural areas of the State with the highest need. Toward
46 that end, of the funds appropriated from the Dorothea Dix Hospital Property Fund established
47 under G.S. 143C-9-2(b1) to the Department of Health and Human Services, Division of Mental
48 Health, Developmental Disabilities, and Substance Abuse Services, for the 2016-2017 fiscal year,
49 the sum of twelve million dollars (\$12,000,000) shall be used to pay for the following costs
50 incurred in establishing new psychiatric units or new facility-based crisis centers in rural areas of

1 the State with the most limited inpatient behavioral health bed capacity in comparison to their
2 needs:

- 3 (1) The construction of new licensed short-term, inpatient behavioral health beds.
- 4 (2) The conversion of existing inpatient acute care beds into licensed short-term,
5 inpatient behavioral health beds.
- 6 (3) A combination of subdivision (1) and subdivision (2) of this subsection.

7 Any psychiatric unit or facility-based crisis center that has short-term, inpatient
8 behavioral health beds purchased with funds appropriated under this subsection shall be named in
9 honor of Dorothea Dix.

10 By December 1, 2017, the Department of Health and Human Services shall report to
11 the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research
12 Division on the number and location of additional licensed short-term, inpatient behavioral health
13 beds brought into operation with funds allocated under this subsection along with a proposal for
14 funding the recurring operating costs of these additional beds, including the identification of
15 potential new funding sources.

16 **SECTION 12F.4.(b)** It is the intent of the General Assembly to increase the number
17 of facility-based crisis centers in North Carolina for children and adolescents. Toward that end, of
18 the funds appropriated from the Dorothea Dix Hospital Property Fund established under
19 G.S. 143C-9-2(b1) to the Department of Health and Human Services, Division of Mental Health,
20 Developmental Disabilities, and Substance Abuse Services, for the 2016-2017 fiscal year the sum
21 of two million dollars (\$2,000,000) shall be used to award grants on a competitive basis for the
22 establishment of up to two new facility-based crisis centers in the State for children and
23 adolescents. The Department shall establish a process for applying for these grants, criteria for
24 evaluating applications, and a process for allocating grants.

25 26 **TRAUMATIC BRAIN INJURY FUNDING**

27 **SECTION 12F.5.** Section 12F.6 of S.L. 2015-241 reads as rewritten:

28 "**SECTION 12F.6.** Of the funds appropriated in this act to the Department of Health and
29 Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse
30 Services, ~~for the 2015-2016 fiscal year, each year of the 2015-2017 fiscal biennium,~~ the sum of two
31 million three hundred seventy-three thousand eighty-six dollars (\$2,373,086) shall be used
32 exclusively to support traumatic brain injury (TBI) services as follows:

- 33 (1) The sum of three hundred fifty-nine thousand two hundred eighteen dollars
34 (\$359,218) shall be used to fund contracts with the Brain Injury Association of
35 North Carolina, Carolinas Rehabilitation, or other appropriate service providers.
- 36 (2) The sum of seven hundred ninety-six thousand nine hundred thirty-four dollars
37 (\$796,934) shall be used to support residential programs across the State that
38 are specifically designed to serve individuals with TBI.
- 39 (3) The sum of one million two hundred sixteen thousand nine hundred thirty-four
40 dollars (\$1,216,934) shall be used to support requests submitted by individual
41 consumers for assistance with residential support services, home modifications,
42 transportation, and other requests deemed necessary by the consumer's local
43 management entity and primary care physician."

44 45 **IMPROVE CONTROLLED SUBSTANCES REPORTING SYSTEM ACCESS AND** 46 **UTILIZATION**

47 **SECTION 12F.6.** G.S. 90-113.74, as amended by Section 12F.16(d) of S.L.
48 2015-241, reads as rewritten:

49 "**§ 90-113.74. Confidentiality.**

50 ...

1 (f) The Department ~~shall~~ shall, on a quarterly basis, purge from the controlled substances
2 reporting system database all information more than six years old. The Department shall maintain
3 in a separate database all information purged from the controlled substances reporting system
4 database pursuant to this subsection and may release data from that separate database only as
5 provided in subsection (d) of this section.

6"

8 CONTROLLED SUBSTANCES REPORTING SYSTEM IMPROVEMENTS

9 SECTION 12F.7.(a) It is the intent of the General Assembly to improve the security,
10 functionality, and interface capabilities of the Controlled Substances Reporting System (CSRS),
11 thereby improving the system's data management and advanced analytics capabilities. Toward that
12 end, funds appropriated in this act to the Department of Health and Human Services, Division of
13 Mental Health, Developmental Disabilities, and Substance Abuse Services (DMH/DD/SAS), for
14 the 2016-2017 fiscal year for the CSRS shall be used as follows:

- 15 (1) Six hundred thousand dollars (\$600,000) in nonrecurring funds shall be used to
16 upgrade the CSRS database to meet the most current architecture standards of
17 the American Society for Automation in Pharmacy and Prescription Monitoring
18 Information Exchange (PMIX). The upgrade shall be designed to facilitate
19 connectivity with controlled substances reporting systems in surrounding states
20 and the statewide health information exchange network in this State, while
21 protecting the privacy of patient information stored in the system in a manner
22 consistent with federal and State laws. The upgraded database shall be hosted
23 within the Department of Information Technology.
- 24 (2) Three hundred seventy-five thousand dollars (\$375,000) in recurring funds
25 shall be used for ongoing maintenance and operation of the CSRS.
- 26 (3) Six hundred fifty-three thousand four hundred dollars (\$653,400) in
27 nonrecurring funds shall be used to pay for contractual hours to develop
28 software for the performance of advanced analytics within the CSRS in order to
29 achieve the purposes specified in G.S. 90-113.71 and, more specifically, to
30 accomplish at least all of the following:
 - 31 a. To enhance and automate reports solicited by persons or entities
32 authorized under G.S. 90-113.74.
 - 33 b. To enhance the Department's ability to provide data to persons or
34 entities authorized to receive information under G.S. 90-113.74.
 - 35 c. To aggregate data sources, including those available through the
36 Government Data Analytics Center (GDAC), relevant to the
37 identification of unusual prescribing patterns or behavior indicative of
38 abuse, addiction, or criminal activity.

39 In improving the CSRS as specified in subdivision (3) of this subsection, the
40 DMH/DD/SAS shall utilize subject matter expertise and technology available through existing
41 GDAC public-private partnerships. Upon development and implementation of the advanced
42 analytics software for the CSRS, the DMH/DD/SAS shall coordinate with the Division of Public
43 Health and any other appropriate division within the Department of Health and Human Services to
44 ensure that advanced analytics are performed in a manner that achieves the purposes specified in
45 G.S. 90-113.71.

46 SECTION 12F.7.(b) By December 1, 2016, the Department shall execute all
47 contractual agreements and interagency data sharing agreements necessary to complete the
48 improvements to the CSRS described in subdivision (3) of subsection (a) of this section.

49 SECTION 12F.7.(c) Article 5E of Chapter 90 of the General Statutes is amended by
50 adding a new section to read:

1 **"§ 90-113.74A. Mandatory use of controlled substances reporting system by prescribers;**
2 **disciplinary actions.**

3 (a) Within 30 days after obtaining an initial or renewal license that confers the authority to
4 prescribe a controlled substance for the purpose of providing medical care for a patient, the
5 licensee shall demonstrate to the satisfaction of the licensing board that he or she is registered for
6 access to the controlled substances reporting system. A violation of this section shall constitute
7 cause for the licensing board having jurisdiction over the licensee to suspend or revoke the license.

8 (b) Each person authorized to prescribe a controlled substance for the purpose of providing
9 medical care for a patient shall, prior to prescribing a controlled substance, review all information
10 pertaining to the patient in the controlled substances reporting system for the preceding 12-month
11 period to determine if the prescription is medically necessary and appropriate. This section does
12 not apply to an emergency situation in which immediate action is necessary to preserve the life or
13 health of a patient. A violation of this section shall constitute cause for the licensing board having
14 jurisdiction over the licensee to suspend or revoke the license.

15 (c) Each licensing board with jurisdiction over persons with prescribing authority is
16 authorized to adopt rules as necessary to implement this section."

17 **SECTION 12F.7.(d)** G.S. 90-113.74A, as enacted by subsection (c) of this section,
18 becomes effective on the date the State Chief Information Officer notifies the Revisor of Statutes
19 that (i) the upgrades to the CSRS database described in subdivisions (1) and (3) of subsection (a)
20 of this section have been completed and (ii) the upgraded CSRS database is fully operational
21 within the Department of Information Technology and connected to the statewide health
22 information exchange; and it applies to acts committed on or after that date. The remainder of this
23 section becomes effective July 1, 2016.

24
25 **CLOSURE OF WRIGHT SCHOOL**

26 **SECTION 12F.8.(a)** The Department of Health and Human Services shall not allow
27 any new admissions or readmissions to the Wright School after June 30, 2016. The Department
28 shall, in consultation with local management entities/managed care organizations, develop a plan
29 to transition all students enrolled at the Wright School to other appropriate educational and
30 treatment settings.

31 **SECTION 12F.8.(b)** By September 30, 2016, the Department shall permanently cease
32 operations at the Wright School.

33 **SECTION 12F.8.(c)** G.S. 122C-181(a)(5)b. is repealed effective October 1, 2016.

34
35 **EXPANDED USE OF FUNDS FOR INPATIENT PSYCHIATRIC BEDS OR BED DAYS**

36 **SECTION 12F.9.** Subsection (a) of Section 12F.1 of S.L. 2015-241 reads as
37 rewritten:

38 **"SECTION 12F.1.(a) Use of Funds.** – Of the funds appropriated in Section 2.1 of this act to
39 the Department of Health and Human Services, Division of Mental Health, Developmental
40 Disabilities, and Substance Abuse Services, for crisis services, the sum of forty million five
41 hundred eighty-three thousand three hundred ninety-four dollars (\$40,583,394) for the 2015-2016
42 fiscal year and the sum of forty million five hundred eighty-three thousand three hundred
43 ninety-four dollars (\$40,583,394) for the 2016-2017 fiscal year shall be used to purchase
44 additional new or existing local inpatient psychiatric beds or bed days not currently funded by or
45 though LME/MCOs. The Department shall continue to implement a two-tiered system of payment
46 for purchasing these local inpatient psychiatric beds or bed days based on acuity level with an
47 enhanced rate of payment for inpatient psychiatric beds or bed days for individuals with higher
48 acuity levels, as defined by the Department. The enhanced rate of payment for inpatient
49 psychiatric beds or bed days for individuals with higher acuity levels shall not exceed the lowest
50 average cost per patient bed day among the State psychiatric hospitals. In addition, at the
51 discretion of the Secretary of Health and Human Services, existing funds allocated to LME/MCOs

1 for community-based mental health, developmental disabilities, and substance abuse services may
2 be used to purchase additional local inpatient psychiatric beds or bed days. Funds designated in
3 this subsection for the purchase of local inpatient psychiatric beds or bed days shall not be used to
4 supplant other funds appropriated or otherwise available to the Department for the purchase of
5 inpatient psychiatric services through contracts with local hospitals.

6 The Department may use up to ten percent (10%) of the funds allocated in this subsection for
7 the 2016-2017 fiscal year for the State's three-way contracts to pay for facility-based crisis
8 services and non-hospital detoxification services for individuals in need of these services,
9 regardless if the individuals are medically indigent, as defined in subsection (b) of this section."

10 STRATEGIC PLAN FOR IMPROVEMENT OF BEHAVIORAL HEALTH SERVICES

11 **SECTION 12F.10.(a)** The General Assembly finds that behavioral health services
12 within the State are fragmented and a statewide comprehensive plan is necessary to ensure that
13 individuals with behavioral health needs are timely served in the most appropriate settings and
14 with the most appropriate services in order to achieve the best possible outcomes. The General
15 Assembly further finds the absence of a statewide strategic plan that defines, coordinates, and
16 facilitates the allocation of resources for needed services is an obstacle to improving the desired
17 outcomes for behavioral health services in this State. It is the intention of the General Assembly to
18 improve the delivery and coordination of behavioral health services across the State by targeting
19 State resources to identified needs of covered populations and to treatments and services most
20 effective at producing positive, measurable outcomes.

21 **SECTION 12F.10.(b)** By November 1, 2017, the Department of Health and Human
22 Services shall develop and submit to the Joint Legislative Oversight Committee on Health and
23 Human Services, the Joint Legislative Oversight Committee on Medicaid and NC Health Choice,
24 and the Fiscal Research Division a strategic statewide plan to improve the efficiency and
25 effectiveness of State-funded behavioral health services. The plan shall include at least all of the
26 following:
27

- 28 (1) Identification of the Division that will (i) assume lead responsibility for the
29 organization and delivery of publicly funded behavioral health services and (ii)
30 define the current and future roles and responsibilities of local management
31 entities/managed care organizations (LME/MCOs) with respect to the
32 organization and delivery of publicly funded behavioral health services.
- 33 (2) A process for ensuring that all State contracts with behavioral health providers
34 and managed care organizations responsible for managing Medicaid behavioral
35 health services (including LME/MCOs) contain goals for overall behavioral
36 health services, along with specific measurable outcomes for all publicly
37 funded mental health, developmental disabilities, substance abuse, and
38 traumatic brain injury services. The process must require that the lead Division
39 utilize a single contract with each provider or managed care organization for all
40 publicly funded behavioral health services regardless of the source of funding.
- 41 (3) A statewide needs assessment for mental health, developmental disabilities,
42 substance abuse, and traumatic brain injury services by county and type of
43 service, broken down by the source of funding. The needs assessment must
44 include a defined service continuum to address identified needs for targeted
45 populations.
- 46 (4) Specific solvency standards to be incorporated into State contracts with
47 LME/MCOs that define appropriate cash balances, predictors for sustainability,
48 and measures for performance that the LME/MCOs will monitor and report to
49 the Department on a monthly, quarterly, and annual basis.

- 1 (5) Any other component the Department deems necessary to achieve the goal of
2 improving the effective and efficient delivery and coordination of publicly
3 funded behavioral health services across the State.

4 **SECTION 12F.10.(c)** The Joint Legislative Oversight Committee on Health and
5 Human Services and the Joint Legislative Oversight Committee on Medicaid and NC Health
6 Choice shall each establish a subcommittee on Behavioral Health Services. The subcommittees
7 shall meet jointly to do the following:

- 8 (1) Oversee the Department's development of the strategic plan required by
9 subsection (a) of this section.
10 (2) Review the strategic plan developed by the Department in accordance with
11 subsection (b) of this section, including a review of all performance-related
12 goals and measures for the delivery of mental health, developmental
13 disabilities, substance abuse, and traumatic brain injury services.
14 (3) Review consolidated monthly, quarterly, and annual reports and analyses of
15 behavioral health services funded by Medicaid and State-only appropriations.

16 The subcommittees shall jointly make recommendations about the areas of oversight
17 and review described in subdivisions (1) through (3) of this subsection and report their findings
18 and recommendations to their respective committees. In conducting the required oversight and
19 review, the subcommittees may seek input from other states, stakeholders, and national experts as
20 they deem necessary in conducting their examination and developing their recommendations.

21 **SECTION 12F.10.(d)** This section is effective when it becomes law.
22

23 **SUBPART XII-G. DIVISION OF HEALTH SERVICE REGULATION**

24 **MORATORIUM ON HOME CARE AGENCY LICENSES FOR IN-HOME AIDÉ** 25 **SERVICES**

26 **SECTION 12G.1.(a)** Section 12G.4(a) of S.L. 2014-100 reads as rewritten:

27 "SECTION 12G.4.(a) For the period commencing on the effective date of this section, and
28 ending ~~June 30, 2016, June 30, 2019,~~ and notwithstanding the provisions of the Home Care
29 Agency Licensure Act set forth in Part 3 of Article 6 of Chapter 131E of the General Statutes or
30 any rules adopted pursuant to that Part, the Department of Health and Human Services shall not
31 issue any licenses for home care agencies as defined in G.S. 131E-136(2) that intend to offer
32 in-home aide services. This prohibition does not apply to ~~companion and sitter~~ companion, sitter,
33 or respite services and shall not restrict the Department from doing any of the following:

- 34 (1) Issuing a license to a certified home health agency as defined in
35 G.S. 131E-176(12) that intends to offer in-home aide services.
36 (2) Issuing a license to an agency that needs a new license for an existing home
37 care agency being acquired.
38 (3) Issuing a license for a new home care agency in any area of the State upon a
39 determination by the Secretary of the Department of Health and Human
40 Services that increased access to care is necessary in that area."
41

42 **SECTION 12G.1.(b)** This section is effective when it becomes law.
43

44 **ADULT CARE HOME COST REPORTING**

45 **SECTION 12G.2.** G.S. 131D-4.2 reads as rewritten:

46 "**§ 131D-4.2. Adult care homes; family care homes; ~~annual~~-cost reports; exemptions;**
47 **enforcement.**

48 (a) Except for family care homes, adult care homes with a licensed capacity of seven to
49 twenty beds, which are licensed pursuant to this Chapter, to Chapter 122C of the General Statutes,
50 and to Chapter 131E of the General Statutes, shall submit audited reports of actual costs to the
51 Department at least every two years in accordance with rules adopted by the Department under

1 G.S. 143B-10. ~~For years in which an audited report of actual costs is not required, an annual cost~~
2 ~~report shall be submitted to the Department in accordance with rules adopted by the Department~~
3 ~~under G.S. 143B-10.~~ Adult care homes licensed under Chapter 131D of the General Statutes that
4 have special care units shall include in reports required under this subsection cost reports specific
5 to the special care unit and shall not average special care costs with other costs of the adult care
6 home.

7 (b) Except for family care homes, adult care homes with a licensed capacity of twenty-one
8 beds or more, which are licensed pursuant to this Chapter, to Chapter 122C of the General
9 Statutes, and to Chapter 131E of the General Statutes, shall submit ~~annual~~-audited reports of actual
10 costs at least every two years to the Department of Health and Human Services, in accordance
11 with rules adopted by the Department under G.S. 143B-10. Adult care homes licensed under
12 Chapter 131D of the General Statutes that have special care units shall include in the reports
13 required under this subsection cost reports specific to the special care unit and shall not average
14 special care costs with other costs of the adult care home.

15 (c) Repealed by Session Laws 1999-334, s. 3.1.

16 (d) Facilities that do not receive State/County Special Assistance or Medicaid personal
17 care are exempt from the reporting requirements of this section.

18 (e) ~~Except as otherwise provided in this subsection, the annual reporting period for~~
19 ~~facilities licensed pursuant to this Chapter or Chapter 131E of the General Statutes shall be~~
20 ~~October 1 through September 30, with the annual report due by the following December 31, unless~~
21 ~~the Department determines there is good cause for delay. The annual report for combination~~
22 ~~facilities and free standing adult care home facilities owned and operated by a hospital shall be~~
23 ~~due 15 days after the hospital's Medicare cost report is due. The annual report for combination~~
24 ~~facilities not owned and operated by a hospital shall be due 15 days after the nursing facility's~~
25 ~~Medicaid cost report is due. The annual reporting period for facilities licensed pursuant to Chapter~~
26 ~~122C of the General Statutes shall be July 1 through June 30, with the annual report due by the~~
27 ~~following December 31, unless the Department determines there is good cause for delay. Under~~
28 ~~this subsection, good cause is an action that is uncontrollable by the provider. The Department~~
29 shall establish specific reporting deadlines for each type of facility required to report under this
30 section. If the Department finds good cause for delay, it may extend the deadline for filing a report
31 for up to an additional 30 days.

32 (f) The Department shall have the authority to conduct audits and review audits submitted
33 pursuant to subsections ~~(a), (b), and (e) above.~~ (a) and (b) of this section.

34 (g) The Department shall suspend admissions to facilities that fail to submit annual reports
35 by December 31, or by the applicable reporting deadline or by the date established by the
36 Department when good cause for delay is found pursuant to G.S. 131D-4.2(e). Suspension of
37 admissions shall remain in effect until reports are submitted or licenses are suspended or revoked
38 under subdivision (2) of this subsection. The Department may take either or both of the following
39 actions to enforce compliance by a facility with this section, or to punish noncompliance:

40 (1) Seek a court order to enforce compliance;

41 (2) Suspend or revoke the facility's license, subject to the provisions of Chapter
42 150B of the General Statutes.

43 (h) The report documentation shall be used to adjust the adult care home rate ~~annually,~~ at
44 least every two years, an adjustment that is in addition to the annual standard adjustment for
45 inflation as determined by the Office of State Budget and Management. Rates for family care
46 homes shall be based on market rate data. The Secretary of Health and Human Services shall
47 adopt rules for the rate-setting methodology and audited cost reports in accordance with
48 G.S. 143B-10."
49

50 FACILITIES INCLUDED UNDER SINGLE HOSPITAL LICENSE

51 SECTION 12G.3.(a) G.S. 131E-77 is amended by adding a new subsection to read:

1 "(e1) Any license issued by the Department shall include only facilities, premises, buildings,
2 outpatient clinics, and other locations (i) operated by the hospital within a single county and (ii)
3 operated by the hospital in an immediately adjoining county; provided, however, that facilities,
4 premises, buildings, outpatient clinics, and other locations operated by a hospital in an
5 immediately adjoining county shall only be included under the same license if the applicant
6 demonstrates to the satisfaction of the Department that there was previously a single hospital
7 licensed by the Department in the immediately adjoining county that closed or otherwise ceased
8 providing services to patients no more than three years prior to the applicant's initial establishment
9 of a facility, premises, building, outpatient clinic, or location in the immediately adjoining county.
10 If a hospital establishes its initial facility, premises, building, outpatient clinic, or other location in
11 an immediately adjoining county within three years after the closure of, or cessation of patient
12 services at, a previously licensed hospital within the immediately adjoining county, then any
13 additional facilities, premises, buildings, outpatient clinics, or other locations thereafter developed
14 and operated by the applicant in accordance with applicable law in such immediately adjoining
15 county may also be included within and covered by the license issued to the hospital by the
16 Department."

17 **SECTION 12G.3.(b)** This section is effective when it becomes law.

18

19 **REPEAL OF CERTIFICATE OF PUBLIC ADVANTAGE LAWS**

20 **SECTION 12G.4.** Section 6 of S.L. 2015-288 reads as rewritten:

21 "**SECTION 6.** Section 4 of this act is effective ~~January 1, 2018~~September 30, 2016. The
22 remainder of this act is effective when it becomes law."
23

24 **SUBPART XII-H. DIVISION OF MEDICAL ASSISTANCE (MEDICAID)**

25

26 **ACCOUNTING FOR MEDICAID RECEIVABLES AS NONTAX REVENUE**

27 **SECTION 12H.1.** Section 12H.10(b) of S.L. 2015-241 reads as rewritten:

28 "**SECTION 12H.10.(b)** For the 2015-2016 fiscal year, the Department of Health and Human
29 Services shall deposit from its revenues one hundred thirty-nine million dollars (\$139,000,000)
30 with the Department of State Treasurer to be accounted for as nontax revenue. For the 2016-2017
31 fiscal year, the Department of Health and Human Services shall deposit from its revenues one
32 hundred ~~thirty-nine~~forty-seven million dollars ~~(\$139,000,000)~~(\$147,000,000) with the
33 Department of State Treasurer to be accounted for as nontax revenue. These deposits shall
34 represent the return of General Fund appropriations, nonfederal revenue, fund balances, or other
35 resources from State-owned and State-operated hospitals which are used to provide indigent and
36 nonindigent care services. The return from State-owned and State-operated hospitals to DHHS
37 will be made from nonfederal resources in an amount equal to the amount of the payments from
38 the Division of Medical Assistance for uncompensated care. The treatment of any revenue derived
39 from federal programs shall be in accordance with the requirements specified in the Code of
40 Federal Regulations, Title 2, Part 225."
41

42 **MEDICAID RECOVERY AND ABLE ACCOUNTS**

43 **SECTION 12H.2.(a)** G.S. 147-86.73 is amended by adding a new subsection to read:

44 "(g1) Notice for Designated Beneficiary Receiving Medicaid. – The ABLE Account
45 application form approved in accordance with G.S. 147-86.71(b)(1) shall include notice of the
46 State's right under subsection (e) of this section to file a claim for payment from a designated
47 beneficiary's ABLE account following the death of a beneficiary who received medical assistance
48 benefits."

49 **SECTION 12H.2.(b)** G.S. 147-86.73(g) is repealed.

50

51 **MEDICAID AND HEALTH CHOICE PROVIDER SCREENING**

1 **SECTION 12H.3.** G.S. 108C-3 reads as rewritten:
2 "**§ 108C-3. Medicaid and Health Choice provider screening.**

3 ...
4 (g) High Categorical Risk Provider Types. – The following provider types are hereby
5 designated as "high" categorical risk:

6 ...
7 (10) Providers that were excluded, or whose owners, operators, or managing
8 employees were excluded, by the U.S. Department of Health and Human
9 Services Office of Inspector ~~General~~General, the Medicare program, or another
10 state's Medicaid ~~program~~or Children's Health Insurance Program within the
11 previous 10 years.

12 ...
13 (j) For out-of-state providers, the Department may rely on the results of the provider
14 screening performed by the Medicaid agencies or Children's Health Insurance Program ~~for~~
15 ~~Children~~ agencies of other states."

16 17 **CONTRACT TO RECOVER CERTAIN OVERPAYMENTS**

18 **SECTION 12H.3A.** No later than October 1, 2016, the Department of Health and
19 Human Services, Division of Medical Assistance, shall issue a request for proposals (RFP) to
20 recover Medicaid and NC Health Choice overpayments to providers when the total amount owed
21 to the State by the provider is less than one hundred fifty dollars (\$150.00). The RFP shall specify
22 that payment under the contract shall be made only in the form of a contingent fee. The contingent
23 fee shall be set at a percentage of the State share of the final overpayment, as defined in
24 G.S. 108C-2(5).

25 26 **CLARIFY DHHS AUTHORITY TO ADMINISTER MEDICAID AND NC HEALTH 27 CHOICE PROGRAMS**

28 **SECTION 12H.4.** G.S. 108A-54(e) reads as rewritten:

29 "(e) The Secretary of the Department of Health and Human ~~Services, through the Division~~
30 ~~of Health Benefits, Services~~ shall have the following powers and duties:

31 (1) Administer and operate the Medicaid and NC Health Choice programs,
32 provided that the total expenditures, net of agency receipts, do not exceed the
33 authorized budget for ~~each program~~the Medicaid program and NC Health
34 Choice program. None of the powers and duties enumerated in the other
35 subdivisions of this subsection shall be construed to limit the broad grant of
36 authority to administer and operate the Medicaid and NC Health Choice
37 programs.

38 "

39 40 **EXPAND SUPPORT FOR PATIENTS WITH ALZHEIMER'S DISEASE AND THEIR 41 FAMILIES THROUGH COMMUNITY ALTERNATIVES PROGRAM FOR 42 DISABLED ADULTS WAIVER SLOTS**

43 **SECTION 12H.5.(a)** The Department of Health and Human Services, Division of
44 Medical Assistance, shall amend the North Carolina Community Alternatives Program for
45 Disabled Adults (CAP/DA) waiver to increase number of slots available under the waiver by a
46 maximum of 213 slots. These additional slots shall be made available on January 1, 2017.

47 **SECTION 12H.5.(b)** Of the funds appropriated to the Department of Health and
48 Human Services, Division of Medical Assistance, one million dollars (\$1,000,000) for fiscal year
49 2016-2017 shall be used to fund these additional slots.

50 51 **ADULT MEDICAID COVERAGE FOR ROUTINE EYE EXAMINATIONS**

1 **SECTION 12H.5A.(a)** Effective January 1, 2017, the Department of Health and
2 Human Services (Department) shall provide Medicaid coverage for routine eye examinations for
3 adults. Medicaid coverage for adult routine eye examinations shall be limited to once every 30
4 months. The routine eye examinations shall include blood sugar screening, repeat blood sugar
5 screening with fasting when clinically appropriate, and appropriate physician referral, and these
6 services shall not be billed separately. The Department shall adopt clinical coverage policies
7 pursuant to G.S. 108A-54.2 in accordance with the requirements of this section.

8 **SECTION 12H.5A.(b)** Of the funds appropriated to the Department of Health and
9 Human Services, Division of Medical Assistance, two million one hundred forty-three thousand
10 five hundred sixty-four dollars (\$2,143,564) shall be used to fund Medicaid coverage for routine
11 eye examinations for adults pursuant to this section.

12 13 **REMOVE SUNSET ON MEDICAID ELIGIBILITY/COLA DISREGARD**

14 **SECTION 12H.7.** Section 10.6(c) of S.L. 2012-142 reads as rewritten:

15 "**SECTION 10.6.(c)** Subsection (a) of this section becomes effective January 1, 2013. The
16 remainder of this section is effective when it becomes law. ~~G.S. 108A-54.4, as enacted by~~
17 ~~subsection (a) of this section, expires on December 31, 2017."~~

18 19 **COMPLETION OF PERFORMANCE AUDIT OF COUNTY DEPARTMENTS OF** 20 **SOCIAL SERVICES' ADMINISTRATION OF MEDICAID PROGRAM**

21 **SECTION 12H.16.** Section 11.5(c) of S.L. 2015-7 reads as rewritten:

22 "**SECTION 11.5.(c)** The State Auditor shall submit a preliminary report on the performance
23 audit required by this section to the Joint Legislative Oversight Committee on Health and Human
24 Services and to the Fiscal Research Division by June 1, 2015, and shall complete the performance
25 audit by ~~February 1, 2016, December 31, 2016.~~ The Department of Health and Human Services
26 and county departments of social services shall give the State Auditor full access to all data
27 necessary to complete the audit and the report."

28 29 **MEDICAID ELIGIBILITY DETERMINATION TIMELINESS**

30 **SECTION 12H.17.(a)** The Department of Health and Human Services, Division of
31 Medical Assistance (DHHS), shall submit a report annually for the 2015-2016 and 2016-2017
32 fiscal year to the Joint Legislative Oversight Committee on Medicaid and NC Health Choice, the
33 Joint Legislative Oversight Committee on Health and Human Services, and the Fiscal Research
34 Division containing the following information:

- 35 (1) The annual statewide percentage of Medicaid applications processed in a timely
36 manner for the fiscal year.
- 37 (2) The statewide average number of days to process Medicaid applications for
38 each month in the fiscal year.
- 39 (3) The annual percentage of Medicaid applications processed in a timely manner
40 by each county department of social services for the fiscal year.
- 41 (4) The average number of days to process Medicaid applications for each month
42 for each county department of social services.
- 43 (5) The number of months during the fiscal year that each county department of
44 social services met the timely processing standards in Part 10 of Article 2 of
45 Chapter 108A of the General Statutes.
- 46 (6) The number of months during the fiscal year that each county department of
47 social services failed to meet the timely processing standards in Part 10 of
48 Article 2 of Chapter 108A of the General Statutes.
- 49 (7) A description of all corrective action activities conducted by DHHS and county
50 departments of social services in accordance with G.S. 108A-70.36.

- 1 (8) A description of how DHHS plans to assist county departments of social
2 services in meeting timely processing standards for Medicaid applications, for
3 every county in which the performance metrics for processing Medicaid
4 applications in a timely manner do not show significant improvement compared
5 to the previous fiscal year.

6 The report for the 2015-2016 fiscal year shall be submitted by November 1, 2016, and the report
7 for the 2016-2017 fiscal year shall be submitted by November 1, 2017.

8 **SECTION 12H.17.(b)** Article 2 of Chapter 108A of the General Statutes is amended
9 by adding a new Part to read:

10 "Part 10. Medicaid Eligibility Decision Processing Timeliness.

11 **"§ 108A-70.31. Applicability.**

12 If a federally recognized Native American tribe within the State has assumed responsibility for
13 the Medicaid program pursuant to G.S. 108A-25(e), then this Part applies to the tribe in the same
14 manner as it applies to county departments of social services.

15 **"§ 108A-70.32. Timely decision standards.**

16 The county department of social services shall render a decision on an individual's application
17 for Medicaid within 45 calendar days from the date of application, except for applications in
18 which a disability determination has already been made or is needed. For those applications, the
19 county department of social services shall render a decision on an individual's eligibility within 90
20 calendar days from the date of application.

21 **"§ 108A-70.33. Timely processing standards.**

22 (a) The Department shall require counties to comply with timely processing standards. The
23 timely processing standards are the average processing time standards and the percentage
24 processed timely standards set forth in G.S. 108A-70.34 and G.S. 108A-70.35. The Department
25 shall monitor county department of social services' compliance with these standards in accordance
26 with this Part.

27 (b) For purposes of this Part, processing time is the number of days between the date of
28 application and the date of disposition of the application, except in cases where an eligibility
29 determination is dependent upon receipt of information related to one or more of the following:

- 30 (1) Medical expenses sufficient to meet a deductible.
31 (2) The applicant's need for institutionalization.
32 (3) The applicant's plan of care for the home- and community-based waivers.
33 (4) The disability decision made by the Disability Determination Services Section
34 of the Division of Vocational Rehabilitation of the Department.
35 (5) Medical records needed to determine emergency dates for nonqualified aliens.
36 (6) The applicant's application or other information from the federally facilitated
37 marketplace.
38 (7) The applicant's application or other information in connection with an
39 application for a Low Income Subsidy for Medicare prescription drug coverage.

40 In these cases, processing time shall exclude the number of days between the date when the
41 county determines all eligibility criteria other than the criteria in subdivisions (1) through (7) of
42 this subsection and the date when the county receives the information related to the criteria in
43 subdivisions (1) through (7) of this subsection.

44 (c) Processing times for the following types of cases shall be excluded from the calculation
45 of the average processing time and percent processed timely:

- 46 (1) Newborns who are automatically enrolled based on their mother's eligibility.
47 (2) Applications for individuals who are presumptively eligible for Medicaid.
48 (3) Active cases in which an individual who is eligible for one program is
49 transferred to another program, regardless of whether the transfer occurs
50 between allowable or nonallowable program categories.

- 1 (4) Cases in which an individual transfers from an open case to another case,
2 including establishing a new administrative case for the individual.
- 3 (5) Actions to post eligibility to a terminated or denied case within one year of the
4 termination or denial.
- 5 (6) Cases that are reopened because they were terminated in error or because
6 reopening of the terminated case is allowed by policy.
- 7 (7) Cases in which the eligibility decision was appealed and the decision was
8 reversed or remanded.

9 (d) The Department may, in its discretion, exclude days, other than those required by
10 subsection (b) of this section, from the calculation of processing time under this section if the
11 Department determines that the delay was caused by circumstances outside the control of county
12 departments of social services. The Department also may, in its discretion, exclude types of cases,
13 other than those described in subsection (c) of this section, from the calculation of processing
14 time. When the Department exercises its discretion pursuant to this subsection, the Department's
15 determination regarding circumstances outside the control of county departments of social services
16 and the Department's decision to exclude types of cases shall be applied uniformly to all county
17 departments of social services.

18 **"§ 108A-70.34. Average processing time standards.**

19 (a) Average processing time is calculated by finding the processing time for each case that
20 received a disposition during a given month and finding the average of those processing times.

21 (b) The standard for average processing time is 90 days for cases in which the individual
22 has applied for the Medicaid Aid to the Disabled category (M-AD) and 45 days for all other cases.

23 **"§ 108A-70.35. Percentage processed timely standards.**

24 (a) Percentage processed timely is the percentage of cases that received a timely
25 disposition in a given month. The percentage processed timely is calculated by expressing the
26 number of cases during a given month with a processing time equal to or less than the standard set
27 in G.S. 108A-70.32 as a percentage of the total cases receiving a disposition during that month.
28 When the deadline for meeting the timely decision standard in G.S. 108A-70.32 falls on a
29 weekend or holiday, an application that receives a disposition on the first workday following the
30 deadline shall be considered timely for purposes of calculating the percentage processed timely.

31 (b) The Department is authorized to adopt rules to establish a percentage standard for each
32 county department of social services that will be the percentage processed timely standard for that
33 county department of social services. Until the Department adopts rules establishing percentage
34 standards for each county, the percentage processed timely standards are those established in 10A
35 NCAC 23C .0203 as of April 2016.

36 **"§ 108A-70.36. Corrective action.**

37 (a) If for any three consecutive months or for any five months out of a period of 12
38 consecutive months a county department of social services fails to meet either the average
39 processing time standard or the percentage processed timely standard or both standards, the
40 Department and the county department of social services shall enter into a joint corrective action
41 plan to improve the timely processing of applications.

42 (b) A joint corrective action plan entered into pursuant to this section shall specifically
43 identify the following components:

- 44 (1) The duration of the joint corrective action plan, not to exceed 12 months. If a
45 county department of social services shows measurable progress in meeting the
46 performance requirements in the joint corrective action plan, then the duration
47 of the joint corrective action plan may be extended by six months, but in no
48 case shall a joint corrective action plan exceed 18 months.
- 49 (2) A plan for improving timely processing of applications that specifically
50 describes the actions to be taken by the county department of social services
51 and the Department.

- 1 (3) The performance requirements for the county department of social services that
2 constitute successful completion of the joint corrective action plan.
- 3 (4) Acknowledgement that failure to successfully complete the joint corrective
4 action plan will result in temporary assumption of Medicaid eligibility
5 administration by the Department, in accordance with G.S. 108A-70.37.

6 **"§ 108A-70.37. Temporary assumption of Medicaid eligibility administration.**

7 (a) If a county department of social services fails to successfully complete its joint
8 corrective action plan, the Department shall give the county department of social services, the
9 county manager, and the board of social services or the consolidated human services board created
10 pursuant to G.S. 153A-77(b) at least 90 days' notice that the Department intends to temporarily
11 assume Medicaid eligibility administration, in accordance with subsection (b) of this section. The
12 notice shall include the following information:

- 13 (1) The date on which the Department intends to temporarily assume
14 administration of Medicaid eligibility decisions.
- 15 (2) The performance requirements in the joint corrective action plan that the county
16 department of social services failed to meet.
- 17 (3) Notice of the county department of social services' right to appeal the decision
18 to the Office of Administrative Hearings, pursuant to Article 3 of Chapter 150B
19 of the General Statutes.

20 (b) Notwithstanding any provision of law to the contrary, if a county department of social
21 services fails to successfully complete its joint corrective action plan, the Department shall
22 temporarily assume Medicaid eligibility administration for the county upon giving notice as
23 required by subsection (a) of this section. During a period of temporary assumption of Medicaid
24 eligibility administration, the following shall occur:

- 25 (1) The Department shall administer the Medicaid eligibility function in the county.
26 Administration by the Department may include direct operation by the
27 Department, including supervision of county Medicaid eligibility workers, or
28 contracts for operation to the extent permitted by federal law and regulations.
- 29 (2) The county department of social services is divested of Medicaid administration
30 authority.
- 31 (3) The Department shall direct and oversee the expenditure of all funding for the
32 administration of Medicaid eligibility in the county.
- 33 (4) The county shall continue to pay the nonfederal share of the cost of Medicaid
34 eligibility administration and shall not withdraw funds previously obligated or
35 appropriated for Medicaid eligibility administration.
- 36 (5) The county shall pay the nonfederal share of additional costs incurred to ensure
37 compliance with the timely processing standards required by this Part.
- 38 (6) The Department shall work with the county department of social services to
39 develop a plan for the county department of social services to resume Medicaid
40 eligibility administration and perform Medicaid eligibility determinations in a
41 timely manner.
- 42 (7) The Department shall inform the county board of commissioners, the county
43 manager, the county director of social services, and the board of social services
44 or the consolidated human services board created pursuant to G.S. 153A-77(b)
45 of key activities and any ongoing concerns during the temporary assumption of
46 Medicaid eligibility administration.

47 (c) Upon the Department's determination that Medicaid eligibility determinations can be
48 performed in a timely manner based on the standards set forth in G.S. 108A-70.34 and
49 G.S. 108A-70.35 by the county department of social services, the Department shall notify the
50 county department of social services, the county manager, and the board of social services or the
51 consolidated human services board created pursuant to G.S. 153A-77(b) that temporary

1 assumption of Medicaid eligibility administration will be terminated and the effective date of
2 termination. Upon termination, the county department of social services resumes its full authority
3 to administer Medicaid eligibility determinations."

4 **SECTION 12H.17.(c)** G.S. 150B-23 is amended by adding a new subsection to read:

5 "(a5) A county that appeals a decision of the Department of Health and Human Services to
6 temporarily assume Medicaid eligibility administration in accordance with G.S. 108A-70.37 may
7 commence a contested case under this Article in the same manner as any other petitioner. The case
8 shall be conducted in the same manner as other contested cases under this Article."

9 **SECTION 12H.17.(d)** The corrective action procedures described in this section
10 supersede the corrective action procedures in 10A NCAC 23C .0204 and 10A NCAC 23C .0205
11 related to timeliness processing of Medicaid applications by county departments of social services.

12 **SECTION 12H.17.(e)** The Department of Health and Human Services may adopt and
13 amend rules to implement subsections (b) through (d) of this section.

14 **SECTION 12H.17.(f)** Subsections (b) through (d) of this section become effective
15 January 1, 2017, and apply to monthly timely processing standards beginning on that date. The
16 remainder of this section becomes effective July 1, 2016.

17 **SUBPART XII-I. MISCELLANEOUS**

18 **STUDY ESTABLISHMENT OF OPTOMETRY SCHOOL AT WINGATE UNIVERSITY**

19 **SECTION 12I.1.(a)** Wingate University is encouraged to examine and report on or
20 before May 1, 2017, to the House Appropriations Committee on Health and Human Services, the
21 Senate Appropriations Committee on Health and Human Services, the Joint Legislative Oversight
22 Committee on Health and Human Services, and the Fiscal Research Division on the feasibility of
23 establishing an affiliated school of optometry in North Carolina. The report should include at least
24 all of the following:
25

- 26 (1) A breakdown of any projected capital, operational, or other expenditures
27 necessary for establishing and operating an affiliated school of optometry.
- 28 (2) A breakdown of all funds available to assist the university with these expenses.
- 29 (3) A projected number of applicants for the affiliated school of optometry.

30 **SECTION 12I.1.(b)** This section is effective when it becomes law.

31 **SUBPART XII-J. DIVISIONS OF VOCATIONAL REHABILITATION, SERVICES FOR** 32 **THE BLIND, AND SERVICES FOR THE DEAF AND HARD OF HEARING**

33 **DATA COLLECTION AND SERVICE MANAGEMENT INFORMATION SYSTEM**

34 **SECTION 12J.1.** The Department of Health and Human Services shall develop and
35 implement a Data Collection and Service Management Information System to replace the current
36 system in use by the Division of Services for the Deaf and Hard of Hearing. The project shall not
37 proceed until the business case has been approved by the Office of State Budget and Management
38 and the State Chief Information Officer in the Enterprise Project Management Office's
39 Touchdown System. Upon approval, funds available in Budget Code 67425, Fund Code 6726,
40 may be budgeted for transfer to Budget Code 24410 for information technology projects in an
41 amount not to exceed seven hundred fifty thousand dollars (\$750,000).
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46 **SUBPART XII-K. DHHS BLOCK GRANTS**

47 **DHHS BLOCK GRANTS**

48 **SECTION 12K.1.** Section 12I.1 of S.L. 2015-241, as amended by Section 4.6 of S.L.
49 2015-268, reads as rewritten:
50

51 **"DHHS BLOCK GRANTS**

1 "SECTION 12I.1.(a) Except as otherwise provided, appropriations from federal block grant
2 funds are made for each year of the fiscal biennium ending June 30, 2017, according to the
3 following schedule:

	FY 2015-2016	FY 2016-2017
TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF) FUNDS		
Local Program Expenditures		
Division of Social Services		
01. Work First Family Assistance	\$57,167,454	\$57,167,454 \$54,167,454
02. Work First County Block Grants	80,093,566	78,073,437 80,093,566
03. Work First Electing Counties	2,378,213	2,378,213
04. Adoption Services – Special Children Adoption Fund	2,026,877	2,026,877
05. Child Protective Services – Child Welfare Workers for Local DSS	9,412,391	9,412,391
06. Child Welfare Collaborative	632,416	632,416
<u>06A. Child Welfare Initiatives</u>	<u>0</u>	<u>1,400,000</u>
Division of Child Development and Early Education		
07. Subsidized Child Care Program	35,248,910	37,419,801 35,248,910
08. Swap Child Care Subsidy	6,352,644	6,352,644
<u>08A. Additional One-Time Swap/Child Care Subsidy</u>	<u>0</u>	<u>3,600,000</u>
09. Pre-K Swap Out	16,829,306	12,333,981 18,764,790
Division of Public Health		
10. Teen Pregnancy Prevention Initiatives	2,950,000	2,950,000
DHHS Administration		
11. Division of Social Services	2,482,260	2,482,260
12. Office of the Secretary	34,042	34,042
13. Eligibility Systems – Operations and Maintenance	2,738,926	4,206,640
14. NC FAST Implementation	1,313,384	1,865,799

1			
2	Transfers to Other Block Grants		
3			
4	Division of Child Development and Early Education		
5			
6	15. Transfer to the Child Care and		
7	Development Fund	71,773,001	71,773,001
8			
9	Division of Social Services		
10			
11	16. Transfer to Social Services Block		
12	Grant for Child Protective Services –		
13	Training	1,300,000	1,300,000
14			
15	17. Transfer to Social Services Block		
16	Grant for Child Protective Services	5,040,000	5,040,000
17			
18	18. Transfer to Social Services Block		
19	Grant for County Departments of		
20	Social Services for Children's Services	4,148,001	4,148,001 4,500,000
21			
22	19. Transfer to Social Services Block		
23	Grant – Foster Care Services	1,385,152	1,385,152
24			
25	TOTAL TEMPORARY ASSISTANCE FOR		
26	NEEDY FAMILIES (TANF) FUNDS	\$303,306,543	\$300,982,109 <u>\$309,614,155</u>
27			
28	TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF)		
29	EMERGENCY CONTINGENCY FUNDS		
30			
31	Local Program Expenditures		
32			
33	Division of Child Development and Early Education		
34			
35	01. Subsidized Child Care	29,033,340	28,600,000
36			
37	02. Subsidized Child Care Swap Out	4,547,023	0
38			
39	<u>Division of Social Services</u>		
40			
41	<u>03. County Child Welfare Program</u>		
42	<u>Improvement Resources</u>	<u>0</u>	<u>603,580</u>
43			
44	<u>DHHS Administration</u>		
45			
46	<u>04. DSS State Child Welfare Program</u>		
47	<u>Improvement Resources</u>	<u>0</u>	<u>400,000</u>
48			
49	TOTAL TEMPORARY ASSISTANCE FOR		
50	NEEDY FAMILIES (TANF) EMERGENCY		
51	CONTINGENCY FUNDS	\$33,580,363	\$28,600,000 <u>\$29,603,580</u>

1 **SOCIAL SERVICES BLOCK GRANT**2
3 Local Program Expenditures4
5 Divisions of Social Services and Aging and Adult Services

6			
7	01. County Departments of Social Services		
8	(Transfer From TANF \$4,148,001)	\$27,335,458	\$27,108,324 <u>\$27,215,583</u>
9			
10	<u>01A. EBCI Tribal Public Health and</u>		
11	<u>Human Services</u>	<u>0</u>	<u>244,740</u>
12			
13	02. Child Protective Services		
14	(Transfer From TANF)	5,040,000	5,040,000
15			
16	03. State In-Home Services Fund	2,209,023	1,943,950
17			
18	04. Adult Protective Services	1,245,363	1,245,363
19			
20	05. State Adult Day Care Fund	2,039,647	1,994,084
21			
22	06. Child Protective Services/CPS		
23	Investigative Services – Child Medical		
24	Evaluation Program	563,868	563,868
25			
26	07. Special Children Adoption Incentive Fund	462,600	462,600
27			
28	08. Child Protective Services – Child		
29	Welfare Training for Counties		
30	(Transfer From TANF)	1,300,000	1,300,000
31			
32	<u>08A. Child Protective Services – Child</u>		
33	<u>Welfare Training for Counties/Mobile Training</u>	<u>0</u>	<u>737,067</u>
34			
35	09. Home and Community Care Block		
36	Grant (HCCBG)	1,788,157	1,696,888
37			
38	10. Child Advocacy Centers	375,000	375,000
39			
40	11. Guardianship	4,107,032	4,035,704
41			
42	12. Foster Care Services		
43	(Transfer From TANF)	1,385,152	1,385,152
44			
45	Division of Central Management and Support		
46			
47	13. DHHS Competitive Block Grants		
48	for Nonprofits	3,852,500	3,852,500
49			
50	14. NC FAST – Operations and		
51	Maintenance	712,324	939,315

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Division of Mental Health, Developmental Disabilities, and Substance Abuse Services

15. Mental Health Services – Adult and Child/Developmental Disabilities Program/ Substance Abuse Services – Adult	4,030,730	4,030,730
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DHHS Program Expenditures

Division of Services for the Blind

16. Independent Living Program	3,361,323	3,361,323
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Division of Health Service Regulation

17. Adult Care Licensure Program	381,087	381,087
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18. Mental Health Licensure and Certification Program	190,284	190,284
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DHHS Administration

19. Division of Aging and Adult Services	577,745	577,745
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20. Division of Social Services	559,109	559,109
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21. Office of the Secretary/Controller's Office	127,731	127,731
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22. Division of Child Development and Early Education	13,878	13,878
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23. Division of Mental Health, Developmental Disabilities, and Substance Abuse Services	27,446	27,446
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24. Division of Health Service Regulation	118,946	118,946
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TOTAL SOCIAL SERVICES BLOCK GRANT	\$61,804,403	\$61,331,027<u>\$62,420,093</u>
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LOW-INCOME ENERGY ASSISTANCE BLOCK GRANT

Local Program Expenditures

Division of Social Services

01. Low-Income Energy Assistance Program (LIEAP)	\$40,244,534	\$39,303,674 <u>37,156,492</u>
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02. Crisis Intervention Program (CIP)	40,244,534	39,303,674 <u>37,156,492</u>
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Local Administration

1	Division of Social Services		
2			
3	03. County DSS Administration	6,454,961	6,454,961 <u>16,102,324</u>
4			
5	DHHS Administration		
6			
7	04. Office of the Secretary/DIRM	412,488	412,488
8			
9	05. Office of the Secretary/Controller's Office	18,378	18,378
10			
11	06. NC FAST Development	1,075,319	3,381,373
12			
13	Transfers to Other State Agencies		
14			
15	Department of Environment and Natural		
16	Resources (DENR) Environmental Quality (DEQ)		
17			
18	07. Weatherization Program	11,847,017	11,570,050 <u>10,937,968</u>
19			
20	08. Heating Air Repair and Replacement		
21	Program (HARRP)	6,303,514	6,156,147 <u>5,819,833</u>
22			
23	09. Local Residential Energy Efficiency Service		
24	Providers – Weatherization	475,046	475,046 <u>449,094</u>
25			
26	10. Local Residential Energy Efficiency Service		
27	Providers – HARRP	252,761	252,761 <u>238,953</u>
28			
29	11. DENR-DEQ – Weatherization Administration	475,046	475,046 <u>449,094</u>
30			
31	12. DENR-DEQ – HARRP Administration	252,760	252,760 <u>238,952</u>
32			
33	Department of Administration		
34			
35	13. N.C. Commission on Indian Affairs	87,736	87,736
36			
37	TOTAL LOW-INCOME ENERGY		
38	ASSISTANCE BLOCK GRANT	\$108,144,094	\$108,144,094 <u>\$102,449,177</u>
39			
40	CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT		
41			
42	Local Program Expenditures		
43			
44	Division of Child Development and Early Education		
45			
46	01. Child Care Services		
47	(Smart Start \$7,000,000)	\$154,278,008	\$152,370,856 <u>\$155,125,867</u>
48			
49	02. Electronic Tracking System	1,201,240	401,492 <u>1,201,240</u>
50			
51	03. Transfer from TANF Block Grant		

1	for Child Care Subsidies	71,773,001	71,773,001
2			
3	04. Quality and Availability Initiatives		
4	(TEACH Program \$3,800,000)	26,514,964	26,019,987 35,878,600
5			
6	DHHS Administration		
7			
8	Division of Child Development and Early Education		
9			
10	05. DCDEE Administrative Expenses	9,049,505	9,049,505 9,042,159
11			
12	Division of Social Services		
13			
14	06. Local Subsidized Child Care		
15	Services Support	15,930,279	15,930,279 16,094,325
16			
17	<u>06A. Direct Deposit for Child Care Payments</u>	<u>0</u>	<u>969,610</u>
18			
19	07. NC FAST Development	186,404	586,152
20			
21	Division of Central Administration		
22			
23	08. DHHS Central Administration – DIRM		
24	Technical Services	775,000	775,000
25			
26	09. Central Regional Maintenance	202,000	202,000
27			
28	<u>09A. DHHS Central Administration</u>	<u>0</u>	<u>7,346</u>
29			
30	10. Child Care Health Consultation Contracts	62,205	62,205
31			
32	TOTAL CHILD CARE AND DEVELOPMENT		
33	FUND BLOCK GRANT	\$279,972,606	\$277,170,477291,717,505
34			
35	MENTAL HEALTH SERVICES BLOCK GRANT		
36			
37	Local Program Expenditures		
38			
39	01. Mental Health Services – Child	\$3,619,833	\$3,619,833
40			
41	02. Administration	200,000	200,000
42			
43	03. Mental Health Services – Adult/Child	11,755,152	11,755,152 10,904,077
44			
45	04. Crisis Solutions Initiative – Critical		
46	Time Intervention	750,000	750,000
47			
48	05. Mental Health Services – First		
49	Psychotic Symptom Treatment	643,491	643,491 1,430,851
50			
51	<u>DHHS Administration</u>		

1			
2	<u>Division of Mental Health</u>		
3			
4	<u>06. Administration</u>	<u>200,000</u>	<u>200,000</u>
5			
6	TOTAL MENTAL HEALTH SERVICES		
7	BLOCK GRANT	\$16,968,476	\$16,968,476\$16,904,761
8			
9	SUBSTANCE ABUSE PREVENTION AND TREATMENT BLOCK GRANT		
10			
11	Local Program Expenditures		
12			
13	Division of Mental Health, Developmental Disabilities, and Substance Abuse Services		
14			
15	01. Substance Abuse – HIV and IV Drug	\$3,919,723	\$3,919,723
16			
17	02. Substance Abuse Prevention	8,669,284	8,669,284
18			
19	03. Substance Abuse Services – Treatment for		
20	Children/Adults (<u>Medication-Assisted</u>		
21	<u>Treatment Pilot \$500,000; First Step Farm of</u>		
22	<u>WNC, Inc. \$100,000)</u>	29,519,883	29,519,883 30,028,039
23			
24	04. Crisis Solutions Initiatives – Walk-In		
25	Crisis Centers	420,000	420,000
26			
27	05. Crisis Solutions Initiatives – Collegiate		
28	Wellness/Addiction Recovery	1,085,000	1,085,000
29			
30	06. Crisis Solutions Initiatives – Community		
31	Paramedic Mobile Crisis Management	60,000	60,000
32			
33	07. Crisis Solutions Initiatives – Innovative		
34	Technologies	41,000	41,000
35			
36	08. Crisis Solutions Initiatives – Veteran's Crisis	250,000	250,000
37			
38	<u>DHHS Administration</u>		
39			
40	<u>Division of Mental Health, Developmental</u>		
41	<u>Disabilities, and Substance Abuse Services</u>		
42			
43	09. <u>DMH Administration</u>	454,000	454,000
44			
45	<u>09A. Controlled Substance Reporting</u>		
46	<u>System Enhancement</u>	<u>0</u>	<u>150,000</u>
47			
48	Division of Public Health		
49			
50	10. HIV Testing for Individuals in Substance		
51	Abuse Treatment	765,949	765,949

1			
2	TOTAL SUBSTANCE ABUSE PREVENTION		
3	AND TREATMENT BLOCK GRANT	\$45,184,839	\$45,184,839<u>\$45,842,995</u>
4			
5	MATERNAL AND CHILD HEALTH BLOCK GRANT		
6			
7	Local Program Expenditures		
8			
9	Division of Public Health		
10			
11	01. Children's Health Services		
12	(Safe Sleep Campaign		
13	\$45,000; Prevent Blindness \$560,837;		
14	Community-Based		
15	Sickle Cell Centers \$100,000)	\$7,574,703	\$7,574,703 <u>\$7,674,703</u>
16			
17	02. Women's Health		
18	(March of Dimes \$350,000; Teen Pregnancy		
19	Prevention Initiatives \$650,000 <u>\$650,000</u>		
20	<u>[Public Health Division \$400,000 &</u>		
21	<u>SHIFT NC \$250,000]</u> ;		
22	17P Project \$52,000; Nurse-Family		
23	Partnership \$509,018; Carolina Pregnancy		
24	Care Fellowship \$300,000)	6,520,148	6,520,148 <u>6,920,148</u>
25			
26	03. Oral Health	44,901	44,901
27			
28	04. Evidence-Based Programs in Counties		
29	With Highest Infant Mortality Rates	1,575,000	1,575,000
30			
31	DHHS Program Expenditures		
32			
33	Division of Public Health		
34			
35	05. Children's Health Services	1,342,928	1,342,928 <u>1,427,323</u>
36			
37	06. Women's Health – Maternal Health	107,714	107,714 <u>169,864</u>
38			
39	07. State Center for Health Statistics	158,583	158,583
40			
41	08. Health Promotion – Injury and		
42	Violence Prevention	87,271	87,271
43			
44	DHHS Administration		
45			
46	Division of Public Health		
47			
48	09. Division of Public Health Administration	552,571	552,571
49			
50	TOTAL MATERNAL AND CHILD		
51	HEALTH BLOCK GRANT	\$17,963,819	\$17,963,819<u>\$18,610,364</u>

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PREVENTIVE HEALTH SERVICES BLOCK GRANT

Local Program Expenditures

01. Physical Activity and Prevention	\$2,444,718	\$2,642,322
02. Injury and Violence Prevention (Services to Rape Victims – Set-Aside)	173,476	173,476 <u>237,707</u>
03. Community-Focused Eliminating Health Disparities Initiative Grants	2,756,855	0

DHHS Program Expenditures

Division of Public Health

04. HIV/STD Prevention and Community Planning	145,819	145,819
05. Oral Health Preventive Services	320,074	451,809
06. Laboratory Services – Testing, Training, and Consultation	21,012	21,012
07. Injury and Violence Prevention (Services to Rape Victims – Set-Aside)	192,315	192,315 <u>172,561</u>
08. State Laboratory Services – Testing, Training, and Consultation	199,634	199,634
09. Performance Improvement and Accountability	702,850	768,717
10. State Center for Health Statistics	107,291	107,291

DHHS Administration

Division of Public Health

11. Division of Public Health	172,820	172,820
12. Division of Public Health – Physical Activity and Nutrition Branch	1,311,972	68,073

**TOTAL PREVENTIVE HEALTH
SERVICES BLOCK GRANT**

\$8,548,836	\$4,943,288 <u>\$4,987,765</u>
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COMMUNITY SERVICES BLOCK GRANT

Local Program Expenditures

1			
2	Office of Economic Opportunity		
3			
4	01. Community Action Agencies	\$24,047,065	\$24,047,065 <u>\$21,428,074</u>
5			
6	02. Limited Purpose Agencies	1,335,948	1,335,948 <u>1,190,448</u>
7			
8	DHHS Administration		
9			
10	03. Office of Economic Opportunity	1,335,948	1,335,948 <u>1,190,448</u>
11			
12	TOTAL COMMUNITY SERVICES		
13	BLOCK GRANT	\$26,718,961	\$26,718,961 <u>\$23,808,970</u>
14			

"GENERAL PROVISIONS

16 **"SECTION 12L1.(b)** Information to Be Included in Block Grant Plans. – The Department of
 17 Health and Human Services shall submit a separate plan for each Block Grant received and
 18 administered by the Department, and each plan shall include the following:

- 19 (1) A delineation of the proposed allocations by program or activity, including
 20 State and federal match requirements.
- 21 (2) A delineation of the proposed State and local administrative expenditures.
- 22 (3) An identification of all new positions to be established through the Block Grant,
 23 including permanent, temporary, and time-limited positions.
- 24 (4) A comparison of the proposed allocations by program or activity with two prior
 25 years' program and activity budgets and two prior years' actual program or
 26 activity expenditures.
- 27 (5) A projection of current year expenditures by program or activity.
- 28 (6) A projection of federal Block Grant funds available, including unspent federal
 29 funds from the current and prior fiscal years.

30 **"SECTION 12L1.(c)** Changes in Federal Fund Availability. – If the Congress of the United
 31 States increases the federal fund availability for any of the Block Grants or contingency funds and
 32 other grants related to existing Block Grants administered by the Department of Health and
 33 Human Services from the amounts appropriated in this section, the Department shall allocate the
 34 increase proportionally across the program and activity appropriations identified for that Block
 35 Grant in this section. In allocating an increase in federal fund availability, the Office of State
 36 Budget and Management shall not approve funding for new programs or activities not
 37 appropriated in this section.

38 If the Congress of the United States decreases the federal fund availability for any of the Block
 39 Grants or contingency funds and other grants related to existing Block Grants administered by the
 40 Department of Health and Human Services from the amounts appropriated in this section, the
 41 Department shall develop a plan to adjust the Block Grants based on reduced federal funding.

42 Notwithstanding the provisions of this subsection, for fiscal years 2015-2016 and 2016-2017,
 43 increases in the federal fund availability for the Temporary Assistance to Needy Families (TANF)
 44 Block Grant shall be used only for the North Carolina Child Care Subsidy program to pay for
 45 child care in four- or five-star-rated facilities for four-year-old children and shall not be used to
 46 supplant State funds.

47 Prior to allocating the change in federal fund availability, the proposed allocation must be
 48 approved by the Office of State Budget and Management. If the Department adjusts the allocation
 49 of any Block Grant due to changes in federal fund availability, then a report shall be made to the
 50 Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research
 51 Division.

1 "SECTION 12L.1.(d) Except as otherwise provided, appropriations from federal Block Grant
2 funds are made for each year of the fiscal biennium ending June 30, 2017, according to the
3 schedule enacted for State fiscal years 2015-2016 and 2016-2017 or until a new schedule is
4 enacted by the General Assembly.

5 "SECTION 12L.1.(e) All changes to the budgeted allocations to the Block Grants or
6 contingency funds and other grants related to existing Block Grants administered by the
7 Department of Health and Human Services that are not specifically addressed in this section shall
8 be approved by the Office of State Budget and Management, and the Office of State Budget and
9 Management shall consult with the Joint Legislative Oversight Committee on Health and Human
10 Services for review prior to implementing the changes. The report shall include an itemized listing
11 of affected programs, including associated changes in budgeted allocations. All changes to the
12 budgeted allocations to the Block Grants shall be reported immediately to the Joint Legislative
13 Oversight Committee on Health and Human Services and the Fiscal Research Division. This
14 subsection does not apply to Block Grant changes caused by legislative salary increases and
15 benefit adjustments.

16 "SECTION 12L.1.(f) Except as otherwise provided, the Department of Health and Human
17 Services shall have flexibility to transfer funding between the Temporary Assistance for Needy
18 Families (TANF) Block Grant and the TANF Emergency Contingency Funds Block Grant so long
19 as the total allocation for the line items within those block grants remains the same.
20

21 "TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF) FUNDS

22 "SECTION 12L.1.(g) The sum of eighty million ninety-three thousand five hundred sixty-six
23 dollars (\$80,093,566) for the 2015-2016 fiscal year and the sum of ~~seventy-eight million~~
24 ~~seventy-three thousand four hundred thirty-seven dollars (\$78,073,437)~~eighty million ninety-three
25 thousand five hundred sixty-six dollars (\$80,093,566) for the 2016-2017 fiscal year appropriated
26 in this section in TANF funds to the Department of Health and Human Services, Division of
27 Social Services, shall be used for Work First County Block Grants. The Division shall certify
28 these funds in the appropriate State-level services based on prior year actual expenditures. The
29 Division has the authority to realign the authorized budget for these funds among the State-level
30 services based on current year actual expenditures. The Division shall also have the authority to
31 realign appropriated funds from Work First Family Assistance for electing counties to the Work
32 First County Block Grant for electing counties based on current year expenditures so long as the
33 electing counties meet Maintenance of Effort requirements.

34 "SECTION 12L.1.(h) The sum of nine million four hundred twelve thousand three hundred
35 ninety-one dollars (\$9,412,391) appropriated in this section to the Department of Health and
36 Human Services, Division of Social Services, in TANF funds for each year of the 2015-2017
37 fiscal biennium for child welfare improvements shall be allocated to the county departments of
38 social services for hiring or contracting staff to investigate and provide services in Child Protective
39 Services cases; to provide foster care and support services; to recruit, train, license, and support
40 prospective foster and adoptive families; and to provide interstate and post-adoption services for
41 eligible families.

42 Counties shall maintain their level of expenditures in local funds for Child Protective Services
43 workers. Of the Block Grant funds appropriated for Child Protective Services workers, the total
44 expenditures from State and local funds for fiscal years 2015-2016 and 2016-2017 shall not be less
45 than the total expended from State and local funds for the 2012-2013 fiscal year.

46 "SECTION 12L.1.(i) The sum of two million twenty-six thousand eight hundred
47 seventy-seven dollars (\$2,026,877) appropriated in this section in TANF funds to the Department
48 of Health and Human Services, Special Children Adoption Fund, for each year of the 2015-2017
49 fiscal biennium shall be used in accordance with G.S. 108A-50.2. The Division of Social Services,
50 in consultation with the North Carolina Association of County Directors of Social Services and
51 representatives of licensed private adoption agencies, shall develop guidelines for the awarding of

1 funds to licensed public and private adoption agencies upon the adoption of children described in
2 G.S. 108A-50 and in foster care. Payments received from the Special Children Adoption Fund by
3 participating agencies shall be used exclusively to enhance the adoption services program. No
4 local match shall be required as a condition for receipt of these funds.

5 "SECTION 12I.1.(i) The sum of one million four hundred thousand dollars (\$1,400,000)
6 appropriated in this section in TANF funds to the Department of Health and Human Services,
7 Division of Social Services, for the 2016-2017 fiscal year shall be used for child welfare initiatives
8 to (i) enhance the skills of social workers to improve the outcomes for families and children
9 involved in child welfare and (ii) enhance the provision of services to families in their homes in
10 the least restrictive setting.

11
12 **"SOCIAL SERVICES BLOCK GRANT**

13 "SECTION 12I.1.(j) The sum of twenty-seven million three hundred thirty-five thousand
14 four hundred fifty-eight dollars (\$27,335,458) for the 2015-2016 fiscal year and the sum of
15 ~~twenty-seven million one hundred eight thousand three hundred twenty-four dollars (\$27,108,324)~~
16 twenty-seven million two hundred fifteen thousand five hundred eighty-three dollars
17 (\$27,215,583) for the 2016-2017 fiscal year appropriated in this section in the Social Services
18 Block Grant to the Department of Health and Human Services, Division of Social Services, shall
19 be used for county block grants. The Division shall certify these funds in the appropriate
20 State-level services based on prior year actual expenditures. The Division has the authority to
21 realign the authorized budget for these funds, as well as State Social Services Block Grant funds,
22 among the State-level services based on current year actual expenditures.

23 "SECTION 12I.1.(k) The sum of one million three hundred thousand dollars (\$1,300,000)
24 appropriated in this section in the Social Services Block Grant to the Department of Health and
25 Human Services, Division of Social Services, for each year of the 2015-2017 fiscal biennium shall
26 be used to support various child welfare training projects as follows:

- 27 (1) Provide a regional training center in southeastern North Carolina.
- 28 (2) Provide training for residential child caring facilities.
- 29 (3) Provide for various other child welfare training initiatives.

30 "SECTION 12I.1.(l) The Department of Health and Human Services is authorized, subject to
31 the approval of the Office of State Budget and Management, to transfer Social Services Block
32 Grant funding allocated for departmental administration between divisions that have received
33 administrative allocations from the Social Services Block Grant.

34 "SECTION 12I.1.(m) Social Services Block Grant funds appropriated for the Special
35 Children Adoption Incentive Fund will require a fifty-percent (50%) local match.

36 "SECTION 12I.1.(n) The sum of five million forty thousand dollars (\$5,040,000)
37 appropriated in this section in the Social Services Block Grant for each year of the 2015-2017
38 fiscal biennium shall be allocated to the Department of Health and Human Services, Division of
39 Social Services. The Division shall allocate these funds to local departments of social services to
40 replace the loss of Child Protective Services State funds that are currently used by county
41 governments to pay for Child Protective Services staff at the local level. These funds shall be used
42 to maintain the number of Child Protective Services workers throughout the State. These Social
43 Services Block Grant funds shall be used to pay for salaries and related expenses only and are
44 exempt from 10A NCAC 71R .0201(3) requiring a local match of twenty-five percent (25%).

45 "SECTION 12I.1.(o) The sum of three million eight hundred fifty-two thousand five hundred
46 dollars (\$3,852,500) appropriated in this section in the Social Services Block Grant to the
47 Department of Health and Human Services, Division of Central Management and Support, shall
48 be used for DHHS competitive block grants pursuant to Section 12A.8 of this act for each year of
49 the 2015-2017 fiscal biennium. These funds are exempt from the provisions of 10A NCAC 71R
50 .0201(3).

1 "SECTION 12L.1.(p) The sum of three hundred seventy-five thousand dollars (\$375,000)
2 appropriated in this section in the Social Services Block Grant for each year of the 2015-2017
3 fiscal biennium to the Department of Health and Human Services, Division of Social Services,
4 shall be used to continue support for the Child Advocacy Centers, and the funds are exempt from
5 the provisions of 10A NCAC 71R .0201(3).

6 "SECTION 12L.1.(q) The sum of four million one hundred seven thousand thirty-two dollars
7 (\$4,107,032) for the 2015-2016 fiscal year and the sum of four million thirty-five thousand seven
8 hundred four dollars (\$4,035,704) for the 2016-2017 fiscal year appropriated in this section in the
9 Social Services Block Grant to the Department of Health and Human Services, Divisions of Social
10 Services and Aging and Adult Services, shall be used for guardianship services pursuant to
11 Chapter 35A of the General Statutes. The Department may expend funds appropriated in this
12 section to support (i) existing corporate guardianship contracts during the 2015-2016 and
13 2016-2017 fiscal years and (ii) guardianship contracts transferred to the State from local
14 management entities or managed care organizations during the 2015-2016 and 2016-2017 fiscal
15 years.

16 "SECTION 12L.1.(q1) The sum of seven hundred thirty-seven thousand sixty-seven dollars
17 (\$737,067) appropriated in this section in the Social Services Block Grant for the 2016-2017 fiscal
18 year shall be allocated to the Department of Health and Human Services, Division of Social
19 Services. These funds shall be used to assist with training needs for county child welfare training
20 staff and shall not be used to supplant any other source of funding for staff. County departments of
21 social services are exempt from 10A NCAC 71R .0201(3) requiring a local match of twenty-five
22 percent (25%).

23 24 "LOW-INCOME ENERGY ASSISTANCE BLOCK GRANT

25 "SECTION 12L.1.(r) Additional emergency contingency funds received may be allocated for
26 Energy Assistance Payments or Crisis Intervention Payments without prior consultation with the
27 Joint Legislative Oversight Committee on Health and Human Services. Additional funds received
28 shall be reported to the Joint Legislative Oversight Committee on Health and Human Services and
29 the Fiscal Research Division upon notification of the award. The Department of Health and
30 Human Services shall not allocate funds for any activities, including increasing administration,
31 other than assistance payments, without prior consultation with the Joint Legislative Oversight
32 Committee on Health and Human Services.

33 "SECTION 12L.1.(s) The sum of forty million two hundred forty-four thousand five hundred
34 thirty-four dollars (\$40,244,534) for the 2015-2016 fiscal year and the sum of ~~thirty-nine million~~
35 ~~three hundred three thousand six hundred seventy-four dollars (\$39,303,674)~~ thirty-seven million
36 one hundred fifty-six thousand four hundred ninety-two dollars (\$37,156,492) for the 2016-2017
37 fiscal year appropriated in this section in the Low-Income Energy Assistance Block Grant to the
38 Department of Health and Human Services, Division of Social Services, shall be used for Energy
39 Assistance Payments for the households of (i) elderly persons age 60 and above with income up to
40 one hundred thirty percent (130%) of the federal poverty level and (ii) disabled persons eligible
41 for services funded through the Division of Aging and Adult Services.

42 County departments of social services shall submit to the Division of Social Services an
43 outreach plan for targeting households with 60-year-old household members no later than August
44 1 of each year. The outreach plan shall comply with the following:

- 45 (1) Ensure that eligible households are made aware of the available assistance, with
46 particular attention paid to the elderly population age 60 and above and
47 disabled persons receiving services through the Division of Aging and Adult
48 Services.
- 49 (2) Include efforts by the county department of social services to contact other
50 State and local governmental entities and community-based organizations to (i)

- 1 offer the opportunity to provide outreach and (ii) receive applications for
2 energy assistance.
- 3 (3) Be approved by the local board of social services or human services board prior
4 to submission.
5

6 **"CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT**

7 "SECTION 12I.1.(t) Payment for subsidized child care services provided with federal TANF
8 funds shall comply with all regulations and policies issued by the Division of Child Development
9 and Early Education for the subsidized child care program.

10 "SECTION 12I.1.(u) If funds appropriated through the Child Care and Development Fund
11 Block Grant for any program cannot be obligated or spent in that program within the obligation or
12 liquidation periods allowed by the federal grants, the Department may move funds to child care
13 subsidies, unless otherwise prohibited by federal requirements of the grant, in order to use the
14 federal funds fully.
15

16 **"MENTAL HEALTH SERVICES BLOCK GRANT**

17 "SECTION 12I.1.(v) The sum of six hundred forty-three thousand four hundred ninety-one
18 dollars (\$643,491) appropriated in this section in the Mental Health Services Block Grant to the
19 Department of Health and Human Services, Division of Mental Health, Developmental
20 Disabilities, and Substance Abuse Services, for ~~each year of the 2015-2017 fiscal biennium the~~
21 2015-2016 fiscal year and the sum of one million four hundred thirty thousand eight hundred
22 fifty-one dollars (\$1,430,851) for the 2016-2017 fiscal year is allocated for Mental Health Services
23 – First Psychotic Symptom Treatment. The Division shall report on (i) the specific evidence-based
24 treatment and services provided, (ii) the number of persons treated, and (iii) the measured
25 outcomes or impact on the participants served. The Division shall report to the House of
26 Representatives Appropriations Committee on Health and Human Services, the Senate
27 Appropriations Committee on Health and Human Services, and the Fiscal Research Division no
28 later than December 31, 2016.
29

30 **"SUBSTANCE ABUSE PREVENTION AND TREATMENT BLOCK GRANT**

31 "SECTION 12I.1.(w) The sum of two hundred fifty thousand dollars (\$250,000) appropriated
32 in this section in the Substance Abuse Prevention and Treatment Block Grant to the Department of
33 Health and Human Services, Division of Mental Health, Developmental Disabilities, and
34 Substance Abuse Services, for each year of the 2015-2017 fiscal biennium shall be allocated to the
35 Department of Military and Veterans Affairs, as created in Section 24.1 of this act, to establish a
36 call-in center to assist veterans in locating service benefits and crisis services. The call-in center
37 shall be staffed by certified veteran peers within the Department of Military and Veterans Affairs
38 and trained by the Division of Mental Health, Developmental Disabilities, and Substance Abuse
39 Services.

40 "SECTION 12I.1.(w1) The sum of five hundred thousand dollars (\$500,000) allocated in this
41 section in the Substance Abuse Prevention and Treatment Block Grant to the Department of
42 Health and Human Services, Division of Mental Health, Developmental Disabilities, and
43 Substance Abuse Services, for the 2016-2017 fiscal year shall be used for a medication-assisted
44 opioid use disorder treatment pilot program.
45

46 **"MATERNAL AND CHILD HEALTH BLOCK GRANT**

47 "SECTION 12I.1.(x) If federal funds are received under the Maternal and Child Health Block
48 Grant for abstinence education, pursuant to section 912 of Public Law 104-193 (42 U.S.C. § 710),
49 for the 2015-2016 fiscal year or the 2016-2017 fiscal year, then those funds shall be transferred to
50 the State Board of Education to be administered by the Department of Public Instruction. The
51 Department of Public Instruction shall use the funds to establish an abstinence until marriage

1 education program and shall delegate to one or more persons the responsibility of implementing
2 the program and G.S. 115C-81(e1)(4) and (4a). The Department of Public Instruction shall
3 carefully and strictly follow federal guidelines in implementing and administering the abstinence
4 education grant funds.

5 "SECTION 12I.1.(y) The Department of Health and Human Services shall ensure that there
6 will be follow-up testing in the Newborn Screening Program.

7 "SECTION 12I.1.(z) The sum of one million five hundred seventy-five thousand dollars
8 (\$1,575,000) appropriated in this section in the Maternal and Child Health Block Grant to the
9 Department of Health and Human Services, Division of Public Health, for each year of the
10 2015-2017 fiscal biennium shall be used for evidence-based programs in counties with the highest
11 infant mortality rates. The Division shall report on (i) the counties selected to receive the
12 allocation, (ii) the specific evidenced-based services provided, (iii) the number of women served,
13 and (iv) any impact on the counties' infant mortality rate. The Division shall report its findings to
14 the House of Representatives Appropriations Committee on Health and Human Services, the
15 Senate Appropriations Committee on Health and Human Services, and the Fiscal Research
16 Division no later than December 31, 2016.

17 "SECTION 12I.1.(aa) The sum of one hundred thousand dollars (\$100,000) allocated in this
18 section in the Maternal and Child Health Block Grant to the Department of Health and Human
19 Services, Division of Public Health, for each year of the 2015-2017 fiscal biennium for
20 community-based sickle cell centers shall not be used to supplant existing State or federal funds.

21 "SECTION 12I.1.(bb) No more than fifteen percent (15%) of the funds provided in this
22 section in the Maternal and Child Health Block Grant to Carolina Pregnancy Care Fellowship
23 shall be used for administrative purposes. The balance of those funds shall be used for direct
24 services."
25

26 PART XIII. DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES

27 FUTURE FARMERS OF AMERICA PILOT PROGRAM

28 SECTION 13.3.(a) Notwithstanding G.S. 143-720 or G.S. 143-721, of the funds
29 appropriated to the Tobacco Trust Fund, three hundred thousand dollars (\$300,000) shall be
30 allocated to the North Carolina Future Farmers of America Foundation (Foundation) for the
31 2016-2017 fiscal year to establish a pilot program focused on increasing the availability of local
32 Future Farmers of America program activities to prepare members for a broad range of
33 agricultural career pathways through leadership development, personal growth, and agriculture
34 education. Funds shall be used only for programming and facilities and shall be allocated as
35 follows:
36

- 37 (1) Sixty thousand dollars (\$60,000), to be allocated in equal amounts, to the
38 following schools in Beaufort County:
 - 39 a. Northside High School.
 - 40 b. Pungo Christian Academy.
 - 41 c. Southside High School.
 - 42 d. Washington High School.
- 43 (2) Sixty thousand dollars (\$60,000), to be allocated in equal amounts, to high
44 schools with Future Farmers of America programs located in Duplin, Johnston,
45 and Sampson Counties.
- 46 (3) Sixty thousand dollars (\$60,000), to be allocated in equal amounts, to the
47 following schools:
 - 48 a. Jones Senior High School in Jones County.
 - 49 b. Richlands High School in Onslow County.
 - 50 c. White Oak High School in Onslow County.

- 1 (4) Sixty thousand dollars (\$60,000) to Southern Guilford High School in Guilford
2 County.
- 3 (5) Thirty thousand dollars (\$30,000) to North Iredell High School in Iredell
4 County.
- 5 (6) Thirty thousand dollars (\$30,000) to West Rowan High School in Rowan
6 County.

7 **SECTION 13.3.(b)** By September 1, 2017, the Foundation shall report to the chairs of
8 the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources
9 and the Fiscal Research Division on program activities, objectives, and accomplishments and
10 itemized expenditures from the funds provided in this section. The Foundation shall assist local
11 Future Farmers of America programs receiving funds pursuant to this section in reporting on the
12 activities for which the funds were used. In addition, the Foundation shall compile a consolidated
13 report of such activities, itemized by recipient.

14

15 **FUNDING FOR DUPONT STATE RECREATIONAL FOREST**

16 **SECTION 13.4.(a)** Timber receipts generated from DuPont State Recreational Forest
17 may be used by the Department of Agriculture and Consumer Services for capital, repair, and
18 renovation activities at DuPont State Recreational Forest.

19 **SECTION 13.4.(b)** G.S. 106-887(c) reads as rewritten:

20 "(c) Notwithstanding subsection (a) of G.S. 106-877, with respect to DuPont State
21 Recreational Forest, the Department may cut and remove timber for forest management purposes
22 only, including for the purposes of fire, pest, and disease prevention and control. The Department
23 may cut, remove, and sell timber for the purpose of revenue generation only ~~upon approval of the~~
24 ~~Governor and the Council of State for capital, repair, and renovation activities at DuPont State~~
25 Recreational Forest upon appropriation of the receipts by the General Assembly."

26 **SECTION 13.4.(c)** G.S. 106-878 is amended by adding a new subsection to read:

27 "(e) DuPont Forest Fund. – The DuPont Forest Fund is created within the Department of
28 Agriculture and Consumer Services, North Carolina Forest Service, as a special revenue fund.
29 This Fund shall consist of receipts from the sale of forest products from DuPont State Recreational
30 Forest as authorized in G.S. 106-877 and any gifts, bequests, or grants for the benefit of this Fund.
31 No General Fund appropriations shall be credited to this Fund. Any balance remaining in this
32 Fund at the end of any fiscal year shall not revert. The Department may use this Fund only to
33 develop, improve, repair, maintain, or otherwise invest in the DuPont State Recreational Forest."

34

35 **PART XIV. DEPARTMENT OF ENVIRONMENTAL QUALITY**

36

37 **MERCURY SWITCH SUNSET MODIFICATION**

38 **SECTION 14.1.(a)** Section 9 of S.L. 2007-142 reads as rewritten:

39 "SECTION 9. Sections 1, 2, 6, 7, and 9 of this act become effective when this act becomes
40 law. Sections 3, 4, and 8 of this act become effective 1 July 2007. Section 5 of this act becomes
41 effective 1 July 2007 and applies to violations that occur on or after that date. The Department
42 shall submit the first annual report required by G.S. 130A-310.57, as enacted by Section 7 of this
43 act, on or before 1 October 2008. ~~This act expires on 31 December 2017. Effective June 30, 2017,~~
44 Part 6 of Article 9 of Chapter 130A of the General Statutes, as amended by this act, is repealed."

45 **SECTION 14.1.(b)** Section 13.10B of S.L. 2011-145 is repealed.

46 **SECTION 14.1.(c)** Subsection (b) of this section becomes effective June 30, 2017.
47 Funds remaining in the Mercury Pollution Prevention Fund (Fund Code 24300-2119) on that date
48 shall be transferred to the Division of Waste Management (Fund Code 14300-1760).

49

50 **AIR AND WATER QUALITY ACCOUNT FUNDING**

1 SECTION 14.3. G.S. 105-449.125, as amended by Section 4.11(a) of S.L. 2016-5,
2 reads as rewritten:

3 "**§ 105-449.125. Distribution of tax revenue among various funds and accounts.**

4 (a) Distribution to Funds. – The Secretary shall allocate the amount of revenue collected
5 under this Article from an excise tax of one-half cent (1/2¢) a gallon to the following funds and
6 accounts in the fraction indicated:

7 Fund or Account	Amount
8 Commercial Leaking Petroleum	
9 Underground Storage Tank Cleanup Fund	Nineteen thirty seconds <u>Sixty-two and</u> 10 <u>one-half percent (62.5%)</u>
11 Water and Air Quality Account	Five sixteenths <u>Twenty-eight and one-</u> 12 <u>tenth percent (28.1%).</u>

13 (b) Distribution of Remaining Revenue. – The Secretary shall allocate the remaining
14 excise tax revenue collected under this Article, including any revenue that is allocated but not
15 distributed under subsection (a) of this section, as follows:

- 16 (1) Seventy-one percent (71%) to the Highway Fund.
17 (2) Twenty-nine percent (29%) to the Highway Trust Fund.

18 (c) Accounting. – The Secretary shall charge a proportionate share of a refund allowed
19 under this Article to each fund or account to which revenue collected under this Article is credited.
20 The Secretary shall credit revenue or charge refunds to the appropriate funds or accounts on a
21 monthly basis."

22
23 **RISK-BASED MANAGEMENT ACTIONS PREAPPROVAL**

24 SECTION 14.5. G.S. 143-215.94E(e5) is amended by adding a new subdivision to
25 read:

26 "(10) Each fiscal year, the Department may preapprove and authorize tasks, the cost
27 of which is to be paid or reimbursed from the Commercial Fund and the sum
28 total of which shall not exceed five hundred thousand dollars (\$500,000), that
29 have not been authorized pursuant to subdivisions (5) and (6) of this subsection
30 for the purpose of completing risk-based management actions leading to no
31 further action or closure. A claim for payment or reimbursement of costs for
32 tasks that are authorized under this subdivision shall be paid or reimbursed on
33 the same basis as tasks that are authorized under subdivisions (5) and (6) of this
34 subsection."

35
36 **EXPEDITE CLOSURE OF LOW-RISK PRE-1983 LANDFILLS**

37 SECTION 14.6. Of the funds appropriated to the Inactive Hazardous Sites Cleanup
38 Fund (Fund Code 65304-6379), the sum of five million dollars (\$5,000,000) may be used by the
39 Department of Environmental Quality in the 2016-2017 fiscal year to expedite closure of lower
40 risk pre-regulatory landfills by funding the assessment and remedial activities needed to achieve a
41 risk-based closure. The Department's activities under this section may proceed notwithstanding the
42 site's relative priority for action established under G.S. 130A-310.6(c), provided that the
43 Department shall only proceed with remediation and expend funds for cleanup of a site pursuant to
44 this section if the cleanup method proposed is determined to be the most cost-effective cleanup for
45 the site, except if cleanup to a more protective standard is necessary to make the site suitable for a
46 proposed economic development opportunity at the site. The Department shall issue written
47 findings of fact to demonstrate that a cleanup method for a site to be remediated pursuant to this
48 section is the most cost-effective cleanup method and, if applicable, a description of a proposed
49 economic development opportunity for a site that would support a cleanup to a more protective
50 standard. For purposes of this section, the term "cost-effective cleanup" means a cleanup method
51 that is the least expensive cleanup based on total cost.

1
2 **PROMOTE SHELLFISH INDUSTRY**

3 **SECTION 14.11.(a)** G.S. 113-202(j) reads as rewritten:

4 "(j) Initial leases begin upon the issuance of the lease by the Secretary and expire at noon
5 on the first day of July following the tenth anniversary of the granting of the lease. Renewal leases
6 are issued for a period of 10 years from the time of expiration of the previous lease. At the time of
7 making application for renewal of a lease, the applicant must pay a filing fee of one hundred
8 dollars (\$100.00). The rental for initial leases is one dollar (\$1.00) per acre until noon on the first
9 day of July following the first anniversary of the lease. Thereafter, for initial leases and from the
10 beginning for renewals of leases entered into after that date, the rental is ten dollars (\$10.00) per
11 acre per year. Rental must be paid annually in advance prior to the first day of ~~April~~ July each
12 year. Upon initial granting of a lease, the pro rata amount for the portion of the year left until the
13 first day of July must be paid in advance at the rate of one dollar (\$1.00) per acre per year; then,
14 on or before the first day of ~~April~~ July next, the lessee must pay the rental for the next full year."

15 **SECTION 14.11.(b)** G.S. 113-202.1 reads as rewritten:

16 "**§ 113-202.1. Water column leases for aquaculture.**

17 (a) To increase the productivity of leases for shellfish culture issued under G.S. 113-202,
18 the Secretary may amend shellfish cultivation leases to authorize use of the water column
19 superjacent to the leased bottom under the terms of this section when he determines the public
20 interest will benefit from amendment of the leases. Leases with water column amendments must
21 produce shellfish in commercial quantities at four times the minimum production rate of leases
22 issued under G.S. 113-202, or any higher quantity required by the Marine Fisheries Commission
23 through duly adopted rules.

24 ...

25 (f) Amendments of shellfish cultivation leases to authorize use of the water column ~~are not~~
26 ~~transferrable except when the Secretary approves the transfer after public notice and hearing~~
27 ~~consistent with subsection (e) of this section.~~ may be transferred with a bottom lease for the
28 remainder of the term of the amendment at the same rental rate and term as set forth in subsection
29 (d) of this section, and so long as notice of the transfer is provided to the Secretary as required by
30 G.S. 113-202(k).

31 ...

32 (i) To the extent required by demonstration or research aquaculture development projects,
33 the Secretary may amend existing leases and issue leases that authorize use of the bottom and the
34 water column. Demonstration or research aquaculture development projects may be authorized for
35 ~~two~~ five years with no more than one renewal and when the project is proposed or formally
36 sponsored by an educational institution which conducts research or demonstration of aquaculture.
37 Production of shellfish with a sales value in excess of ~~one thousand dollars (\$1,000)~~ five thousand
38 dollars (\$5,000) per acre per year shall constitute commercial production. Demonstration or
39 research aquaculture development projects shall be exempt for the rental rate in subsection (d) of
40 this section unless commercial production occurs as a result of the project."

41 **SECTION 14.11.(c)** G.S. 113-202.2 reads as rewritten:

42 "**§ 113-202.2. Water column leases for aquaculture for perpetual franchises.**

43 (a) To increase the productivity of shellfish grants and perpetual franchises for shellfish
44 culture recognized under G.S. 113-206, the Secretary may lease the water column superjacent to
45 such grants or perpetual franchises (hereinafter "perpetual franchises") under the terms of this
46 section when it determines the public interest will benefit from the lease. Perpetual franchises with
47 water column leases must produce shellfish in commercial quantities at four times the minimum
48 production rate of leases issued under G.S. 113-202, or any higher quantity required by the Marine
49 Fisheries Commission by rule.

50 ...

1 (d) Water column leases to perpetual franchises shall be issued for a period of ~~five~~10
2 years and may be renewed pursuant to subsection (g) of this section. The rental for an initial water
3 column lease issued under this section is the same as the rental set in G.S. 113-202.1 for an initial
4 water column amendment issued under that section, and the rental for a renewed water column
5 lease issued under this section is the same as the rental set in G.S. 113-202.1 for a renewed water
6 column amendment issued under that section.

7 ...

8 (f) Water column leases to perpetual franchises ~~are not transferrable except when the~~
9 ~~Secretary approves the transfer after public notice and hearing consistent with G.S. 113-202(f) and~~
10 ~~(g) may be transferred with a perpetual franchise for the remainder of the term of the lease at the~~
11 ~~same rental rate and term as set forth in subsection (d) of this section, and so long as notice of the~~
12 ~~transfer is provided to the Secretary as required by G.S. 113-202(k).~~

13 ...

14 (i) Demonstration or research aquaculture development projects may be authorized for
15 ~~two~~five years with no more than one renewal and when the project is proposed or formally
16 sponsored by an educational institution which conducts aquaculture research or demonstration
17 projects. Production of shellfish with a sales value in excess of ~~one thousand dollars (\$1,000)~~five
18 thousand dollars (\$5,000) per acre per year shall constitute commercial production. Demonstration
19 or research aquaculture development projects shall be exempt from the rental rate in subsection (d)
20 of this section unless commercial production occurs as a result of the project."

21 **SECTION 14.11.(d)** The Chief Sustainability Officer of the University of North
22 Carolina Chapel Hill shall convene a stakeholder working group to study and advance efforts to
23 ecologically restore and achieve economic stability of the shellfish aquaculture industry, including
24 (i) how best to spend financial resources to counter declining oyster populations and habitats; (ii)
25 the use of nonnative oyster species to accomplish oyster restoration; (iii) means of combating
26 oyster disease and managing harvesting practices to balance the needs of the industry and promote
27 long-term viability and health of oyster habitat and substrate; (iv) economic aquaculture methods
28 to improve oyster stock and populations; (v) long-term, dedicated options for funding sources and
29 water quality improvements; (vi) means to increase oyster production for both population growth
30 and harvest; (vii) options that expand the use of private hatchery capacity in the State; (viii)
31 options for promoting the use of cultch planting to enhance and increase oyster habitat and
32 population; (ix) other resources that might be leveraged to enhance reform efforts; and (x) any
33 other issue the Institute deems relevant.

34 **SECTION 14.11.(e)** In the conduct of the study required by subsection (d) of this
35 section, the Officer shall convene and consult with a stakeholders group that includes
36 representatives of the commercial and recreational oyster harvesting industries, the North Carolina
37 Division of Marine Fisheries, the Marine Fisheries Commission, nature conservation entities, and
38 experts in the fields of marine biology and marine ecology.

39 **SECTION 14.11.(f)** The University of North Carolina Chapel Hill shall report the
40 results of its study, including any recommendations and suggested legislation needed to implement
41 the recommendations to the Environmental Review Commission and the Joint Legislative
42 Oversight Committee on Agriculture and Natural and Economic Resources no later than
43 December 31, 2018.

44 **SECTION 14.11.(g)** Of the funds appropriated in this act to the Clean Water
45 Management Trust Fund for the 2016-2017 fiscal year, the sum of one million five hundred
46 thousand dollars (\$1,500,000) is allocated to the Department of Environmental Quality to provide
47 funding for the Senator Jean Preston Oyster Sanctuary Network. Funds not expended or
48 encumbered by June 30, 2017, shall revert to the Clean Water Management Trust Fund.

49 **SECTION 14.11.(h)** Notwithstanding any other provision of law, funds provided to
50 the Division of Marine Fisheries of the Department of Environmental Quality for contracting with
51 the University of North Carolina Wilmington to develop oyster brood stock to provide seed for

1 aquaculture shall be transferred to, and not through a contractual arrangement with, the University
2 of North Carolina Wilmington for that purpose. No indirect facilities and administrative costs shall
3 be charged by the University against the funds transferred by this subsection.
4

5 CLARIFY AQUATIC WEED CONTROL FUNDING ELIGIBILITY

6 SECTION 14.12.(a) Part 8B of Article 21 of Chapter 143 of the General Statutes
7 reads as rewritten:

8 "Part 8B. Shallow Draft Navigation Channel Dredging and Lake Dredging Aquatic Weed Fund.

9 "**§ 143-215.73F. Shallow Draft Navigation Channel Dredging and ~~Lake Maintenance~~**
10 **Aquatic Weed Fund.**

11 (a) Fund Established. – The Shallow Draft Navigation Channel Dredging and ~~Lake~~
12 ~~Maintenance Aquatic Weed Fund~~ is established as a special revenue fund. The Fund consists of
13 fees credited to it under G.S. 75A-3 and G.S. 75A-38, taxes credited to it under G.S. 105-449.126,
14 and funds contributed by non-State entities.

15 (b) Uses of Fund. – Revenue in the Fund may only be used for the following purposes:

16 (1) To provide the State's share of the costs associated with any dredging project
17 designed to keep shallow draft navigation channels located in State waters or
18 waters of the state located within lakes navigable and safe.

19 (2) For aquatic weed control projects in waters of the State ~~located within lakes~~
20 under Article 15 of Chapter 113A of the General Statutes. Funding for aquatic
21 weed control projects is limited to five hundred thousand dollars (\$500,000) in
22 each fiscal year.

23 (c) Cost-Share. – Any project funded by revenue from the Fund must be cost-shared with
24 non-State dollars as follows:

25 ...

26 (3) The cost-share for ~~a lake maintenance~~ an aquatic weed control project shall be
27 at least one non-State dollar for every dollar from the Fund. The cost-share for ~~a~~
28 ~~lake~~ an aquatic weed control project located within a component of the State
29 Parks System shall be provided by the Division of Parks and Recreation of the
30 Department of Natural and Cultural Resources. The Division of Parks and
31 Recreation may use funds allocated to the State Parks System for capital
32 projects under G.S. 143B-135.56 for the cost-share.

33 (4) The cost-share for the dredging of the access canal around the Roanoke Island
34 Festival Park may be paid from the ~~Historic~~ Roanoke Island Fund established
35 by G.S. 143-202.3.

36"

37 SECTION 14.12.(b) G.S. 75A-3(c) reads as rewritten:

38 "(c) The Boating Account is established within the Wildlife Resources Fund created under
39 G.S. 143-250. Interest and other investment income earned by the Account accrues to the Account.
40 All moneys collected pursuant to the numbering and titling provisions of this Chapter shall be
41 credited to this Account. Motor fuel excise tax revenue is credited to the Account under
42 G.S. 105-449.126. The Commission shall use revenue in the Account, subject to the Executive
43 Budget Act and the Personnel Act, for the administration and enforcement of this Chapter; for
44 activities relating to boating and water safety including education and waterway marking and
45 improvement; and for boating access area acquisition, development, and maintenance. The
46 Commission shall use at least three dollars (\$3.00) of each one-year certificate of number fee and
47 at least nine dollars (\$9.00) of each three-year certificate of number fee collected under the
48 numbering provisions of G.S. 75A-5 for boating access area acquisition, development, and
49 maintenance. The Commission shall transfer on a quarterly basis fifty percent (50%) of each
50 one-year certificate of number fee and fifty percent (50%) of each three-year certificate of number

1 fee collected under the numbering provisions of G.S. 75A-5 to the Shallow Draft Navigation
2 Channel Dredging and ~~Lake Maintenance~~ Aquatic Weed Fund established by G.S. 143-215.73F."

3 **SECTION 14.12.(c)** G.S. 75A-38(b) reads as rewritten:

4 "(b) The Commission shall charge a fee of thirty dollars (\$30.00) to issue a new or transfer
5 certificate of title. The Commission shall transfer on a quarterly basis at least ten dollars (\$10.00)
6 of each new or transfer certificate of title to the Shallow Draft Navigation Channel Dredging and
7 ~~Lake Maintenance~~ Aquatic Weed Fund established by G.S. 143-215.73F. The Commission shall
8 charge a fee of ten dollars (\$10.00) for each duplicate title it issues and for the recording of a
9 supplemental lien."

10 **SECTION 14.12.(d)** G.S. 105-449.126 reads as rewritten:

11 "**§ 105-449.126. Distribution of part of Highway Fund allocation to Wildlife Resources Fund
12 and Shallow Draft Navigation Channel Dredging and ~~Lake Maintenance~~ Aquatic
13 Weed Fund.**

14 ...

15 (b) The Secretary shall credit to the Shallow Draft Navigation Channel Dredging and ~~Lake
16 Maintenance~~ Aquatic Weed Fund one percent (1%) of the amount that is allocated to the Highway
17 Fund under G.S. 105-449.125 and is from the excise tax on motor fuel. Revenue credited to the
18 Shallow Draft Navigation Channel Dredging and ~~Lake Maintenance~~ Aquatic Weed Fund under
19 this section may be used only for the dredging activities described in G.S. 143-215.73F. The
20 Secretary shall credit revenue to the Shallow Draft Navigation Channel Dredging and ~~Lake
21 Maintenance~~ Aquatic Weed Fund on a quarterly basis. The Secretary must make the distribution
22 within 45 days of the end of each quarter."

23
24 **DEVELOPMENT OF NEW COMPREHENSIVE NUTRIENT MANAGEMENT
25 REGULATORY FRAMEWORK**

26 **SECTION 14.13.(a)** The General Assembly finds all of the following:

- 27 (1) It is necessary for the State to have a comprehensive management strategy to
28 protect and improve water quality.
- 29 (2) Four nutrient management strategies currently exist in North Carolina in the
30 Neuse River Basin, Tar-Pamlico Basin, Falls Lake Watershed, and Jordan Lake
31 Watershed (collectively, the State Nutrient Management Strategies). Some of
32 these strategies have now been in place for more than 12 years.
- 33 (3) Existing nutrient management strategies have shown little to no improvement in
34 water quality, have created an increased regulatory and economic burden in the
35 billions of dollars to the State, its municipalities, and its citizens, and have
36 rendered thousands of acres of public and private property useless.
- 37 (4) Instead of continuing a regulatory solution that is not improving, nor may ever
38 improve, water quality standards, a new comprehensive management strategy
39 that includes in situ treatment of impaired water bodies must be developed to
40 replace the current flawed, economically irresponsible, and scientifically
41 unjustified approach.

42 **SECTION 14.13.(b)** For the reasons set forth in subsection (a) of this section,
43 subsections (a) and (c) of Section 14.5 of S.L. 2015-241 are repealed and the Department shall
44 terminate the Jordan Lake demonstration project. Any funds allocated under subsection 14.5(a)
45 that are unspent and unencumbered on the effective date of this act shall revert to the Clean Water
46 Management Trust Fund.

47 **SECTION 14.13.(c)** Of the funds appropriated in this act to the Clean Water
48 Management Trust Fund for the 2016-2017 fiscal year, the sum of five hundred thousand dollars
49 (\$500,000) is allocated to the Office of the Chancellor at the University of North Carolina Chapel
50 Hill to designate an entity to study and analyze nutrient management strategies (including in situ
51 strategies) specifically in the context of the State's impaired water bodies. As part of this study, the

1 entity shall review the data collected by the Department of Environmental Quality from water
2 sampling in areas subject to one of the State Nutrient Management Strategies and compare trends
3 in water quality to the implementation of the various elements of each of the State Nutrient
4 Management Strategies. The entity shall also examine the costs and benefits of basinwide nutrient
5 strategies in other states and the impact (or lack of impact) those strategies have had on water
6 quality. The entity shall report the results of its study and its recommendations for further action
7 (including any statutory or regulatory changes necessary to implement the recommendations) to
8 the Environmental Review Commission, the Environmental Management Commission, and the
9 Department of Environmental Quality no later than December 31, 2018. No indirect or facilities
10 and administrative costs shall be charged by the University against the funds allocated by this
11 section. The Department of Environmental Quality shall provide all necessary data and staff
12 assistance as requested by the entity for the duration of the study required by this subsection. The
13 Department shall also designate from existing positions an employee to serve as liaison between
14 the Department and the entity to facilitate communication and handle data requests for the
15 duration of the project.

16 **SECTION 14.13.(d)** As part of the periodic review of rules required by
17 G.S. 150B-21.3A, the Environmental Management Commission shall, based on the study required
18 by subsection (c) of this section, review and revise the State Nutrient Management Strategies,
19 consisting of the following:

- 20 (1) The Neuse River Basin Nutrient Sensitive Waters Management Strategy, 15A
21 NCAC 2B .0232 through .0242 and .0315.
- 22 (2) The Tar-Pamlico Basin Nutrient Sensitive Waters Management Strategy, 15A
23 NCAC 2B .0255 through .0261 and .0316.
- 24 (3) The Falls Water Supply Nutrient Strategy, 15A NCAC 2B .0275 through .0282
25 and .0315.
- 26 (4) The Jordan Lake Water Supply Nutrient Strategy, 15A NCAC 2B .0263
27 through .0273 and .0311.
- 28 (5) The Randleman Lake Water Supply Watershed: Protection and Maintenance of
29 Existing Riparian Buffers, 15A NCAC 2B .0250.
- 30 (6) Catawba River Basin: Protection and Maintenance of Existing Riparian
31 Buffers, 15A NCAC 2B .0243.
- 32 (7) The Site Specific Water Quality Management Plan for the Goose Creek
33 Watershed (Yadkin Pee-Dee River Basin), 15A NCAC 2B .0605 and .0607.
- 34 (8) All other regulations imposing riparian buffer requirements for the purpose of
35 nutrient management identified by the report required of the Department of
36 Environmental Quality in this subsection.
- 37 (9) Any changes to these regulations imposed by subsequent acts of the General
38 Assembly.

39 No later than December 31, 2016, the Department of Environmental Quality shall
40 report to the Environmental Review Commission a list of any other rules and any subsequent acts
41 of the General Assembly changing the rules that impose buffer requirements pertaining to water
42 quality, and the Commission's review shall include the rules identified in this section and in that
43 report. No later than December 31, 2019, and no earlier than October 1, 2019, the Commission
44 shall, based on its review and the study required by subsection (c) of this section, adopt temporary
45 rules based on the revisions to the State Nutrient Management Strategies. As part of its
46 rule-making process, the Commission shall (i) hold public hearings in the upstream and
47 downstream portions of all impacted river basins and subbasins and (ii) no later than December
48 31, 2016, convene a stakeholder working group that represents all classes of users and all
49 geographic parts of the impacted river basins and subbasins.

50 **SECTION 14.13.(e)** The existing rules identified in subsection (d) of this section as
51 well as any other rules and modifications in the Department's December 31, 2016, report required

1 by that subsection are repealed on the earlier of the effective date of the temporary rules or
2 December 31, 2019.

3 **SECTION 14.13.(f)** Of the funds appropriated in this act to the Clean Water
4 Management Trust Fund for the 2016-2017 fiscal year, the sum of five hundred thousand dollars
5 (\$500,000) is allocated to the Wildlife Resources Commission to conduct applied research on
6 endemic freshwater mussel species, including species listed as federally threatened or endangered.
7 Specific research goals shall include determination of filtration capacity, nutrient cycling, and diet
8 preference; development and refinement of in vitro propagation; and determination of population
9 status, restoration goals, and opportunities to augment or restore mussel communities. The
10 Commission shall also assess strategies for use of freshwater mussel species in impaired water
11 bodies in the State, including Jordan and Falls Lakes. The Commission shall provide an interim
12 report no later than March 1, 2017, and a final report no later than May 1, 2018, regarding its
13 implementation of this section to the Environmental Review Commission, the Joint Legislative
14 Oversight Committee on Agriculture and Natural and Economic Resources, and the Fiscal
15 Research Division. Funds allocated under this subsection that are not expended or
16 encumbered at the conclusion of the demonstration project shall revert to the Clean Water
17 Management Trust Fund.

18 **SECTION 14.13.(g)** Rules that are a part of the nutrient management strategy for the
19 Jordan Lake watershed and the Falls Lake watershed, but that have effective dates between the
20 effective date of this act and December 31, 2019, shall not take effect and are subject to the repeal
21 set forth in subsection (e) of this section. While delayed, these rules are not subject to existing rule
22 review under G.S. 150B-21.3A.

23 **SECTION 14.13.(h)** The cost for nutrient offsets in any watershed subject to a State
24 Nutrient Management Strategy shall be, notwithstanding any other provision of law, no higher
25 than those currently established for the Falls Lake watershed. This subsection expires on the
26 earlier of the effective date of new temporary rules established under subsection (d) of this section
27 or December 31, 2019.

28 **SECTION 14.13.(i)** Subsection (b) of this section becomes effective on the earlier of
29 July 1, 2016, or the date of termination of a contract related to in situ water quality remediation
30 strategies that was previously extended pursuant to Section 14.5 of S.L. 2015-241.

31 **RIGHT OF ENTRY CLARIFICATION**

32 **SECTION 14.15.** Article 17 of Chapter 113 of the General Statutes is amended by
33 adding a new section to read:

34 **"§ 113-221.5. Right of entry to enforce certain sanitation requirements.**

35 (a) The Secretary of Environmental Quality and a local health director shall each have the
36 delegable right of entry upon the premises of any place where entry is necessary to enforce the
37 provisions of G.S. 113-221.2(a) or the rules adopted by the Marine Fisheries Commission or a
38 local board of health. If consent for entry is not obtained, an administrative search and inspection
39 warrant shall be obtained pursuant to G.S. 15-27.2. However, if an imminent hazard exists, no
40 warrant is required for entry upon the premises."
41

42 **MARINE FISHERIES COMMISSION AMENDMENTS**

43 **SECTION 14.16.(a)** G.S. 143B-289.52 reads as rewritten:

44 **"§ 143B-289.52. Marine Fisheries Commission – powers and duties.**

45 ...
46
47 (e1) A supermajority of the Commission shall be ~~six~~five members. A supermajority shall
48 be necessary to ~~override recommendations from the Division of Marine Fisheries regarding~~
49 ~~measures needed to end overfishing or to rebuild overfished stocks for any action taken under the~~
50 ~~powers and duties set forth in this section, including, but not limited to, rule making and the~~
51 ~~regulation of fisheries under a fishery management plan.~~

1"

2 SECTION 14.16.(b) G.S. 143B-289.54(a)(7)-(8) are repealed.

3
4 **FISHERIES MANAGEMENT PLANS**

5 SECTION 14.17. G.S. 113-182.1(e1) reads as rewritten:

6 "(e1) If the Secretary determines that it is in the interest of the long-term viability of a
7 fishery, the Secretary may authorize the Commission to develop expedited temporary management
8 measures to supplement an existing Fishery Management Plan pursuant to this subsection.
9 Management measures considered in a supplement shall be strictly limited to those management
10 strategies contained in the original fishery management plan or subsequent amendments to the
11 plan adopted by the Marine Fisheries Commission and shall not include management measures
12 that were either (i) not originally developed in accordance with this section or (ii) that result in
13 severe curtailment of the usefulness or value of equipment as provided by G.S. 113-221(d).
14 Development of temporary management measures pursuant to this subsection is exempt from
15 subsections (c), (c1), and (e) of this section and the Priority List, Schedule, and guidance criteria
16 established by the Marine Fisheries Commission under G.S. 143B-289.52. During the next review
17 period for a Fishery Management Plan supplemented pursuant to this subsection, the Commission
18 shall either incorporate the temporary management measures into the revised Fishery Management
19 Plan or the temporary management measures shall expire on the date the revised Fishery
20 Management Plan is adopted."

21
22 **CRAB POT REMOVAL PILOT PROGRAM**

23 SECTION 14.18. Of the funds appropriated to the Department of Environmental
24 Quality, Division of Marine Fisheries, for the 2016-2017 fiscal year, one hundred thousand dollars
25 (\$100,000), nonrecurring, shall be used for a pilot program to be administered by North Carolina
26 Sea Grant at North Carolina State University (Sea Grant) for the removal of derelict crab pots in
27 State waters. Sea Grant may contract with nonprofit organizations to conduct and oversee the
28 removal of derelict crab pots, provided that the nonprofit organizations involved are required to
29 report expenditures and performance data to Sea Grant. No indirect facilities and administrative
30 costs shall be charged by Sea Grant or any constituent institution of the University of North
31 Carolina System against the funds allocated by this section. Sea Grant shall submit a report on the
32 performance of the pilot program, including expenditures and number of derelict crab pots
33 retrieved, to the chairs of the Joint Oversight Committee on Agriculture and Natural and
34 Economic Resources and the Fiscal Research Division on or before May 1, 2017.

35
36 **SHALLOW DRAFT FUND SPONSORED COASTAL MANAGEMENT POSITION**

37 SECTION 14.19. G.S. 143-215.73F(b) is amended by adding a new subdivision to
38 read:

39 "(3) For the compensation of a beach and inlet management project manager with
40 the Division of Coastal Management of the Department of Environmental
41 Quality for the purpose of overseeing all activities related to beach and inlet
42 management in the State. Funding for the position is limited to ninety-nine
43 thousand dollars (\$99,000) in each fiscal year."

44
45 **WASTEWATER DISCHARGE MITIGATION**

46 SECTION 14.20. Of the funds appropriated in this act to the Department of
47 Environmental Quality, Division of Water Infrastructure, the sum of four hundred thousand
48 dollars (\$400,000), nonrecurring, for the 2016-2017 fiscal year shall be used to provide a grant for
49 wastewater infrastructure improvements to a municipality located in a development tier three
50 county where the municipality has a population under 100 according to the most recent decennial

1 census and has been issued Notices of Violation from both a county and the Division of Water
2 Resources for illegal wastewater discharges.

3 4 **CATALOG OF WETLAND AND STREAM MITIGATION CREDITS**

5 **SECTION 14.21.** The Division of Mitigation Services shall catalog all wetland and
6 stream mitigation credits in State ownership. The Department of Transportation shall provide
7 support and assistance to the Division in carrying out the requirements of this section, including
8 providing access to data on mitigation credits acquired by the Department of Transportation
9 associated with completed, ongoing, and planned transportation projects. The Division shall
10 provide the catalog along with any relevant supporting information to the Environmental Review
11 Commission, the Joint Legislative Oversight Committee on Agriculture and Natural and
12 Economic Resources, and the Joint Legislative Transportation Oversight Committee no later than
13 December 31, 2016.

14 15 **BEACH NOURISHMENT STUDIES**

16 **SECTION 14.22.(a)** The Division of Coastal Management and the Department of
17 Environmental Quality shall study and provide an executive summary of readily available data on
18 the physical and economic, storm mitigation, and public safety benefits of beach nourishment.
19 Specific items benefitted by beach nourishment shall include, at a minimum, public infrastructure,
20 private property, and tourism. The results of the study shall be reported no later than November 1,
21 2016, to the Joint Legislative Oversight Committee on Agriculture and Natural and Economic
22 Resources.

23 **SECTION 14.22.(b)** The Register of Deeds of each covered county shall identify all
24 privately owned beachfront property in the county. A covered county includes the Counties of
25 Brunswick, New Hanover, Pender, Onslow, Carteret, Hyde, Dare, and Currituck. Each Register of
26 Deeds shall determine whether the mailing address on the tax record of such property is in a
27 county in this State other than the county where such property is located. Each Register shall send
28 a list of such properties no later than November 1, 2016, to the Department of Environmental
29 Quality and the Joint Legislative Oversight Committee on Agriculture and Natural and Economic
30 Resources.

31 **SECTION 14.22.(c)** The Department of Commerce shall study and provide an
32 executive summary of readily available economic data related to the coastal economy of the State
33 for the purpose of quantifying the contribution of the coastal economy to the economy of the State
34 as a whole, considering, at a minimum, the benefits of travel and tourism, job creation and
35 opportunity, and tax revenues, including property, sales, and income taxes. The Department shall
36 report the results of the study no later than November 1, 2016, to the Department of
37 Environmental Quality and the Joint Legislative Oversight Committee on Agriculture and Natural
38 and Economic Resources.

39 **SECTION 14.22.(d)** The Department of Environmental Quality shall include the
40 studies required by each subsection of this section as appendices to the Beach and Inlet
41 Management Plan required by Section 14.6(b)(4) of S.L. 2015-241.

42 43 **EXTEND THE SUNSET ON ALLOWABLE TERM LENGTH OF CERTAIN STATE** 44 **REVOLVING FUND LOANS**

45 **SECTION 14.23.(a)** G.S. 159G-40(b), as amended by Section 4(a) of S.L. 2015-207,
46 reads as rewritten:

47 "(b) Interest Rate and Maturity. – The interest rate payable on and the maximum maturity of
48 a loan are subject to the following limitations:

49 ...

50 (2) Maturity. – The maximum maturity for a loan for a project that is not a
51 high-unit-cost project may not exceed targeted interest rate project is 20 years

1 or the project's expected life, whichever is shorter. The maximum maturity for a
 2 loan for a ~~high-unit-cost-targeted interest rate~~ project is 30 years or the project's
 3 expected life, whichever is shorter."

4 **SECTION 14.23.(b)** Section 4(b) of S.L. 2015-207 reads as rewritten:

5 "SECTION 4.(b) This section is effective when it becomes law and expires ~~July-October 1,~~
 6 2016. The sunset does not affect the validity of any loan agreement approved by the Local
 7 Government Commission prior to the sunset or loan increases approved after the sunset, provided
 8 the loan was approved in accordance with G.S. 159G-40, as amended by this section, prior to the
 9 sunset."

10 **SECTION 14.23.(c)** Subsection (a) of this section becomes effective October 1, 2016.
 11 The remainder of this section is effective when it becomes law.

12 PART XV. DEPARTMENT OF COMMERCE

13 USE OF DEOBLIGATED CDBG AND FEDERAL FUNDS

14 **SECTION 15.1.(a)** Section 15.6(b) of S.L. 2015-241 reads as rewritten:

15 "SECTION 15.6.(b) To allow the Department of Commerce and the Department of
 16 Environment and Natural Resources to quickly deploy deobligated CDBG funds and surplus
 17 federal administrative funds as they are identified throughout each program year, the following
 18 shall apply to the use of deobligated CDBG funds and surplus federal administrative funds, unless
 19 otherwise expressly provided by law:
 20
 21

22 ...
 23 (2) In the 2015-2017 fiscal biennium, the Department of Commerce shall use the
 24 sum of ~~five million nine hundred eight thousand four hundred ninety seven~~
 25 ~~dollars (\$5,908,497)~~ ten million six hundred forty-eight thousand one hundred
 26 eighty-nine dollars (\$10,648,189) in deobligated CDBG funds as follows:

- 27 a. ~~Four-Three million six hundred fifty-eight thousand four hundred~~
 28 ~~ninety-seven dollars (\$4,658,497)~~ for: (\$3,658,497) for providing
 29 1. Providing public services and public facilities. The category of
 30 public services includes providing substance abuse services and
 31 employment services, including job training, to homeless and
 32 at-risk veterans in the State.
 33 2. If House Bill 108, 2015 Regular Session, becomes law,
 34 providing up to one million dollars (\$1,000,000) in the
 35 2016-2017 fiscal year to be used to fund a loan fund for site,
 36 infrastructure, and building development. Program income
 37 generated from awards made from the loan fund shall be
 38 captured in the existing CDBG revolving loan fund.
 39 b. Five hundred thousand dollars (\$500,000) for existing CDBG programs
 40 that encounter cost overruns.
 41 c. Up to ~~seventhree~~ hundred thirty-seven ~~fifty~~ thousand two hundred
 42 eighty-four dollars (\$750,000) (\$337,284) for providing training and
 43 guidance to local governments relative to the CDBG program, its
 44 management, and administration requirements.
 45 d. Four million nine hundred two thousand four hundred eight dollars
 46 (\$4,902,408) to be transferred to the Department of Environmental
 47 Quality for water and sewer projects for public schools.
 48 e. One million two hundred fifty thousand dollars (\$1,250,000) to the
 49 Department of Commerce to be used for the State Broadband Plan in
 50 coordination with the Broadband Infrastructure Office at the
 51 Department of Information Technology.

- 1 (3) ~~All deobligated CDBG funds that arise in a category that the Department of~~
 2 ~~Commerce is responsible for administering after the provisions of subdivision~~
 3 ~~(2) of this subsection have been met, and any Any surplus federal~~
 4 ~~administrative funds, as provided for in subdivision (1) of this subsection, may~~
 5 ~~be used by the Department for all of the following:~~
 6 a. ~~To issue grants in the CDBG economic development program category.~~
 7 b. ~~For providing training and guidance to local governments relative to the~~
 8 ~~CDBG program, its management, and administrative requirements.~~
 9 e. ~~For any other purpose consistent with the Department's administration~~
 10 ~~of the CDBG program if an equal amount of State matching funds is~~
 11 ~~available.~~

12"

13 **SECTION 15.1.(b)** The Department of Commerce shall report on its proposed
 14 broadband initiative and its proposed use of deobligated CDBG funds to support that initiative.
 15 The report shall include details about how the initiative complies with the State broadband plan
 16 and the State's CDBG requirements. The report shall also include details about (i) the type of sites
 17 it intends to serve, (ii) a time line for proposed projects, (iii) the constituents it intends to serve,
 18 and (iv) any other expected outcomes. The Department shall submit the report to the chairs of the
 19 Economic Development and Global Engagement Committee and the chairs of the Joint Legislative
 20 Oversight Committee on Agriculture and Natural and Economic Resources on or before February
 21 1, 2017.

22 TRAVEL AND TOURISM BOARD CHANGES

23 **SECTION 15.6.(a)** G.S. 143B-434.1 reads as rewritten:

24 **"§ 143B-434.1. The North Carolina Travel and Tourism Board – creation, duties,**
 25 **membership.**

26 ...
 27 (b) The function and duties of the Board shall be:

28 ...
 29 (2) To advise the Secretary of Commerce in the development of a budget for
 30 achieving the goals of the Travel and Tourism Policy Act, as provided in
 31 G.S. ~~143B-434.2.~~143B-434.2 and the nonprofit corporation contracted to
 32 promote and market tourism.

33 ...
 34 (5) ~~To name a three-member subcommittee, with one member from each of the~~
 35 ~~eastern, central, and western regions of the State, to make recommendations to~~
 36 ~~the Secretary of Commerce regarding any revisions in the matching funds~~
 37 ~~tourism grants program, project applications, and criteria for projects that~~
 38 ~~qualify for participation in the program.~~

39 ...
 40 (9) To promote policies that support tourism in North Carolina.

41 (10) To advise the General Assembly on tourism policy matters upon request of the
 42 Joint Legislative Oversight Committee on Governmental Operations or the
 43 Joint Legislative Oversight Committee on Agriculture and Natural and
 44 Economic Resources.

45 (c) The Board shall consist of ~~29~~15 members as follows:

- 46 (1) The Secretary of Commerce, who shall not be a voting member.
 47 (2) The chief executive officer of the nonprofit corporation with which the
 48 Department contracts pursuant to G.S. 143B-431.01(b), who shall not be a
 49 voting member.
 50

- 1 (3) ~~Two members~~One member designated by the Board of Directors of the North
2 Carolina Restaurant and Lodging Association, representing the lodging sector.
- 3 (4) ~~Two members~~One member designated by the Board of Directors of the North
4 Carolina Restaurant and Lodging Association, representing the restaurant
5 sector.
- 6 (5) ~~Three Directors of Convention and Visitor Bureaus designated by the Board of~~
7 ~~Directors of the North Carolina Association of Convention and Visitor~~
8 ~~Bureaus.~~One member of the Destination Marketing Association of North
9 Carolina designated by the Board of Directors of the Destination Marketing
10 Association of North Carolina.
- 11 (6) ~~The Chairperson—Chair~~ of the Travel and Tourism Coalition or the
12 ~~Chairperson's—Chair's~~ designee.
- 13 (7) ~~The President of the North Carolina Travel Industry Association.~~One person
14 who is a member of the Travel and Tourism Coalition designated by the Board
15 of Directors of the Travel and Tourism Coalition.
- 16 (8) A member designated by the Board of Directors of the North Carolina Travel
17 Industry Association.
- 18 (9) ~~The President of the North Carolina Chamber.~~
- 19 (10) ~~One member designated by the North Carolina Petroleum Marketers~~
20 ~~Association.~~
- 21 (11) Two persons appointed by the Speaker of the House of Representatives; One
22 personone of whom shall be associated with the tourism attractions in North
23 Carolina, appointed by the Speaker of the House of Representatives.
24 One industry and one of whom person who is shall not be a member of the
25 General Assembly, appointed by the Speaker of the House of
26 Representatives.Assembly.
- 27 (12) Two persons appointed by the President Pro Tempore of the Senate; One
28 personone of whom shall be associated with the tourism-related transportation
29 industry, tourism industry and one of whom shall not be appointed by the
30 President Pro Tempore of the Senate. One person who is not a member of the
31 General Assembly, appointed by the President Pro Tempore of the
32 Senate.Assembly.
- 33 (13) ~~Four public members each interested in matters relating to travel and tourism,~~
34 ~~two appointed by the Governor (one from a rural area and one from an urban~~
35 ~~area), one appointed by the Speaker of the House, and one appointed by the~~
36 ~~President Pro Tempore of the Senate.~~
- 37 (14) ~~One member associated with the major cultural resources and activities of the~~
38 ~~State in North Carolina, Two members appointed by the Governor.~~Governor,
39 one of whom is involved in the tourism industry.
- 40 (15) ~~Two members of the House of Representatives, appointed by the Speaker of the~~
41 ~~House of Representatives.~~One at-large member appointed by the Board of the
42 nonprofit corporation with which the Department contracts pursuant to
43 G.S. 143B-431.01(b).
- 44 (16) ~~Two members of the Senate, appointed by the President Pro Tempore of the~~
45 ~~Senate.~~
- 46 (17) ~~Two members designated by the Board of Directors of North Carolina~~
47 ~~Watermen United who represent the charter boat/headboat industry.~~
- 48 (d) The members of the Board shall serve the following terms: the Secretary of Commerce,
49 the chief executive officer of the nonprofit corporation with which the Department contracts
50 pursuant to G.S. 143B-431.01(b), and the ~~Chairperson—Chair~~ of the Travel and Tourism
51 ~~Coalition,~~Coalition ~~the President of the North Carolina Travel Industry Association, and the~~

1 ~~President of the North Carolina Chamber~~ shall serve on the Board while they hold their respective
 2 offices. Each member of the Board appointed by the Governor shall serve during his or her term of
 3 office. The members of the Board appointed by the General Assembly shall serve two-year terms
 4 beginning on ~~January~~ September 1 of odd-numbered years and ending on ~~December 31 of the~~
 5 ~~following year.~~ August 31. The first such term shall begin on ~~January 1, 1991,~~ September 1, 2016,
 6 or as soon thereafter as the member is appointed to the Board, and end on ~~December 31,~~
 7 ~~1992.~~ August 31, 2018. All other members of the Board shall serve a term which ~~consists~~
 8 ~~of~~ includes the portion of calendar year ~~1991-2016~~ that remains following their appointment or
 9 designation and ends on August 31, 2017, and, thereafter, two-year terms which shall begin on
 10 ~~January~~ September 1 of an even-numbered year and end on ~~December 31 of the following~~
 11 ~~year.~~ August 31. The first such two-year term shall begin on ~~January 1, 1992,~~ September 1, 2017,
 12 and end on ~~December 31, 1994.~~ August 31, 2019.

13 ...

14 (g) Board members who are employees of the State shall receive travel allowances at the
 15 rate set forth in G.S. 138-6. Board members who are legislators shall be reimbursed for travel and
 16 subsistence in accordance with G.S. 120-3.1. All other Board members, except those serving
 17 pursuant to subdivisions (3) through ~~(10)~~ (7) of subsection (c) of this section, shall receive per
 18 diem, subsistence, and travel expenses, paid by the Department of Commerce, at the rate set forth
 19 in G.S. 138-5. Board members serving pursuant to subdivisions (3) through ~~(10)~~ (7) of subsection
 20 (c) of this section shall not receive per diem, subsistence, or travel ~~expenses.~~ The expenses set
 21 forth in this section shall be paid by the Department of Commerce. ~~expenses but shall be~~
 22 reimbursed at the discretion of the appointing organization.

23 (h) ~~At its first meeting in 1991, the~~ The Board shall elect one of its voting members to
 24 serve as ~~Chairperson during calendar year 1991.~~ Chairperson. At its last regularly scheduled
 25 meeting ~~in 1991, and at its last regularly scheduled meeting in each year thereafter,~~ year, the Board
 26 shall elect one of its voting members to serve as Chairperson for the coming calendar year. No
 27 person shall serve as Chairperson during more than three consecutive calendar years. The
 28 Chairperson shall continue to serve until his or her successor is elected.

29"

30 **SECTION 15.6.(b)** G.S. 143B-431.01(c) reads as rewritten:

31 "(c) Oversight. – There is established the Economic Development Accountability &
 32 Standards Committee, which shall be treated as a board for purposes of Chapter 138A of the
 33 General Statutes. The Committee shall consist of seven members as follows: the Secretary of
 34 Commerce as Chair of the Committee, the Secretary of Transportation, the Secretary of
 35 Environmental Quality, the Secretary of Revenue, the Chair of the North Carolina Travel and
 36 Tourism Board, one member appointed by the General Assembly upon recommendation of the
 37 Speaker of the House of Representatives, and one member appointed by the General Assembly
 38 upon recommendation of the President Pro Tempore of the ~~Senate, and one member appointed by~~
 39 ~~the General Assembly upon the joint recommendation of the Speaker of the House of~~
 40 ~~Representatives and the President Pro Tempore of the Senate.~~ Members appointed by the General
 41 Assembly shall be appointed for four-year terms beginning July 1 and may not be members of the
 42 General Assembly.

43 The Committee shall be administratively housed in the Department of Commerce. The
 44 Department of Commerce shall provide for the administrative costs of the Committee and shall
 45 provide staff to the Committee. The Committee shall meet at least quarterly upon the call of the
 46 Chair. The duties of the Committee shall include all of the following:

47 ...

48 (4) Auditing, at least biennially, by the Office of State Budget and Management,
 49 State Auditor, or internal auditors of the Department, the records of the North
 50 Carolina nonprofit corporation with which the Department has contracted
 51 pursuant to this section during and after the term of the contract to review

1 financial documents of the corporation, performance of the corporation, and
 2 compliance of the corporation with applicable laws. A copy of any audit
 3 performed at the request of the Committee shall be forwarded to the North
 4 Carolina Travel and Tourism Board.

5"

6 **SECTION 15.6.(c)** Subsection (a) of this section is effective when it becomes law and
 7 applies to appointments made on or after that date. Terms of appointees serving on the Board at
 8 that time expire on the effective date, but members may continue to serve until new members are
 9 appointed under this section.

11 PART XVI. DEPARTMENT OF NATURAL AND CULTURAL RESOURCES

13 UMSTEAD ACT CONFORMING CHANGES

14 **SECTION 16.3.** G.S. 66-58 reads as rewritten:

15 "§ 66-58. Sale of merchandise or services by governmental units.

16 (a) Except as may be provided in this section, it shall be unlawful for any unit, department
 17 or agency of the State government, or any division or subdivision of the unit, department or
 18 agency, or any individual employee or employees of the unit, department or agency in his, or her,
 19 or their capacity as employee or employees thereof, to engage directly or indirectly in the sale of
 20 goods, wares or merchandise in competition with citizens of the State, or to engage in the
 21 operation of restaurants, cafeterias or other eating places in any building owned by or leased in the
 22 name of the State, or to maintain service establishments for the rendering of services to the public
 23 ordinarily and customarily rendered by private enterprises, or to provide transportation services, or
 24 to contract with any person, firm or corporation for the operation or rendering of the businesses or
 25 services on behalf of the unit, department or agency, or to purchase for or sell to any person, firm
 26 or corporation any article of merchandise in competition with private enterprise. The leasing or
 27 subleasing of space in any building owned, leased or operated by any unit, department or agency
 28 or division or subdivision thereof of the State for the purpose of operating or rendering of any of
 29 the businesses or services herein referred to is hereby prohibited.

30 (b) The provisions of subsection (a) of this section shall not apply to:

31 ...

32 (9) ~~The Department of Environmental Quality.~~ The North Carolina Wildlife
 33 Resources Commission ~~may sell for the sale of~~ wildlife memorabilia as a
 34 service to members of the public interested in wildlife conservation.

35 (9a) The North Carolina Forest Service.

36 (9b) The Department of Natural and Cultural Resources for the sale of food pursuant
 37 to G.S. 111-47.2 and the sale of books, crafts, gifts, and other tourism-related
 38 items and revenues from public and private special events, activities, and
 39 programming at State parks, State aquariums, historic sites and museums
 40 administered by the Department, provided that the resulting profits are used to
 41 support the operation of historic sites or museums and provided further that the
 42 those sites. This exemption does not allow the Department shall not to
 43 construct, maintain, operate, or lease a hotel or tourist inn in any park-site or
 44 facility over which it has jurisdiction; jurisdiction; provided, however, that the
 45 North Carolina Zoological Park and the State parks may enter into
 46 public-private partnerships for the construction, operation, or lease of a hotel or
 47 tourist inn.

48"

50 GRASSROOTS SCIENCE AMENDMENTS

51 **SECTION 16.5.** G.S. 143B-135.227 reads as rewritten:

1 **"§ 143B-135.227. ~~Grassroots science competitive grant program.~~North Carolina Science**
2 **Museums Grant Program.**

3 (a) The North Carolina State Museum of Natural Sciences (hereinafter "Museum of
4 Natural Sciences") shall administer the ~~Grassroots Science~~North Carolina Science Museums Grant
5 Program as a competitive grant program. Any museum in the State may apply for a grant under
6 the program, including a museum that has previously received a grant-in-aid from the Program or
7 as a grassroots science museum in prior fiscal years, but grant funds shall be awarded only if the
8 museum meets the criteria established in subsection (d) of this section. No museum shall be
9 guaranteed a grant under the competitive grant program.

10 ...

11 (d) To be eligible to receive a grant under the competitive grant program, a museum shall
12 demonstrate:

- 13 (1) That it is a science center or museum or a children's museum that is physically
14 located in the State.
- 15 (2) That it has been open, operating, and exhibiting science or science, technology,
16 engineering, and math (STEM) education objects to the general public at least
17 120 days of each year for the past two or more years.
- 18 (3) That it is either (i) a nonprofit organization that is exempt from federal income
19 taxes pursuant to section 501(c)(3) of the Internal Revenue Code.Code or (ii) an
20 organization that received funding in fiscal year 2015-2016 from the Grassroots
21 Science Program.
- 22 (4) That it has on its staff at least one full-time professional person.
- 23 (5) That its governing body has adopted a mission statement that includes language
24 that shows the museum has a concentration on science or STEM ~~education and~~
25 ~~that the adopted mission statement has been in effect for the past two or more~~
26 ~~years.~~education.
- 27 (6) In its application, in a format to be determined by the Museum of Natural
28 Sciences, a detailed plan for (i) the proposed use of the funds and (ii)
29 measurements to demonstrate at the end of the grant cycle that the use of the
30 funds has had the projected results.

31 ...

32 (f) The Department may create one new position to administer the program using no more
33 than fifty thousand dollars (\$50,000) of funds appropriated to the North Carolina Science
34 Museums Grant Program in each fiscal year. In addition to administering the Grant Program, this
35 position shall also (i) serve as a liaison between grant applicants or recipients and the Museum to
36 answer questions and assist with grant applications; (ii) foster collaboration between the Museum
37 and grant recipients with respect to education program development and the loaning of exhibits
38 from the Museum or between grantee institutions; and (iii) undertake other duties in support of the
39 Grant Program at the discretion of the Director of the Museum."

40
41 **MODIFY ZOO AND AQUARIUM SPECIAL FUNDS**

42 **SECTION 16.6.(a)** G.S. 143B-135.209 reads as rewritten:

43 **"§ 143B-135.209. North Carolina Zoo Fund.**

44 ...

45 (b) Disposition of Fees.Receipts. – All fee-receipts derived from the collection of
46 admissions charges and other fees and the lease or rental of property or facilities shall be credited
47 to the North Carolina Zoological Park's General Fund operating budget. At the end of each fiscal
48 year, the Secretary may transfer from the North Carolina Zoological Park's General Fund
49 operating budget to the North Carolina Zoo Fund an amount not to exceed ~~one million dollars~~
50 (\$1,000,000), the sum of one million five hundred thousand dollars (\$1,500,000) and any private
51 donations received by the North Carolina Zoological Park.

1 (c) Approval. – The Secretary may approve the use of the North Carolina Zoo Fund for
2 repair and renovation projects at the North Carolina Zoological Park recommended by the Council
3 that comply with the following:

- 4 (1) The total project cost is less than three hundred thousand dollars (\$300,000).
- 5 (2) The project meets the requirements of G.S. 143C-4-3(b).
- 6 (3) The project is paid for from funds appropriated to the Fund.
- 7 (4) The project does not obligate the State to provide increased recurring funding
8 for operations.

9 (d) Report. – The Department shall submit to the ~~House and Senate appropriations~~
10 ~~committees with jurisdiction over natural and economic resources~~ Joint Legislative Oversight
11 Committee on Agriculture and Natural and Economic Resources and the Fiscal Research Division
12 by September 30 of each year a report on the North Carolina Zoo Fund that shall include the
13 source and amounts of all funds credited to the Fund and the purpose and amount of all
14 expenditures from the Fund during the prior fiscal year."

15 **SECTION 16.6.(b)** G.S. 143B-135.188 reads as rewritten:

16 **"§ 143B-135.188. North Carolina Aquariums; fees; fund.**

17 ...

18 (c) Disposition of ~~Fees-Receipts~~. – All ~~fee~~-receipts derived from the collection of
19 admissions charges and other fees and the lease or rental of property or facilities shall be credited
20 to the aquariums' General Fund operating budget. At the end of each fiscal year, the Secretary may
21 transfer from the North Carolina aquariums' General Fund operating budget to the North Carolina
22 Aquariums Fund an amount not to exceed the sum of the following:

- 23 (1) ~~One million dollars (\$1,000,000).~~ One million five hundred thousand dollars
24 (\$1,500,000).
- 25 (2) The amount needed to cover the expenses described by subdivision (2) of
26 subsection (b) this section.
- 27 (3) Any private donations received by the North Carolina aquariums.

28 (d) Approval. – The Secretary may approve the use of the North Carolina Aquariums Fund
29 for repair and renovation projects at the aquariums-related facilities that comply with the
30 following:

- 31 (1) The total project cost is less than three hundred thousand dollars (\$300,000).
- 32 (2) The project meets the requirements of G.S. 143C-4-3(b).
- 33 (3) The project is paid for from funds appropriated to the Fund.
- 34 (4) The project does not obligate the State to provide increased recurring funding
35 for operations.

36 ...

37 (f) Report. – The Department shall submit to the Joint Legislative Oversight Committee
38 on Agriculture and Natural and Economic Resources and the Fiscal Research Division by
39 September 30 of each year a report on the North Carolina Aquariums Fund that shall include the
40 source and amounts of all funds credited to the Fund and the purpose and amount of all
41 expenditures from the Fund during the prior fiscal year."

43 ROANOKE ISLAND ATTRACTIONS STAFFING

44 **SECTION 16.8.** The Director of the North Carolina Aquarium on Roanoke Island
45 shall also serve as the Director of Jennette's Pier. The Department of Natural and Cultural
46 Resources may adjust the salary for the merged position commensurate with the increase in duties
47 and shall use receipts from Jennette's Pier to pay for fifty percent (50%) of the adjusted salary.

49 UPDATE SYMPHONY CONTRACT

50 **SECTION 16.9.** The North Carolina Symphony and the North Carolina Symphony
51 Society, Inc., shall review and update the contractual agreement used with all nonsymphony

1 performers no later than October 1, 2016, and shall submit for review the updated agreement to the
2 Joint Legislative Commission on Government Operations by November 1, 2016, together with a
3 summary of all changes made to the agreement as a result of the review.
4

5 ZOO STATE CONSTRUCTION EXEMPTIONS

6 SECTION 16.10.(a) G.S. 143-341 reads as rewritten:

7 "§ 143-341. Powers and duties of Department.

8 The Department of Administration has the following powers and duties:

9 ...
10 (3) Architecture and Engineering:

11 ...
12 Except for sub-subdivisions b., b1., e., and f. of this subdivision, this
13 subdivision does not apply to either (i) the design, construction, or renovation
14 of projects by The University of North Carolina pursuant to ~~G.S.~~
15 ~~116-31.11~~-G.S. 116-31.11 or (ii) the North Carolina Zoological Park Council
16 and the Department of Natural and Cultural Resources, with respect to projects
17 at the North Carolina Zoological Park pursuant to G.S. 143B-135.214.
18

18"

19 SECTION 16.10.(b) Part 39 of Article 2 of Chapter 143B of the General Statutes is
20 amended by adding a new section to read:

21 "§ 143B-135.214. Powers of Council and Department regarding certain fee negotiations, 22 contracts, and capital improvements.

23 (a) The exception for the North Carolina Zoological Park set forth in G.S. 143-341(3) shall
24 apply only to projects requiring the estimated expenditure of public money of one million dollars
25 (\$1,000,000) or less. The Council and the Department of Natural and Cultural Resources shall,
26 with respect to the design, construction, or renovation of buildings, utilities, and other property
27 developments of the North Carolina Zoological Park that fall below that threshold:

- 28 (1) Conduct the fee negotiations for all design contracts and supervise the letting of
29 all construction and design contracts.
- 30 (2) Develop procedures governing the responsibilities of the Council and the
31 Department to perform the duties of the Department of Administration under
32 G.S. 133-1.1(d) and G.S. 143-341(3).
- 33 (3) Develop procedures and reasonable limitations governing the use of open-end
34 design agreements, subject to the approval of the State Building Commission.
- 35 (4) Use existing plans and specifications for construction projects, where feasible.
36 Prior to designing a project, the Board shall consult with the Department of
37 Administration on the availability of existing plans and specifications and the
38 feasibility of using them for a project.

39 (b) The Council and Department shall use the standard contracts for design and
40 construction currently in use for State capital improvement projects by the Office of State
41 Construction of the Department of Administration.

42 (c) A contract may not be divided for the purpose of evading the monetary limit under this
43 section.

44 (d) Notwithstanding any other provision of this Chapter, the Department of Administration
45 shall not be the awarding authority for contracts awarded pursuant to this section.

46 (e) This section does not exempt any capital improvement project from review and
47 approval as may be required by law by the city or county having jurisdiction over the property.

48 (f) The Department shall annually report to the State Building Commission the following:

- 49 (1) A list of projects governed by this section.
- 50 (2) The estimated cost of each project along with the actual cost.
- 51 (3) The name of each person awarded a contract under this section.

- 1 (4) Whether the person or business awarded a contract under this section meets the
2 definition of "minority business" or "minority person" as defined in
3 G.S. 143-128.2(g)."
4

5 PART XVII. DEPARTMENT OF PUBLIC SAFETY

6 SUBPART XVII-A. GENERAL PROVISIONS

7 REPEAL POSITION RECLASSIFICATION AUTHORITY

8 SECTION 17A.1. Section 16A.3 of S.L. 2015-241 is repealed.

9 NO TRANSFER OF POSITIONS TO OTHER STATE AGENCIES

10 SECTION 17A.2.(a) Notwithstanding any other provision of law, the Office of State
11 Budget and Management shall not transfer any positions, personnel, or funds from the Department
12 of Public Safety to any other State agency during the 2015-2017 fiscal biennium unless the
13 transfer was included in the base budget for one or both fiscal years of the biennium. This
14 subsection shall not apply to any of the following annual transfers to the Office of the Governor:

- 15 (1) Two hundred thirty-four thousand eight hundred ninety-one dollars (\$234,891)
16 for administrative support.
17 (2) Up to fifty thousand dollars (\$50,000) for litigation expenses.

18 SECTION 17A.2.(b) This section becomes effective July 1, 2015. If any transfers that
19 violate this section are made prior to this section becoming effective, those transfers shall be
20 undone within 15 days of this section becoming effective.
21

22 CLARIFY THAT SBI DIRECTOR EXERCISES POWERS INDEPENDENTLY

23 SECTION 17A.3. G.S. 143B-600(b) reads as rewritten:

24 "(b) The powers and duties of the deputy secretaries, commissioners, directors, and the
25 divisions of the Department shall be subject to the direction and control of the Secretary of Public
26 Safety, except that the powers and duties of the ~~North Carolina Alcoholic Beverage Control~~
27 ~~Commission shall be exercised independently of the Secretary, in accordance with G.S.~~
28 ~~18B-200; following agencies shall be exercised independently of the Secretary in accordance with~~
29 ~~the following statutes:~~
30 (1) The North Carolina Alcoholic Beverage Control Commission, in accordance
31 with G.S. 18B-200.
32 (2) The State Bureau of Investigation, in accordance with G.S. 143B-915."

33 SUBPART XVII-B. DIVISION OF LAW ENFORCEMENT

34 REQUIRE QUARTERLY VIPER REPORT

35 SECTION 17B.1. Section 16B.2 of S.L. 2015-241 reads as rewritten:

36 "SECTION 16B.2. The Department of Public Safety shall report ~~annually~~ no later than March
37 1 and quarterly thereafter to the chairs of the Joint Legislative Oversight Committee on Justice and
38 Public Safety on the progress of the State's VIPER system."
39

40 CHANGE DOMESTIC VIOLENCE HOMICIDE REPORT DUE DATE

41 SECTION 17B.2. G.S. 143B-901 reads as rewritten:

42 "§ 143B-901. **Reporting system and database on certain domestic-violence-related**
43 **homicides; reports by law enforcement agencies required; annual report to the**
44 **General Assembly.**

45 The Department of Public Safety, in consultation with the North Carolina Council for
46 Women/Domestic Violence Commission, the North Carolina Sheriffs' Association, and the North
47

1 Carolina Association of Chiefs of Police, shall develop a reporting system and database that
2 reflects the number of homicides in the State where the offender and the victim had a personal
3 relationship, as defined by G.S. 50B-1(b). The information in the database shall also include the
4 type of personal relationship that existed between the offender and the victim, whether the victim
5 had obtained an order pursuant to G.S. 50B-3, and whether there was a pending charge for which
6 the offender was on pretrial release pursuant to G.S. 15A-534.1. All State and local law
7 enforcement agencies shall report information to the Department of Public Safety upon making a
8 determination that a homicide meets the reporting system's criteria. The report shall be made in the
9 format adopted by the Department of Public Safety. The Department of Public Safety shall report
10 to the chairs of the Joint Legislative Oversight Committee on Justice and Public Safety, no later
11 than ~~February~~ April 1 of each year, with the data collected for the previous calendar year."

12 13 **SUBPART XVII-C. DIVISION OF ADULT CORRECTION**

14 15 **MISDEMEANANT CONFINEMENT PROGRAM**

16 **SECTION 17C.1.(a)** Funds appropriated for the Statewide Misdemeanant
17 Confinement Program shall not be transferred to a special fund. This section shall remain in effect
18 until repealed or amended by the General Assembly.

19 **SECTION 17C.1.(b)** G.S. 148-10.4(e) is repealed.

20 **SECTION 17C.1.(c)** Of the funds appropriated in this act for the Statewide
21 Misdemeanant Confinement Program:

22 (1) The sum of one million dollars (\$1,000,000) shall be transferred to the North
23 Carolina Sheriffs' Association, Inc., a nonprofit corporation, to support the
24 Program and for administrative and operating expenses of the Association and
25 its staff.

26 (2) The sum of two hundred twenty-five thousand dollars (\$225,000) shall be
27 allocated to the Division of Adult Correction for its administrative and
28 operating expenses for the Program.

29 **SECTION 17C.1.(d)** G.S. 148-32.1 reads as rewritten:

30 **"§ 148-32.1. Local confinement, costs, alternate facilities, parole, work release.**

31 ...

32 (b1) It is the intent of the General Assembly to authorize the Division of Adult Correction to
33 enter into voluntary agreements with counties to provide housing for misdemeanants serving
34 periods of confinement of more than 90 days and for all sentences imposed for impaired driving
35 under G.S. 20-138.1, regardless of length. It is further the intent of the General Assembly that the
36 Division of Adult Correction, in conjunction with the North Carolina Sheriffs' Association, Inc.,
37 establish a program for housing misdemeanants serving periods of confinement of more than 90
38 days and for all sentences imposed for impaired driving under G.S. 20-138.1, regardless of length.
39 It is also the intent of the General Assembly that the Division of Adult Correction contract with
40 the North Carolina Sheriffs' Association, Inc., to provide a service that identifies space in local
41 confinement facilities that is available for housing these misdemeanants.

42 The General Assembly intends that the cost of housing and caring for these misdemeanants,
43 including, but not limited to, care, supervision, transportation, medical, and any other related
44 costs, be covered by State funds and not be imposed as a local cost. Therefore, the General
45 Assembly intends that the funds ~~in the Statewide Misdemeanant Confinement Fund established in~~
46 ~~G.S. 148-10.4~~ appropriated for the Statewide Misdemeanant Confinement Program be used to
47 provide funding to cover the costs of managing a system for providing that housing of
48 misdemeanants in local confinement facilities as well as reimbursing the counties for housing and
49 related expenses for those misdemeanants.

50 (b2) The Statewide Misdemeanant Confinement Program is established. The Program shall
51 provide for the housing of misdemeanants from all counties serving sentences imposed for a

1 period of more than 90 days and for all sentences imposed for impaired driving under
 2 G.S. 20-138.1, regardless of length. Those misdemeanants shall be confined in local confinement
 3 facilities except as provided in subsections (b3) and (b4) of this section. The Program shall
 4 address methods for the placement and transportation of inmates and reimbursement to counties
 5 for the housing of those inmates. Any county that voluntarily agrees to house misdemeanants from
 6 that county or from other counties pursuant to the Program may enter into a written agreement
 7 with the Division of Adult Correction to do so.

8 ~~This Program shall only operate as long as sufficient State funds are available through the~~
 9 ~~Statewide Misdemeanant Confinement Fund established in G.S. 148-10.4(e).~~

10"

11 INMATE GRIEVANCE RESOLUTION BOARD REPORT CHANGES

12 **SECTION 17C.2.** Section 16C.13B(b) of S.L. 2015-241 reads as rewritten:

13 **"SECTION 16C.13B.(b)** The Department of Public Safety and the Inmate Grievance
 14 Resolution Board shall report by October 1 of each year to the chairs of the House of
 15 Representatives and Senate Appropriations Committees on Justice and Public Safety and the Joint
 16 Legislative Oversight Committee on Justice and Public Safety on the Inmate Grievance Resolution
 17 Board. The annual report shall include the following with respect to the prior fiscal year:

- 18 (1) Brief summary of the inmate grievance process.
- 19 (2) Number of ~~grievances submitted to~~ grievance appeals received by the Board.
- 20 (3) Number of ~~grievances~~ grievance appeals resolved by the Board.
- 21 (4) Type of grievance by category.
- 22 (5) Number of orders ~~filed~~ written by examiners."

23 MEDICAL COSTS FOR INMATES AND JUVENILE OFFENDERS

24 **SECTION 17C.2A.** G.S. 143B-707.3 reads as rewritten:

25 **"§ 143B-707.3. Medical costs for inmates and juvenile offenders.**

26 ...

27 (c) The Department of Public Safety shall report November 1, 2016 and quarterly thereafter
 28 to the Joint Legislative Oversight Committee on Justice and Public Safety and the chairs of the
 29 House of Representatives and Senate Appropriations Committees on Justice and Public Safety on:

- 30 (1) The number of the total inmates and juvenile offenders requiring hospitalization
 31 or hospital services who receive that treatment at each hospital.
- 32 (2) ~~The volume of services provided by community medical providers that can be~~
 33 ~~scheduled in advance and, of that volume, the percentage of those services that~~
 34 ~~are provided by contracted providers.~~
- 35 (3) ~~The volume of services provided by community medical providers that cannot~~
 36 ~~be scheduled in advance and, of that volume, the percentage of those services~~
 37 ~~that are provided by contracted providers.~~
- 38 (4) ~~The volume of services provided by community medical providers that are~~
 39 ~~emergent cases requiring hospital admissions and emergent cases not requiring~~
 40 ~~hospital admissions.~~
- 41 (4a) The volume of scheduled and emergent services listed by hospital and, of that
 42 volume, the number of those services that are provided by contracted and
 43 noncontracted providers.
- 44 (4b) The volume of scheduled and emergent admissions listed by hospital and, of
 45 that volume, the percentage of those services that are provided by contracted
 46 and noncontracted providers.
- 47 (5) The volume of inpatient medical services provided to Medicaid-eligible inmates
 48 and juvenile offenders, the cost of treatment, ~~and~~ the estimated savings of
 49 paying the nonfederal portion of Medicaid for the ~~services~~ services, and the
 50 services.

- 1 length of time between the date the claim was filed and the date the claim was
2 paid.
- 3 (5a) The status of the implementation of the claims processing system and efforts to
4 address the backlog of unpaid claims.
- 5 (6) The hospital utilization, including the amount paid to individual hospitals, the
6 number of inmates and juvenile offenders served, ~~and~~ the number of
7 ~~claims~~-claims, and whether the hospital was a contracted or noncontracted
8 facility.
- 9 (7) The total cost and volume for the previous fiscal quarter for emergency room
10 visits originating from Central Prison and NCCIW Hospitals to UNC Hospitals,
11 UNC Rex Healthcare, and WakeMed Hospital.
- 12 (8) The total payments for Medicaid and non-Medicaid eligible inmates to UNC
13 Hospitals, UNC Rex Healthcare, and WakeMed Hospital, including the number
14 of days between the date the claim was filed and the date the claim was paid.
- 15 (9) A list of hospitals under contract.

16 Reports submitted on August 1 shall include totals for the previous fiscal year for all the
17 information requested.

18 (d) The Department of Public Safety shall study whether contracts to provide inmate
19 health services can be expanded to additional hospitals. The Department shall report the findings
20 of its study to the chairs of the House of Representatives and Senate Appropriations Committees
21 on Justice and Public Safety no later than February 1, 2017. The report shall include a list of
22 hospitals considered for expansion and reasons for or against expanding to each hospital."

23 24 **STUDY WHETHER PROBATION AND PAROLE OFFICERS SHOULD TAKE STATE** 25 **VEHICLES HOME**

26 **SECTION 17C.3.** The Department of Public Safety, in consultation with the
27 Department of Administration and the Department of Revenue, shall study whether probation and
28 parole officers should be allowed to take their State vehicles home with them, and the possible tax
29 implications of doing so, and report their findings and recommendations to the chairs of the Joint
30 Legislative Oversight Committee on Justice and Public Safety by March 1, 2017.

31 32 **REVISION TO TREATMENT FOR EFFECTIVE COMMUNITY SUPERVISION** 33 **REPORT**

34 **SECTION 17C.4.** G.S. 143B-1155(c) reads as rewritten:

35 "(c) ~~The Division of Adult Correction~~ The Department of Public Safety, Community
36 Corrections Section, shall report by March 1 of each year to the Chairs of the Senate and House of
37 Representatives Appropriations Subcommittees on Justice and Public Safety and the Joint
38 Legislative Oversight Committee on Justice and Public Safety on the status of the programs
39 funded through the Treatment for Effective Community Supervision Program. The report shall
40 include the following ~~information~~ information from each of the following components:

- 41 (1) ~~The dollar amount and purpose of funds provided on a contractual basis to~~
42 ~~service providers for the previous fiscal year and the amount of any funds~~
43 ~~carried over from the previous fiscal year.~~ Recidivism Reduction Services:
- 44 a. The method by which offenders are referred to the program.
45 b. The target population.
46 c. The amount of services contracted for and the amount of funding
47 expended in each fiscal year.
48 d. The supervision type.
49 e. The risk level of the offenders served.
50 f. The number of successful and unsuccessful core service exits with a
51 breakdown of reasons for unsuccessful exits.

- 1 g. The demographics of the population served.
2 h. The number and kind of mandatory and optional services received by
3 offenders in this program.
4 i. Employment status at entry and exit.
5 j. Supervision outcomes, including completion, revocation, and
6 termination.
7 (2) ~~An analysis of offender participation data received, including the~~
8 ~~following:~~Community Intervention Centers (CIC):
9 a. ~~The number of people on probation and post-release supervision that are~~
10 ~~in the priority population that received services.~~The target population.
11 b. ~~The number of people on probation and post-release supervision that are~~
12 ~~in the priority population that did not receive services.~~The amount of
13 funds contracted for and expended each fiscal year.
14 c. ~~The number of people on probation and post-release supervision outside~~
15 ~~of the priority population that received services.~~The supervision type.
16 d. ~~The type of services provided to these populations, including data on~~
17 ~~each program's utilization, capacity, and completion rates.~~The risk level
18 of the offenders served.
19 e. ~~The rate of revocations and the educational progress and employment~~
20 ~~status of people who received services.~~The number of successful and
21 unsuccessful core service exits with a breakdown of reasons for
22 unsuccessful exits.
23 f. ~~Other measures as determined appropriate.~~The demographics of the
24 population served.
25 g. Supervision outcomes, including completion, revocation, and
26 termination.
27 (3) ~~The dollar amount needed to provide additional services to meet the needs of~~
28 ~~the priority population in the upcoming budget year.~~Transitional and
29 ~~Temporary Housing:~~
30 a. The target population.
31 b. The amount of funds contracted for and expended each fiscal year.
32 c. The supervision type.
33 d. The risk level of the offenders served.
34 e. The number of successful and unsuccessful core service exits with a
35 breakdown of reasons for unsuccessful exits.
36 f. The demographics of the population served.
37 g. The employment status at entry and exit.
38 h. Supervision outcomes, including completion, revocation, and
39 termination.
40 (4) ~~Details of personnel, travel, contractual, operating, and equipment expenditures~~
41 ~~for each program type.~~Local Reentry Councils (LRC):
42 a. The target population.
43 b. The amount of funds contracted for and expended each fiscal year.
44 c. The supervision type.
45 d. The risk level of the offenders served.
46 e. The number of successful and unsuccessful core service exits with a
47 breakdown of reasons for unsuccessful exits.
48 f. The demographics of the population served.
49 g. The employment status at entry and exit including, wherever possible,
50 the average wage received at entry and exit.

- 1 h. Supervision outcomes, including completion, revocation, and
2 termination.
- 3 (5) Intensive Outpatient Services. – If the Department enters into a contract for
4 Intensive Outpatient Services, the Department of Public Safety shall report in
5 the next fiscal year on this service including the following:
- 6 a. The target population.
7 b. The amount of funds contracted for and expended each fiscal year.
8 c. The supervision type.
9 d. The risk level of the offenders served.
10 e. The number of successful and unsuccessful core service exits with a
11 breakdown of reasons for unsuccessful exits.
12 f. The demographics of the population served.
13 g. Supervision outcomes, including completion, revocation, and
14 termination."

16 CHANGE PAYMENT STRUCTURE FOR RECIDIVISM REDUCTION SERVICES

17 **SECTION 17C.5.** G.S. 143B-1156 is amended by adding a new subsection to read:

18 "(e) The Department shall pay service providers the contract base award upon initiation of
19 services with the remaining payments made as milestones are reached as stated in the contract for
20 services. Should the vendor cancel or terminate the contract prior to its conclusion, the vendor
21 shall reimburse the Department for the unearned pro rata portion of the base award."

23 SUBPART XVII-D. NATIONAL GUARD [RESERVED]

25 PART XVIII. DEPARTMENT OF JUSTICE

27 CREATION OF SOCIAL MEDIA TRAINING FOR LAW ENFORCEMENT

28 **SECTION 18.1.** The North Carolina Justice Academy shall develop and make
29 available to law enforcement officers in this State an online training course on the use of social
30 media. The course shall include methods individual law enforcement officers can take to protect
31 their personal information.

33 LAW ENFORCEMENT CERTIFICATION AND TRAINING CLARIFICATION

34 **SECTION 18.2.** G.S. 17C-6(a)(7) reads as rewritten:

35 "(7) Certify and recertify, suspend, revoke, or deny, pursuant to the standards that it
36 has established for the purpose, criminal justice instructors and school directors
37 who participate in programs or courses of instruction that are required by this
38 ~~Chapter~~ Chapter or are required and approved by their respective criminal
39 justice agency to include those certified under Chapter 17E or an educational
40 institution accredited by the Commission."

42 PART XIX. JUDICIAL DEPARTMENT

44 SUBPART XIX-A. OFFICE OF INDIGENT DEFENSE SERVICES

46 STUDY CAPITAL CASE PROSECUTION

47 **SECTION 19A.3.(a)** The Office of Indigent Defense Services, in consultation with
48 the Conference of District Attorneys, shall study what changes can be made to the current system
49 of identifying, from the pool of cases in which a defendant is charged with first degree or
50 undesignated murder, those that merit the cost of a capital prosecution and defense. The study
51 shall also examine what steps can be taken to facilitate the appointment of local counsel in most

1 cases and determine if any costs or savings may be realized by changing the current procedures for
2 prosecuting or defending capital cases. The Office of Indigent Defense Services shall report its
3 findings and make any recommendations to the chairs of the Joint Legislative Oversight
4 Committee on Justice and Public Safety by October 1, 2016.

5 **SECTION 19A.3.(b)** The Office of Indigent Defense Services shall study the need for
6 new satellite offices to handle potentially capital cases at the trial level which shall be staffed by
7 full-time assistant capital defenders and appropriate support staff in areas in which the use of
8 salaried attorneys will ensure that effective representation is provided in a cost-effective manner.
9 The Office of Indigent Defense Services shall consider the addition of capital defenders to existing
10 public defender offices before making a recommendation as to the creation of separate satellite
11 offices. If it is determined that such offices should be established, the Office of Indigent Defense
12 Services shall provide data regarding (i) the determination to create new satellite offices, (ii) the
13 counties to be serviced by the offices, (iii) the number of attorney appointments made in the
14 counties served, (iv) the number of attorney appointments made in the counties served in the past
15 three fiscal years, and (v) the current number of eligible private counsel and local public defenders
16 who are available in those counties. The Office of Indigent Services shall report its findings and
17 recommendations to the chairs of the Joint Legislative Oversight Committee on Justice and Public
18 Safety by March 1, 2017.

19 **UNIFORM FEE SCHEDULE FOR IDS PILOT PROJECT**

21 **SECTION 19A.4.(a)** Pilot Project. – The Administrative Office of the Courts, in
22 conjunction with the Office of Indigent Defense Services and the chief district court judges and
23 judicial district bars of certain selected judicial districts, shall establish and implement a pilot
24 project to establish a uniform fee schedule for the payment of attorneys' fees for legal
25 representation of indigent persons in district court. The purpose of the project is to create a
26 uniform fee schedule that (i) provides the funding necessary to cover the cost of legal
27 representation of indigent persons and (ii) may be used as a standard to compare and evaluate
28 attorneys' fees paid for the representation of persons in district court in any of the legal actions or
29 proceedings listed in G.S. 7A-451(a).

31 **SECTION 19A.4.(b)** Sites. – The Administrative Office of the Courts shall, after
32 consultation with the Office of Indigent Defense Services, select one or more counties in at least
33 six judicial districts in which to implement the pilot project. Two of those counties shall have
34 small caseloads in district court; two shall have medium caseloads in district court; and two shall
35 have large caseloads in district court. Any judicial district selected by the Administrative Office of
36 the Courts shall participate in the pilot project. The following districts shall not be selected as sites
37 for the implementation of the pilot project: District 10, District 18, and District 26.

38 **SECTION 19A.4.(c)** Criteria. – The Administrative Office of the Courts shall consult
39 with and collaborate with the Office of Indigent Defense Services and with the chief district court
40 judges and district bar of each of the judicial districts selected to participate in the pilot project
41 when developing the fee schedule and the plan for its implementation. All of the following criteria
42 shall be considered and addressed when developing the fee schedule:

- 43 (1) The amount required to cover the full cost of providing adequate legal services
44 and representation to indigent persons.
- 45 (2) The procedure for and time frame within which attorneys' fees shall be
46 awarded.
- 47 (3) A methodology, to be implemented as part of the pilot project, that provides for
48 review of the uniform fee schedule at least every biennium and that
49 incorporates appropriate increases in the uniform fee schedule based on the
50 information from the review.
- (4) Any other criteria deemed relevant by the Administrative Office of the Courts.

1 **SECTION 19A.4.(d)** Time Frame. – The Administrative Office of the Courts shall
 2 select one or more counties in at least six judicial districts to participate in the pilot project by
 3 February 1, 2017. The Administrative Office of the Courts shall complete the development of the
 4 fee schedule for the pilot project by March 1, 2017. The Administrative Office of the Courts, the
 5 Office of Indigent Defense Services, and the selected judicial districts shall begin implementation
 6 of the pilot project within the district court of each judicial district by April 1, 2017.

7 **SECTION 19A.4.(e)** Report. – The Administrative Office of the Courts shall report
 8 by May 1, 2017, to the chairs of the Joint Legislative Oversight Committee on Justice and Public
 9 Safety on the status of the six judicial districts selected and the fee schedule developed. The
 10 Administrative Office of the Courts shall report on the results of the pilot project to the chairs of
 11 the Joint Legislative Oversight Committee on Justice and Public Safety by March 15, 2018. The
 12 Administrative Office of the Courts shall continue to monitor the pilot project after making its
 13 initial report and shall report by March 15 every two years thereafter on its findings and any
 14 recommendations regarding the pilot projects to the chairs of the Joint Legislative Oversight
 15 Committee on Justice and Public Safety.

16
 17 **SUBPART XIX-B. ADMINISTRATIVE OFFICE OF THE COURTS**

18
 19 **GRANT FUNDS**

20 **SECTION 19B.1.** Section 18A.4 of S.L. 2015-241 reads as rewritten:

21 "**SECTION 18A.4.** Notwithstanding G.S. 143C-6-9, the Administrative Office of the Courts
 22 may use up to the sum of one million five hundred thousand dollars (\$1,500,000) in each year of
 23 the fiscal biennium from funds available to the Department to provide the State match needed in
 24 order to receive grant funds. Prior to using funds for this purpose, the Department shall report to
 25 the Chairs of the House of Representatives and Senate Appropriations Committees on Justice and
 26 Public Safety on the grants to be matched using these funds."

27
 28 **COLLECTION OF WORTHLESS CHECK FUNDS**

29 **SECTION 19B.2.** Section 18A.5(a) of S.L. 2015-241 reads as rewritten

30 "**SECTION 18A.5.(a)** Notwithstanding the provisions of G.S. 7A-308(c), the Judicial
 31 Department may use any balance remaining in the Collection of Worthless Checks Fund on June
 32 30, 2015, for the purchase or repair of office or information technology equipment during the
 33 2015-2016 fiscal ~~year~~ and may use any balance remaining in the Collection of Worthless
 34 Checks Fund on June 30, 2016, for the purchase or repair of office or information technology
 35 equipment during the 2016-2017 fiscal year. Prior to using any funds under this section, the
 36 Judicial Department shall report to the chairs of the House of Representatives and Senate
 37 Appropriations Committees on Justice and Public Safety and the Office of State Budget and
 38 Management on the equipment to be purchased or repaired and the reasons for the purchases."

39
 40 **ALLOCATION OF ASSISTANT DISTRICT ATTORNEYS**

41 **SECTION 19B.3.** G.S. 7A-60 reads as rewritten:

42 "**§ 7A-60. District attorneys and prosecutorial districts.**

43 ...

44 (a1) The counties of the State are organized into prosecutorial districts, and each district has
 45 the counties ~~and the number of full-time assistant district attorneys~~ set forth in the following table:

Prosecutorial District	Counties	No. of Full-Time Asst. District Attorneys
1	Camden, Chowan, Currituck, Dare, Gates, Pasquotank, Perquimans	11

1	2	Beaufort, Hyde, Martin,	8
2		Tyrrell, Washington	
3	3A	Pitt	11
4	3B	Carteret, Craven, Pamlico	12
5	4	Duplin, Jones, Onslow,	18
6		Sampson	
7	5	New Hanover, Pender	18
8	6	Bertie, Halifax, Hertford,	10
9		Northampton	
10	7	Edgecombe, Nash, Wilson	18
11	8	Greene, Lenoir, Wayne	14
12	9	Franklin, Granville,	10
13		Vance, Warren	
14	9A	Person, Caswell	6
15	10	Wake	41
16	11A	Harnett, Lee	9
17	11B	Johnston	10
18	12	Cumberland	23
19	13	Bladen, Brunswick, Columbus	13
20	14	Durham	18
21	15A	Alamance	11
22	15B	Orange, Chatham	10
23	16A	Scotland, Hoke	7
24	16B	Robeson	12
25	16C	Anson, Richmond	6
26	17A	Rockingham	7
27	17B	Stokes, Surry	8
28	18	Guilford	32
29	19A	Cabarrus	9
30	19B	Montgomery, Randolph	9
31	19C	Rowan	8
32	19D	Moore	5
33	20A		5
34		Stanly	
35	20B	Union	10
36	21	Forsyth	25
37	22A	Alexander, Iredell	11
38	22B	Davidson, Davie	11
39	23	Alleghany, Ashe, Wilkes,	8
40		Yadkin	
41	24	Avery, Madison, Mitchell,	7
42		Watauga, Yancey	
43	25	Burke, Caldwell, Catawba	18
44	26	Mecklenburg	58
45	27A	Gaston	14
46	27B	Cleveland,	11
47		Lincoln	
48	28	Buncombe	14
49	29A	McDowell, Rutherford	7
50	29B	Henderson, Polk, Transylvania	8
51	30	Cherokee, Clay, Graham,	10

1 Haywood, Jackson, Macon,
2 Swain.

3 (a2) ~~Upon the convening of each regular session of the General Assembly and its~~
4 ~~reconvening in the even numbered year, the~~ The Administrative Office of the Courts shall report
5 ~~by March 15 of each year on its recommendations regarding the~~ allocation of assistant district
6 attorneys for the upcoming fiscal biennium and fiscal year to the General Assembly, including any
7 request for additional assistant district attorneys. The report shall include the number of assistant
8 district attorneys that the Administrative Office of the Courts ~~recommends to be~~ has allocated to
9 each prosecutorial district and the workload formula established through the National Center for
10 State Courts on which each ~~recommended~~ allocation is based. Any reports required under this
11 subsection shall be made to ~~the Joint Legislative Commission of Governmental Operations, the~~
12 House of Representatives and Senate Appropriations ~~Subcommittees~~ Committees on Justice and
13 ~~Public, Public Safety and the Fiscal Research Division.~~

14"
15

16 PART XX. DEPARTMENT OF MILITARY AND VETERANS AFFAIRS

17 RENAME BLACK MOUNTAIN VETERANS HOME

18 SECTION 20.1. The North Carolina State Veterans Home in Black Mountain shall be
19 renamed the "Zebulon Doyle Alley State Veterans Home".
20

21 STUDY CREATION OF NORTH CAROLINA MILITARY HALL OF FAME

22 SECTION 20.2. The Department of Military and Veterans Affairs shall study the
23 feasibility of creating a North Carolina Military Hall of Fame to recognize the contributions to the
24 State and nation of members of the military with connections to North Carolina. The Department
25 shall report its findings to the chairs of the Joint Legislative Oversight Committee on General
26 Government no later than November 1, 2016. The report required by this section shall address all
27 of the following:
28

- 29 (1) The desirability and feasibility of creating a North Carolina Military Hall of
30 Fame.
- 31 (2) Appropriate potential locations in this State for a Military Hall of Fame.
- 32 (3) Projected costs of creating a Military Hall of Fame and potential revenue
33 streams associated with the Military Hall of Fame that could be used to offset
34 some or all of those costs.
- 35 (4) Recommendations regarding the structure of the administration of the Military
36 Hall of Fame.
- 37 (5) Potential processes for selecting members of the military for inclusion in the
38 Military Hall of Fame.
- 39 (6) Methods for ensuring active involvement of the active and reserve components
40 of the military in the operation of the Military Hall of Fame.
- 41 (7) Any other matter that the Department deems relevant.

42 CHANGE DAYS OF WEEK FOR BURIAL AT STATE VETERANS CEMETERIES

43 SECTION 20.3. G.S. 65-44 reads as rewritten:

44 "§ 65-44. Days for burial.

45 Notwithstanding any other provision of law, burial services shall be conducted at all State
46 veterans cemeteries from Monday through ~~Sunday, Friday,~~ except when the day for services falls
47 on a State or federal holiday."
48

49 PART XXI. OFFICE OF ADMINISTRATIVE HEARINGS [RESERVED]

PART XXII. TREASURER**ABLE PROGRAM TRUST REPORT**

SECTION 22.2. No later than December 1, 2016, the Department of State Treasurer shall report to the Joint Legislative Oversight Committee on General Government on the status of the Achieving a Better Life Experience (ABLE) Program Trust as established under Article 6F of Chapter 147 of the General Statutes. The report shall include all of the following:

- (1) A description of various organizational structures and approaches that may be utilized to implement the ABLE Program Trust.
- (2) A comparison of the advantages and disadvantages of the various organizational structures and approaches that may be utilized to implement the ABLE Program Trust.
- (3) Information regarding implementation discussions and plans of the multistate ABLE consortium.
- (4) Information about plan design and implementation in other states, including Virginia, South Carolina, and Tennessee.
- (5) Detailed costs of implementing and operating the ABLE Program Trust as a single-state program operated within North Carolina as compared to entering into an agreement with another state or states for operation.
- (6) Upon consideration of the various approaches to implementation of the ABLE Program Trust, a detailed plan for implementation in North Carolina and the status of that implementation. The cost of the detailed plan for implementation shall be within the Department of State Treasurer's current appropriation for the ABLE Program Trust.

PART XXIII. DEPARTMENT OF INSURANCE**INSURANCE REGULATORY CHARGE**

SECTION 23.1. The percentage rate to be used in calculating the insurance regulatory charge under G.S. 58-6-25 is six and one-half percent (6.5%) for the 2017 calendar year.

PART XXIV. STATE BOARD OF ELECTIONS**STATE BOARD OF ELECTIONS/ACCESS TO DMV RECORDS**

SECTION 24.1. G.S. 20-43(a) reads as rewritten:

"(a) All records of the Division, other than those declared by law to be confidential for the use of the Division, shall be open to public inspection during office hours in accordance with G.S. 20-43.1. A signature recorded in any format by the Division for a drivers license or a special identification card is confidential and shall not be released except for law enforcement purposes or to the State Chief Information Officer for purposes of G.S. 143B-1385 or the State Board of Elections in connection with its official duties under Chapter 163 of the General Statutes. A photographic image recorded in any format by the Division for a drivers license or a special identification card is confidential and shall not be released except for law enforcement purposes or to the State Chief Information Officer for the purposes of G.S. 143B-1385 or the State Board of Elections in connection with its official duties under Chapter 163 of the General Statutes."

PART XXV. GENERAL ASSEMBLY**SCHOOL CONSTRUCTION NEEDS STUDY**

1 **SECTION 25.1.** The Joint Legislative Program Evaluation Oversight Committee shall
2 amend the 2016-2017 Program Evaluation Division work plan to direct the Division to contract
3 with an outside entity (i) to perform an independent assessment of school construction needs in
4 certain local school administrative units determined under the low-wealth school funding formula
5 to have the lowest ability to pay for school facilities and (ii) to determine which of those units
6 have the highest facility needs in relation to their capacity to raise revenue to meet those needs.
7 The Program Evaluation Division shall report the results of this study to the Joint Legislative
8 Program Evaluation Oversight Committee and the Joint Legislative Economic Development and
9 Global Engagement Oversight Committee on or before March 15, 2017.

10
11 **PART XXVI. OFFICE OF THE GOVERNOR [RESERVED]**

12
13 **PART XXVII. OFFICE OF STATE BUDGET AND MANAGEMENT**

14
15 **IMPROVE BUDGETING TRANSPARENCY/OFFICE OF STATE TREASURER**

16 **SECTION 27.1.(a)** The Office of State Budget and Management shall study the
17 feasibility of converting the following Funds within Budget Code 13410, Department of the State
18 Treasurer, from receipt-supported to General Fund-supported: 1110 General Administration, 1130
19 Escheat Fund, 1150 Information Services, 1210 Investment Management Division, 1310 Local
20 Government, 1410 Retirement Operations Division Fund, and 1510 Financial Operations Division.
21 The Office of State Budget and Management shall develop a proposed plan and schedule to adjust
22 the Base Budget as follows:

- 23 (1) Show that receipts from the Funds listed in this subsection are used to offset
24 General Fund appropriations.
25 (2) Reflect that receipts generated from the Investment Management Division, the
26 Escheat Fund, and the Local Government Operations Division Fund and any
27 interest earnings be deposited as nontax revenue.
28 (3) Eliminate all transfers used to pay for administration in Funds 1110, 1150, and
29 1510 from Funds 1130, 1210, 1310, and 1410.
30 (4) Identify any amendments to current law needed to implement the proposed
31 plan.

32 **SECTION 27.1.(b)** The Office of State Budget and Management shall present its
33 proposed plan and recommendations to the December 2016 meeting of the Joint Legislative
34 Oversight Committee on General Government. The Office of State Budget and Management shall
35 not make any changes to the presentation format of the Treasurer's budget until the General
36 Assembly enacts changes.

37 **SECTION 27.1.(c)** Effective on the date this act becomes law, all expenditures of the
38 Department of State Treasurer shall be recorded into the North Carolina Accounting System.
39

40 **DISPOSITION OF CERTAIN FUNDS**

41 **SECTION 27.4.(a)** G.S. 143C-6-23(f1) shall not apply to school construction funds
42 appropriated in the 2015-2016 fiscal year for the construction of a collocated middle and high
43 school in Jones County.

44 **SECTION 27.4.(b)** This section is effective when it becomes law.
45

46 **PART XXVIII. STATE AUDITOR [RESERVED]**

47
48 **PART XXIX. HOUSING FINANCE AGENCY [RESERVED]**

49
50 **PART XXX. DEPARTMENT OF THE SECRETARY OF STATE [RESERVED]**
51

1 PART XXXI. OFFICE OF LT. GOVERNOR [RESERVED]

2
3 PART XXXII. DEPARTMENT OF ADMINISTRATION4
5 AUTOCLAVE MAINTENANCE

6 SECTION 32.4. The Department of Administration (DOA) shall, in conjunction with
7 the Office of State Budget and Management and the Department of Health and Human Services,
8 identify available funds which shall be used to pay the vendor with whom DOA has a contract for
9 the 2016-2017 fiscal year for the maintenance of the autoclave in the State Public Health
10 Laboratory. DOA shall not renew the contract when it expires and shall not enter into any other
11 contract or agreement for the maintenance of the autoclave. Upon the expiration of the contract
12 between DOA and the vendor, the Division of Public Health, Department of Health and Human
13 Services, is authorized to enter into a contract for the maintenance of the autoclave.

14
15 TRANSFER FUNCTIONS OF YOUTH ADVOCACY AND INVOLVEMENT OFFICE TO
16 COUNCIL FOR WOMEN

17 SECTION 32.5.(a) The North Carolina Council for Women and the Youth Advocacy
18 and Involvement Office shall be consolidated within the Department of Administration and
19 reorganized as the North Carolina Council for Women and Youth Involvement, as provided in
20 subsection (b) of this section.

21 SECTION 32.5.(b) Part 10 of Article 9 of Chapter 143B of the General Statutes reads
22 as rewritten:

23 "Part 10. North Carolina Council for ~~Women~~ Women and Youth Involvement.

24 "§ 143B-393. North Carolina Council for Women and Youth Involvement – creation;
25 powers and duties.

26 (a) There is hereby created the North Carolina Council for Women and Youth Involvement
27 of the Department of Administration. The ~~North Carolina Council for Women~~ shall have the
28 following functions and duties:

29 ...

30 (1a) To advise the Governor or Secretary of Administration upon any matter relating
31 to the following programs and organizations:

- 32 a. North Carolina Internship Council and the North Carolina State
33 Government Internship Program.
34 b. SADD (Students Against Destructive Decisions).
35 c. State Youth Councils.
36 d. Youth Legislative Assembly.

37 ...

38 (b) The programs listed in subdivision (1a) of subsection (a) of this section shall be
39 administered in a nonpartisan manner and shall not disseminate or advocate partisan principles or
40 ideas, promote the candidacy of any person seeking public office or preferment, or use State funds
41 to disseminate or advocate partisan principles or ideas or to promote political candidates or
42 appointees.

43"

44 SECTION 32.5.(c) Article 9 of Chapter 143B of the General Statutes is amended by
45 adding a new Part to read:

46 "Part 10E. Youth Councils."

47 SECTION 32.5.(d) G.S. 143B-385 through G.S. 143B-388 are recodified as
48 G.S. 143B-394.25 through G.S. 143B-394.29 under Part 10E of Article 9 of Chapter 143B of the
49 General Statutes, as enacted by subsection (c) of this section.

50 SECTION 32.5.(e) Article 9 of Chapter 143B of the General Statutes is amended by
51 adding a new Part to read:

1 "Part 10F. North Carolina Internship Council."

2 **SECTION 32.5.(f)** G.S. 143B-417 through G.S. 143B-419 are recodified as
3 G.S. 143B-394.31 through G.S. 143B-394.33 under Part 10F of Article 9 of Chapter 143B of the
4 General Statutes, as enacted by subsection (e) of this section.

5 **SECTION 32.5.(g)** G.S. 143B-419, as recodified by subsection (f) of this section,
6 reads as rewritten:

7 "**§ 143B-394.33. North Carolina Internship Council – committees for screening applications.**

8 The North Carolina Internship Council may designate one representative from each office or
9 department enumerated in ~~G.S. 143B-417~~ G.S. 143B-394.31 to serve on a committee to assist
10 pursuant to guidelines adopted by the Council, in the screening and selection of applicants for
11 student internships."

12 **SECTION 32.5.(h)** G.S. 7B-1402 reads as rewritten:

13 "**§ 7B-1402. Task Force – creation; membership; vacancies.**

14 (a) There is created the North Carolina Child Fatality Task Force within the Department of
15 Health and Human Services for budgetary purposes only.

16 (b) The Task Force shall be composed of 35 members, 11 of whom shall be ex officio
17 members, four of whom shall be appointed by the Governor, 10 of whom shall be appointed by the
18 Speaker of the House of Representatives, and 10 of whom shall be appointed by the President Pro
19 Tempore of the Senate. The ex officio members other than the Chief Medical Examiner shall be
20 nonvoting members and may designate representatives from their particular departments,
21 divisions, or offices to represent them on the Task Force. The members shall be as follows:

22 ...

23 (6) ~~The Director of the Governor's Youth Advocacy and Involvement Office;~~ chair
24 of the Council for Women and Youth Involvement;

25"

26 **SECTION 32.5.(i)** The Office of State Budget and Management shall make necessary
27 revisions to the budget for the Council for Women and Youth Involvement, established in
28 subsection (a) of this section, based upon the organizational structure provided for in this section,
29 including the movement of positions or funds between fund codes.

30

31 **DOMESTIC VIOLENCE CENTER FUND/DEVELOP NEW GRANT FORMULA**

32 **SECTION 32.6.(a)** Development of New Grant Formula. – The Department of
33 Administration, North Carolina Council for Women (hereinafter "Council"), in consultation with
34 the Domestic Violence Commission, shall develop a new formula for awarding grants from the
35 Domestic Violence Center Fund to eligible centers for victims of domestic violence (hereinafter
36 "center") that is based upon the services provided by the centers. Current law, G.S. 50B-9, requires
37 that each eligible center receive the same amount in grant funds. In developing the new formula,
38 the Council shall consider the following:

39 (1) The types of services each center currently provides and the cost of those
40 services, including around-the-clock shelter services, job search assistance,
41 legal assistance, clothing costs, and child care costs.

42 (2) The number of clients served annually by each center and the service area of
43 each center.

44 (3) The availability of external funding sources for each center, including federal,
45 State, and local grants, and private donations.

46 (4) Any other relevant information that may be helpful in developing a new
47 formula for the awarding of grants.

48 **SECTION 32.6.(b)** Report. – By November 1, 2016, the Council shall report its
49 findings and recommendations to the Joint Legislative Oversight Committee on General
50 Government. The Council shall not make any changes to the current allocation of funds until
51 directed to do so by the General Assembly.

1 **SECTION 32.6.(c)** Grant Moratorium for New Grantees. – Notwithstanding the
2 provisions of G.S. 50B-9, for the 2016-2017 fiscal year, the Council shall not award grants from
3 the Domestic Violence Center Fund to any center that did not receive a grant for the 2015-2016
4 fiscal year. The Council shall continue to award grants to The North Carolina Coalition Against
5 Domestic Violence, Inc., as provided in G.S. 50B-9.

6
7 **PART XXXIII. DEPARTMENT OF REVENUE [RESERVED]**

8
9 **PART XXXIV. OFFICE OF STATE CONTROLLER [RESERVED]**

10
11 **PART XXXV. DEPARTMENT OF TRANSPORTATION**

12
13 **CASH FLOW HIGHWAY FUND AND HIGHWAY TRUST FUND APPROPRIATIONS**

14 **SECTION 35.2.(a)** Subsections (a) and (b) of Section 29.1 of S.L. 2015-241 are
15 repealed.

16 **SECTION 35.2.(b)** The General Assembly authorizes and certifies anticipated
17 revenues for the Highway Fund as follows:

18	For Fiscal Year 2017-2018	\$2,027.8 million
19	For Fiscal Year 2018-2019	\$2,077.8 million
20	For Fiscal Year 2019-2020	\$2,121.9 million
21	For Fiscal Year 2020-2021	\$2,170.2 million

22 **SECTION 35.2.(c)** The General Assembly authorizes and certifies anticipated
23 revenues for the Highway Trust Fund as follows:

24	For Fiscal Year 2017-2018	\$1,393.0 million
25	For Fiscal Year 2018-2019	\$1,423.8 million
26	For Fiscal Year 2019-2020	\$1,441.9 million
27	For Fiscal Year 2020-2021	\$1,463.3 million

28
29 **ELIMINATE PORTION OF DMV TRANSACTION FEES SET ASIDE FOR MERCURY**
30 **SWITCH REMOVAL ACCOUNT**

31 **SECTION 35.3.(a)** G.S. 20-85(a1) reads as rewritten:

32 "(a1) One dollar (\$1.00) of the fee imposed for any transaction assessed a fee under
33 subdivision (a)(1), (a)(2), (a)(3), (a)(7), (a)(8), or (a)(9) of this section shall be credited to the
34 North Carolina Highway Fund. The Division shall use the fees derived from transactions with
35 commission contract agents for the payment of compensation to commission contract agents. ~~An
36 additional fifty cents (50¢) of the fee imposed for any transaction assessed a fee under subdivision
37 (a)(1) of this section shall be credited to the Mercury Switch Removal Account in the Department
38 of Environmental Quality."~~

39 **SECTION 35.3.(b)** This section becomes effective July 1, 2016, and applies to fees
40 paid on or after that date.

41
42 **PROMOTE NORTH CAROLINA HISTORICAL SITES**

43 **SECTION 35.4.** G.S. 136-42.3 reads as rewritten:

44 **"§ 136-42.3. Historical marker program.**

45 The Department of Transportation may spend up to ~~forty~~^{sixty} thousand dollars
46 ~~(\$40,000)~~^(\$60,000) a year to purchase historical markers prepared and delivered to it by the
47 Department of Natural and Cultural Resources. The Department of Transportation shall erect the
48 markers on sites selected by the Department of Natural and Cultural Resources. This expenditure
49 is hereby declared to be a valid expenditure of State highway maintenance funds. No provision in
50 this section shall be construed to prevent the expenditure of any federal highway funds that may be
51 available for this purpose."

1
2 **INCREASE DOT BID THRESHOLD & REPORT**

3 **SECTION 35.5.(a)** G.S. 136-28.1 reads as rewritten:

4 **"§ 136-28.1. Letting of contracts to bidders after advertisement; exceptions.**

5 (a) All contracts over ~~twofive~~ million ~~five hundred thousand~~ dollars
6 ~~(\$2,500,000)~~(\$5,000,000) that the Department of Transportation may let for construction,
7 maintenance, operations, or repair necessary to carry out the provisions of this ~~Chapter~~Chapter,
8 shall be let to a responsible bidder after public advertising under rules and regulations to be made
9 and published by the Department of Transportation. The right to reject any and all bids shall be
10 reserved to the Board of Transportation. Contracts for construction or repair for federal aid
11 projects entered into pursuant to this section shall not contain the standardized contract clauses
12 prescribed by 23 U.S.C. § 112(e) and 23 C.F.R. § 635.109 for differing site conditions,
13 suspensions of work ordered by the engineer or significant changes in the character of the work.
14 For those federal aid projects, the Department of Transportation shall use only the contract
15 provisions for differing site conditions, suspensions of work ordered by the engineer, or significant
16 changes in the character of the work developed by the North Carolina Department of
17 Transportation and approved by the Board of Transportation.

18 (b) For contracts let to carry out the provisions of this Chapter in which the amount of
19 work to be let to contract for transportation infrastructure construction or repair is ~~twofive~~ million
20 ~~five hundred thousand~~ dollars ~~(\$2,500,000)~~(\$5,000,000) or less, and for transportation
21 infrastructure maintenance, excluding resurfacing, that is ~~twofive~~ million ~~five hundred thousand~~
22 dollars ~~(\$2,500,000)~~(\$5,000,000) per year or less, at least three informal bids shall be solicited.
23 The term "informal bids" is defined as bids in writing, received pursuant to a written request,
24 without public advertising. All such contracts shall be awarded to the lowest responsible bidder.
25 The Secretary of Transportation shall keep a record of all bids submitted, which record shall be
26 subject to public inspection at any time after the bids are opened.

27 ...

28 (f) Notwithstanding any other provision of law, the Department of Transportation may
29 solicit proposals under rules and regulations adopted by the Department of Transportation for all
30 contracts for professional engineering services and other kinds of professional or specialized
31 services necessary in connection with the planning, operations, design, maintenance, repair, and
32 construction of transportation infrastructure. In order to promote engineering and design quality
33 and ensure maximum competition by professional firms of all sizes, the Department may establish
34 fiscal guidelines and limitations necessary to promote cost-efficiencies in overhead, salary, and
35 expense reimbursement rates. The right to reject any and all proposals is reserved to the Board of
36 Transportation.

37"

38 **SECTION 35.5.(b)** The Department of Transportation shall provide an annual report
39 by May 1 to the chairs of the House of Representatives Committee on Transportation
40 Appropriations and the Senate Appropriations Committee on Department of Transportation on the
41 impact of the implementation of this section, specifically the impact of the implementation of this
42 section on small businesses.

43 **SECTION 35.5.(c)** This section becomes effective July 1, 2016, and applies to bids
44 solicited on or after that date.

45
46 **REVISE DOT BIDDING PROCESS**

47 **SECTION 35.6.(a)** G.S. 136-28.1, as amended by Section 35.5 of this act, reads as
48 rewritten:

49 **"§ 136-28.1. Letting of contracts to bidders after advertisement; exceptions.**

50 ...

1 (b) For contracts let to carry out the provisions of this Chapter in which the amount of
2 work to be let to contract for transportation infrastructure construction or repair is five million
3 dollars (\$5,000,000) or less, and for transportation infrastructure maintenance, excluding
4 resurfacing, that is five million dollars (\$5,000,000) per year or less, at least three informal bids
5 shall be solicited. The term "informal bids" is defined as bids in writing, received pursuant to a
6 written request, without public advertising. All such contracts shall be awarded to the lowest
7 responsible bidder. Where public advertising is used for a contract subject to this subsection, the
8 Highway Division shall post the advertisement at least 14 calendar days prior to the letting date of
9 the contract. The Secretary of Transportation shall keep a record of all bids submitted, which
10 record shall be subject to public inspection at any time after the bids are opened. The Highway
11 Divisions shall publish the results of a bidding process no later than three business days after the
12 contract bid upon is awarded.

13 (b1) Notwithstanding any provision of G.S. 136-28.5 to the contrary, and except as
14 prohibited by other State or federal law, the Department of Transportation shall, at the time and
15 place bids solicited for a contract subject to this section are opened, make public all cost estimates
16 prepared by the Department for the purpose of comparing the bids.

17"

18 **SECTION 35.6.(b)** This section becomes effective July 1, 2016, and applies to bids
19 solicited on or after that date.

20 FUNDS FOR LITTER PREVENTION AND REMOVAL

21 **SECTION 35.8.(a)** Definition. – For purposes of this section, the terms "Tier 1
22 county," "Tier 2 county," and "Tier 3 county" are as defined in G.S. 143B-472.35.

23 **SECTION 35.8.(b)** Funds. – Of the additional funds appropriated in this act to the
24 Department of Transportation for litter prevention and removal, the Department shall distribute the
25 funds to each of the 14 Highway Divisions to be used for the purposes set forth in subsections (c)
26 and (d) of this section. The amount of funds distributed by the Department to each Highway
27 Division shall be based on the total lane miles within the respective Highway Division.

28 **SECTION 35.8.(c)** Matching Grants. – Fifty percent (50%) of the funds distributed
29 under subsection (b) of this section shall be used to provide matching grants to local governments
30 to use for the prevention and removal of litter alongside roads within the jurisdiction of the local
31 government. The Department shall develop guidelines and procedures for the administration and
32 distribution of these grants by the Highway Divisions, which shall include all of the following
33 requirements and limitations:

- 34 (1) The maximum grant amount shall not exceed twenty percent (20%) of the total
35 amount of funds distributed to the respective Highway Division under
36 subsection (b) of this section.
- 37 (2) Recipient local governments shall be required to provide the following amounts
38 in local funds for every one dollar (\$1.00) of grant funds received:
 - 39 a. For local governments within a Tier 1 county, twenty-five cents (25¢).
 - 40 b. For local governments within a Tier 2 county, fifty cents (50¢).
 - 41 c. For local governments within a Tier 3 county, seventy-five cents (75¢).
- 42 (3) Local governments must apply for a grant under this subsection by no later than
43 December 31, 2016. The application must include evidence satisfactory to the
44 Highway Division that the local government has sufficient local funds to match.
45

46 **SECTION 35.8.(d)** Remaining Funds. – The remainder of funds distributed under
47 subsection (b) of this section, including any funds not provided by April 1, 2017, as grants under
48 subsection (c) of this section, shall be used by the Highway Divisions to pay costs associated with
49 contracted litter removal services to remove litter alongside roads within the respective Highway
50 Division.

1 **SECTION 35.8.(e)** Report. – By April 15, 2017, the Department shall provide a report
2 to the chairs of the House of Representatives Committee on Transportation Appropriations and the
3 Senate Appropriations Committee on Department of Transportation on the amount and recipients
4 of funds distributed under subsection (c) of this section and the amount and use of funds under
5 subsection (d) of this section.

6
7 **STUDY/OFF-HIGHWAY PARKING FOR TRACTOR-TRAILERS & SEMI-TRAILERS**

8 **SECTION 35.9.(a)** Study. – The Department of Transportation, in collaboration with
9 the Departments of Public Safety and Commerce, shall study ways to provide additional
10 off-highway parking and rest areas for tractor-trailers and semi-trailers. Included within the study
11 shall be the feasibility and cost of converting abandoned highway rest stops into parking and rest
12 areas for tractor-trailers and semi-trailers. In conducting the study, the Departments shall consult
13 with the North Carolina Trucking Association and include any recommendations the Association
14 may have as part of the report required under subsection (b) of this section.

15 **SECTION 35.9.(b)** Report. – By February 1, 2017, the Departments shall jointly
16 report their findings and recommendations, including any legislative proposals, to the chairs of the
17 House of Representatives Committee on Transportation Appropriations and the Senate
18 Appropriations Committee on Department of Transportation.

19
20 **DOT/REPORT ON RECOMMENDATIONS FOR REVISING METHOD FOR**
21 **MEASURING OUTSOURCING OF PRECONSTRUCTION ACTIVITIES**

22 **SECTION 35.11.** Section 34.13(d) of S.L. 2014-100, as amended by Section 29.13(b)
23 of S.L. 2015-241, reads as rewritten:

24 **"SECTION 34.13.(d)** The Department shall report no later than October 1, 2015, and
25 quarterly thereafter, to the Joint Legislative Transportation Oversight Committee and the Fiscal
26 Research Division regarding its implementation of this section, including any reductions in force
27 used to meet privatization requirements. In addition, the Department shall report by March 1,
28 2017, to the chairs of the House of Representatives Committee on Transportation Appropriations
29 and the Senate Appropriations Committee on Department of Transportation on the Department's
30 recommendations for revising, based on the study and review required under Section 29.14(d) of
31 S.L. 2015-241, the method used for measuring the outsourcing of preconstruction activities subject
32 to subsection (a) of this section."

33
34 **REPEAL LIGHT RAIL FUNDING CAP/FEE FOR PRIORITY BOARDING ON FERRIES**

35 **SECTION 35.12.(a)** Subsection (e1) of G.S. 136-189.11 is repealed.

36 **SECTION 35.12.(b)** Light rail projects subject to the maximum amount set in
37 subsection (e1) of G.S. 136-189.11 prior to its repeal under subsection (a) of this section are
38 ineligible for scoring and reprioritization until the Prioritization 5.0 process established under
39 Article 14B of Chapter 136 of the General Statutes.

40 **SECTION 35.12.(c)** G.S. 136-189.10(3)g. reads as rewritten:

41 " g. Public transportation service that spans two or more counties and that
42 serves more than one municipality. Programmed funds pursuant to this
43 sub-subdivision shall not exceed ten percent (10%) of any distribution
44 region allocation. This sub-subdivision includes commuter rail, intercity
45 rail, and light rail. Total State funding for a commuter rail, intercity rail,
46 or light rail project shall not exceed ten percent (10%) of the estimated
47 total project costs used during the prioritization scoring process. The
48 State shall not be responsible or liable for any project costs in excess of
49 the maximum established under this sub-subdivision. Any agreement
50 entered into by the State to fund a commuter rail, intercity rail, or light

1 rail project shall include language setting out the limitations set forth in
2 this sub-subdivision."

3 **SECTION 35.12.(d)** G.S. 136-189.10(2)e. reads as rewritten:

4 "e. Public transportation service not included in subdivision (3) or (4) of
5 this section. This sub-subdivision includes commuter rail, intercity rail,
6 and light rail. Nothing in this sub-subdivision shall be construed as
7 authorizing total State funding in excess of the maximum established in
8 sub-subdivision g. of subdivision (3) of this section for commuter rail,
9 intercity rail, and light rail projects."

10 **SECTION 35.12.(e)** G.S. 136-82 is amended by adding a new subsection to read:

11 "(f2) Priority Boarding. – The Department of Transportation may issue annual passes to
12 individual passengers that entitle the passengers to priority when boarding a ferry passenger
13 vessel. The Department of Transportation shall charge an annual fee of one hundred fifty dollars
14 (\$150.00) for each pass issued under this subsection. The fee would be in addition to any
15 applicable ferry toll. Proceeds from fees collected under this subsection shall be credited and used
16 in the same manner as toll proceeds under subsection (d) of this section. Notwithstanding any
17 other provision of law, and except as authorized under this subsection or for emergency vehicles
18 responding to an emergency, the Department of Transportation shall not provide priority boarding
19 of a ferry passenger vessel to any passenger or vehicle. For purposes of this subsection, the term
20 "emergency vehicle" has the same meaning as in G.S. 20-146.2."

21 **SECTION 35.12.(f)** This section becomes effective July 1, 2016, and the fee
22 established in subsection (e) of this section applies to passes issued on or after that date.

23 24 **DMV/FUNDING FOR CONTRACTUAL DRIVER LICENSE EXAMINER STAFFING**

25 **SECTION 35.14.** Of the funds appropriated in this act to the Department of
26 Transportation, the sum of two million nine hundred one thousand six hundred fifty-six dollars
27 (\$2,901,656) in recurring funds for the 2016-2017 fiscal year shall be allocated to the Division of
28 Motor Vehicles to be used for contractual driver license examiner staffing to provide additional
29 support, improve customer service, and decrease wait times in high-volume Division office
30 locations. Nothing in this section shall be construed as authorizing the Division to hire permanent
31 or temporary employees to serve as additional driver license examiner staffing.

32 33 **MAKE TIME-LIMITED POSITIONS IN SUPPORT OF THE COMBINED MOTOR** 34 **VEHICLE REGISTRATION AND PROPERTY TAX COLLECTION SYSTEM** 35 **PERMANENT**

36 **SECTION 35.15.(a)** Section 24.10(a) of S.L. 2012-142, as amended by Section 29.37
37 of S.L. 2015-241, reads as rewritten:

38 "**SECTION 24.10.(a)** Upon request from the Department of Transportation and
39 notwithstanding any other provision of law to the contrary, the Office of State Budget and
40 Management may authorize the creation of ~~time limited, permanent,~~ full-time ~~equivalent~~-positions
41 within the Department of Transportation and its Division of Motor Vehicles in excess of the
42 positions authorized by this act for the ~~sole~~-purposes of implementing and administering the
43 combined motor vehicle registration and property tax collection ~~system~~-system and providing
44 other support as determined necessary by the Commissioner of the Division of Motor Vehicles.
45 Positions created under this authorization shall be funded with receipts from the fee assessed under
46 G.S. 105-330.5(b) and shall terminate no later than June 30, 2016.G.S. 105-330.5(b)."

47 **SECTION 35.15.(b)** Nothing in subsection (a) of this section shall be construed as
48 authorizing the creation of any positions in addition to the 45 remaining positions authorized
49 under Section 24.10(a) of S.L. 2012-142.

50 **SECTION 35.15.(c)** This section becomes effective June 30, 2016.

RESTORE FUNDING FOR SMALL CONSTRUCTION PROJECTS

SECTION 35.19. Section 29.2(a)(1) of S.L. 2015-241 reads as rewritten:

"(1) ~~Two~~ Beginning in the 2016-2017 fiscal year, two million five hundred thousand dollars (\$2,500,000) for the 2015-2016 fiscal year in recurring funds shall be allocated for small construction projects recommended by the Chief Engineer in consultation with the Chief Operating Officer and approved by the Secretary of Transportation. These funds shall be allocated equally in each fiscal year of the biennium among the 14 Highway Divisions for small construction projects. Members of the Board of Transportation are prohibited from accessing and using the funds allocated under this subdivision."

REVISIONS TO DMV MEDICAL REVIEW PROGRAM

SECTION 35.20.(a) G.S. 20-4.01(2) reads as rewritten:

"(2) Canceled. – As applied to drivers' licenses and permits, a declaration that a license or permit which was issued through error or fraud, or to which ~~G.S. 20-15(a)(3)~~ G.S. 20-15(a) applies, is void and terminated."

SECTION 35.20.(b) G.S. 20-7(e) reads as rewritten:

"(e) Restrictions. – The Division may impose any restriction it finds advisable on a drivers license. It is unlawful for the holder of a restricted license to operate a motor vehicle without complying with the restriction and is the equivalent of operating a motor vehicle without a license. If any applicant shall suffer from any physical ~~defector~~ mental disability or disease ~~which that~~ affects his or her operation of a motor vehicle, the Division may require to be filed with it a certificate of ~~such~~ the applicant's condition signed by some ~~a~~ medical authority of the applicant's community designated by the Division. The Division may, in its discretion, require the certificate to be completed and submitted after a license or renewal has been issued based on the applicant's performance during a road test administered by the Division. Upon submission, the certificate shall be reviewed in accordance with the procedure set forth in G.S. 20-9(g)(3). This certificate shall in all cases be treated as confidential. Nothing in this subsection shall be construed to prevent the Division from refusing to issue a license, either restricted or unrestricted, to any person deemed to be incapable of safely operating a motor ~~vehicle-vehicle based on information observed or received by the Division, including observations during a road test and medical information submitted about the applicant. An applicant may seek review pursuant to G.S. 20-9(g)(4) of a licensing decision made on the basis of a physical or mental disability or disease.~~ This subsection does not prohibit deaf persons from operating motor vehicles who in every other way meet the requirements of this section."

SECTION 35.20.(c) G.S. 20-9 reads as rewritten:

"§ 20-9. What persons shall not be licensed.

...

(e) The Division shall not issue a driver's license to any person when in the opinion of the Division ~~such~~ the person is afflicted with or suffering from such physical or mental disability or disease as will serve to prevent such person from exercising ~~unable to exercise~~ reasonable and ordinary control over a motor vehicle while operating the ~~same~~ vehicle upon the highways, nor shall a license be issued to any person who is unable to understand highway warnings or direction signs.

...

(g) The Division may issue a restricted or unrestricted driver's license to any applicant covered by subsection (e) of this section under the following conditions: conditions to an otherwise eligible applicant suffering from a physical or mental disability or disease that affects his or her ability to exercise reasonable and ordinary control of a motor vehicle:

(1) ~~The Division may issue a license to any person who is afflicted with or suffering from a physical or mental disability set out in subsection (e) of this~~

1 ~~section who is otherwise qualified to obtain a license, provided such~~
2 ~~person~~applicant submits to the Division a certificate in the form prescribed in
3 ~~subdivision (2). The Division may request the certificate at the applicant's~~
4 ~~initial application, at any time following the issuance of the license, or at the~~
5 ~~initial application and any time following the issuance of the license. Until a~~
6 ~~license issued under this subdivision expires~~expires, is cancelled, or is revoked,
7 ~~the license continues in force as long as the licensee presents to the Division a~~
8 ~~certificate in the form prescribed in subdivision (2) of this subsection at the~~
9 ~~intervals determined by the Division to be in the best interests of public safety.~~

10 (2) ~~The Division shall not issue a license pursuant to this section unless the~~
11 ~~applicant has submitted to a physical examination by a physician or surgeon~~
12 ~~duly licensed to practice medicine in this State or in any other state of the~~
13 ~~United States and unless such examining physician or surgeon has completed~~
14 ~~and signed the certificate required by subdivision (1). Such~~The Division may
15 request a signed certificate from a health care provider duly licensed to practice
16 medicine in the United States that the applicant or licensee has submitted to a
17 physical examination by the health care provider. The certificate shall be
18 devised by the Commissioner with the advice of qualified experts in the field of
19 diagnosing and treating physical and mental disordersdisabilities and diseases
20 as he~~the~~ Commissioner may select to assist him or her and shall be designed to
21 elicit the maximum medical information necessary to aid in determining
22 whether or not it would be a hazard to public safety to permit the applicant or
23 licensee to operate a motor vehicle, including, if such is the fact, the examining
24 physician~~provider's~~ statement that the applicant or licensee is under
25 medication and treatment and that such person~~the applicant's or licensee's~~
26 physical or mental disability or disease is controlled. The certificate shall
27 contain a waiver of privilege and the recommendation of the examining
28 physician~~provider~~ to the Commissioner as to whether a license should be issued
29 to the applicant~~applicant or licensee and whether the applicant or licensee can~~
30 safely operate a motor vehicle.

31 (3) ~~The Commissioner is not bound by the recommendation of the examining~~
32 ~~physician~~health care provider but shall give fair consideration to such
33 ~~recommendation in exercising his or her discretion in acting upon the~~
34 ~~application, making licensing decisions, the criterion being whether or not, upon~~
35 ~~all the evidence, it appears that it is safe to permit the applicant or licensee to~~
36 ~~operate a motor vehicle. The burden of proof of such fact is upon the~~
37 ~~applicant~~applicant or licensee. In deciding whether to issueissue, restrict,
38 cancel, or deny a license, the Commissioner may be guided by the opinion of
39 experts in the field of diagnosing and treating the specific physical or mental
40 disorder~~disability or disease~~ suffered by an applicant or licensee and such~~the~~
41 experts may be compensated for their services on an equitable basis. The
42 Commissioner may also take into consideration any other factors which bear on
43 the issue of public safety.

44 (4) ~~Whenever a license is restricted, cancelled, or denied by the Commissioner,~~
45 ~~such denial~~Commissioner on the basis of a physical or mental disability or
46 disease, the action may be reviewed by a reviewing board upon written request
47 of the applicant or licensee filed with the Division within 10 days after receipt
48 of such denial~~notice given in accordance with G.S. 20-48 of the action taken.~~
49 The reviewing board shall consist of the Commissioner or his authorized
50 representative and four persons designated by the chairman of the Commission
51 for Public Health. The persons designated by the chairman of the Commission

1 for Public Health shall be either members of the Commission for Public Health
2 or physicians duly licensed to practice medicine in this State. The members so
3 designated by the chairman of the Commission for Public Health shall receive
4 the same per diem and expenses as provided by law for members of the
5 Commission for Public Health, which per diem and expenses shall be charged
6 to the same appropriation as per diems and expenses for members of the
7 Commission for Public Health, at least two medical professionals selected by
8 the Commissioner and duly licensed to practice medicine by the appropriate
9 licensing authority in the State. The medical professionals selected by the
10 Commissioner may be compensated for their services on an equitable basis,
11 including reimbursement for ordinary and necessary travel expenses. The
12 Commissioner or his authorized representative, plus any two of the members
13 designated by the chairman of the Commission for Public Health, medical
14 professionals selected by the Commissioner, shall constitute a quorum. The
15 procedure for hearings authorized by this section shall be as follows:

- 16 a. Applicants shall be afforded an opportunity for hearing, after reasonable
17 notice of not less than 10 days, before the review board established by
18 ~~subdivision (4)~~ this subdivision. The notice shall be in writing and shall
19 be delivered to the applicant in person or sent by certified mail, with
20 return receipt requested. The notice shall state the time, place, and
21 subject of the hearing. If a hearing is requested under this subdivision to
22 contest a restriction placed on a license under subdivision (3) of this
23 subsection, the restriction shall be stayed unless the Division determines
24 there is an imminent threat to public safety if continued unrestricted
25 driving is permitted. No stay shall be granted if a hearing is requested
26 under this subdivision to contest a denial or cancellation of a license
27 under subdivision (3) of this subsection. Nothing in this sub-subdivision
28 shall be construed as authorizing the stay of a restriction placed on a
29 license pursuant to another provision of law.
- 30 b. The review board may compel the attendance of witnesses and the
31 production of such books, records and papers as it desires at a hearing
32 authorized by the section. Upon request of an ~~applicant~~, applicant or
33 licensee, a subpoena to compel the attendance of any witness or a
34 subpoena duces tecum to compel the production of any books, records,
35 or papers shall be issued by the board. Subpoenas shall be directed to
36 the sheriff of the county where the witness resides or is found and shall
37 be served and returned in the same manner as a subpoena in a criminal
38 case. Fees of the sheriff and witnesses shall be the same as that allowed
39 in the district court in cases before that court and shall be paid in the
40 same manner as other expenses of the Division of Motor Vehicles are
41 paid. In any case of disobedience or neglect of any subpoena served on
42 any person, or the refusal of any witness to testify to any matters
43 regarding which he may be lawfully interrogated, the district court or
44 superior court where such disobedience, neglect or refusal occurs, or
45 any judge thereof, on application by the board, shall compel obedience
46 or punish as for contempt.
- 47 c. A hearing may be continued upon motion of the applicant or licensee
48 for good cause shown with approval of the board or upon order of the
49 board.
- 50 d. The board shall pass upon the admissibility of evidence at a hearing but
51 the applicant or licensee affected may at the time object to the board's

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ruling, and, if evidence offered by an applicant or licensee is rejected the party may proffer the evidence, and such proffer shall be made a part of the record. The board shall not be bound by common law or statutory rules of evidence which prevail in courts of law or equity and may admit and give probative value to evidence which possesses probative value commonly accepted by reasonably prudent ~~men~~persons in the conduct of their affairs. They may exclude incompetent, immaterial, irrelevant and unduly repetitious evidence. Uncontested facts may be stipulated by agreement between an applicant or licensee and the board and evidence relating thereto may be excluded. All evidence, including records and documents in the possession of the Division of Motor Vehicles or the board, of which the board desires to avail itself shall be made a part of the record. Documentary evidence may be received in the form of copies or excerpts, or by incorporation by reference. The board shall prepare an official record, which shall include testimony and exhibits. A record of the testimony and other evidence submitted shall be taken, but it shall not be necessary to transcribe shorthand notes or electronic recordings unless requested for purposes of court review.

e. Every decision and order adverse to an applicant or licensee shall be in writing or stated in the record and shall be accompanied by findings of fact and conclusions of law. The findings of fact shall consist of a concise statement of the board's conclusions on each contested issue of fact. ~~Counsel for applicant, or applicant, if he has no counsel,~~The applicant or licensee shall be notified of the board's decision in person or by registered mail with return receipt requested. A copy of the board's decision with accompanying findings and conclusions shall be delivered or mailed upon request to the applicant's or licensee's attorney of record or to ~~applicant,~~the applicant or licensee, if he or she has no attorney.

...
h. All records and evidence collected and compiled by the Division and the reviewing board shall not be considered public records within the meaning of Chapter ~~{section} 132-1, and following,~~132 of the General Statutes of North Carolina and may be made available to the public only upon an order of a court of competent jurisdiction. An applicant or licensee may obtain, without a court order, a copy of records and evidence collected and compiled under this subdivision about the applicant or licensee by submitting a written request to the Division, signing any release forms required by the Division, and remitting the required fee set by the Division. All information furnished by, about, or on behalf of an applicant or licensee under this section shall be without prejudice and shall be for the use of the Division, the reviewing board or the court in administering this section and shall not be used in any manner as evidence, or for any other purposes in any trial, civil or criminal. The prohibition on release and use under this sub-subdivision applies without regard to who authored or produced the information collected, compiled, and used by the Division under this subdivision.

...."

SECTION 35.20.(d) G.S. 20-9.1 reads as rewritten:

"§ 20-9.1. ~~Physicians and psychologists~~ Physicians, psychologists, and other medical providers providing medical information on drivers with physical and mental disabilities or mental disabilities or diseases.

1 (a) Notwithstanding G.S. 8-53 for physicians and G.S. 8-53.3 for psychologists, or any
 2 other law relating to confidentiality of communications between ~~physicians or~~
 3 ~~psychologists~~ physicians, psychologists, or other medical providers and their patients, a ~~physician~~
 4 ~~or a psychologist~~ physician, psychologist, or other medical provider duly licensed in the State of
 5 North Carolina may disclose after consultation with the patient to the Commissioner information
 6 about a patient who has a ~~mental or physical or mental~~ disability or disease that the ~~physician or~~
 7 ~~psychologist~~ physician, psychologist, or other medical provider believes may affect the patient's
 8 ability to safely operate a motor vehicle. This information shall be limited to the patient's name,
 9 address, date of birth, and diagnosis.

10 ...

11 (c) A ~~physician or psychologist~~ physician, psychologist, or other medical provider
 12 disclosing or not disclosing information pursuant to this ~~section~~ section, or conducting an
 13 evaluation and making a recommendation to the Division regarding a person's ability to safely
 14 operate a motor vehicle, is immune from any civil or criminal liability that might otherwise be
 15 incurred or imposed based on the ~~disclosure or lack of disclosure~~ action taken provided that the
 16 ~~physician or psychologist~~ physician, psychologist, or other medical provider was acting in good
 17 faith and without malice. In any proceeding involving liability, good faith and lack of malice are
 18 presumed."

19 **SECTION 35.20.(e)** G.S. 20-15(a) reads as rewritten:

20 "(a) The Division shall have authority to cancel any driver's license upon determining any
 21 of the following:

22 ...

23 (4) The licensee suffers from a physical or mental disability or disease that affects
 24 his or her ability to safely operate a motor vehicle, as determined by the
 25 applicable State or federal law, rule, or regulation.

26 (5) The licensee has failed to submit the certificate required under G.S. 20-7(e) and
 27 G.S. 20-9(g)."

28 **SECTION 35.20.(f)** Reclassification of Vacant Positions. – The Division of Motor
 29 Vehicles may reclassify up to seven vacant positions within the Division to use as supplemental
 30 staffing to implement the provisions of this section.

31 **SECTION 35.20.(g)** This section becomes effective July 1, 2016, and subsections (a)
 32 through (e) apply to drivers licenses issued or renewed on or after that date and hearings requested
 33 on or after that date.

34

35 REVISIONS/FREIGHT RAIL & RAIL CROSSING SAFETY IMPROVEMENT FUND 36 AND SHORT-LINE RAILROAD ASSISTANCE

37 **SECTION 35.21.(a)** G.S. 124-5.1 reads as rewritten:

38 "**§ 124-5.1. North Carolina Railroad Company dividends deposited to Highway Fund.**

39 Any dividends of the North Carolina Railroad Company received by the State shall be
 40 deposited into the Freight Rail & Rail Crossing Safety Improvement Fund within the Highway
 41 Fund and administered by the Rail Division of the Department of Transportation. The Fund shall
 42 be used for the enhancement of freight rail ~~services~~ service, short-line railroad assistance, and
 43 railroad-roadway crossing safety, which may include the following project types:

44 ...

45 (6) Subject to federal or other state law, improvements to rail lines and corridors in
 46 this State and through portions of a bordering state for the purpose of
 47 connecting with the national railroad system.

48 (7) Other short-line railroad projects.

49 The Fund may also be used to supplement funds allocated for freight rail or railroad-roadway
 50 crossing safety projects approved as part of the Transportation Improvement Program."

51 **SECTION 35.21.(b)** G.S. 136-44.39 reads as rewritten:

1 **"§ 136-44.39. Department to provide State and federal financial assistance to short-line**
2 **railroads.**

3 The Department of Transportation is authorized to provide assistance to short-line railroads to
4 continue and enhance common carrier rail service in the State so as to assist in economic
5 development and access to ports and military installations. Assistance under this section may
6 ~~involve both~~ include funds from the Rail Industrial Access Program and Program, the Short Line
7 Infrastructure Access Program, as well as other innovative programs and any other programs that
8 may exist or be established for these purposes. Grants under this section shall not exceed fifty
9 percent (50%) of the nonfederal share and must be matched by equal or greater funding from the
10 applicant."

11
12 **DOT/IMPLEMENTATION OF REDUCTION PLAN**

13 **SECTION 35.22.(a)** Reduction Schedule. – The Department of Transportation shall
14 complete the reductions through reorganization and reductions in force identified in the plan
15 required under Section 29.14(d)(4) of S.L. 2015-241 according to the following schedule:

- 16 (1) The Department shall reduce through reorganization (i) at least 15 employees
17 from the Division of Highways and (ii) at least 10 employees from the
18 Technical Services Division. The Department shall complete the reductions
19 required under this subdivision by September 1, 2016.
- 20 (2) The Department shall reduce through reorganization or reduce in force (i) at
21 least 21 employees from the Planning and Programming Division, with a
22 minimum of five employees reduced through reorganization; (ii) at least 49
23 employees from the Technical Services Division; and (iii) at least 186
24 employees from the Division of Highways. The Department shall complete the
25 reductions through reorganization required under this subdivision by December
26 15, 2016, and the reductions in force required under this subdivision by January
27 1, 2017.

28 **SECTION 35.22.(b)** Report. – The Department shall report to the Joint Legislative
29 Transportation Oversight Committee (i) by September 16, 2016, on the reductions completed
30 under subdivision (1) of subsection (a) of this section and (ii) by January 16, 2017, on the
31 reductions completed under subdivision (2) of subsection (a) of this section. The report shall
32 identify the number of reductions, the type of reduction, and the positions that were reduced.

33
34 **PROHIBIT CHIP SEAL TREATMENT ON SUBDIVISION STREETS**

35 **SECTION 35.23.** G.S. 136-44.3A reads as rewritten:

36 **"§ 136-44.3A. Highway Maintenance Improvement Program.**

37 ...
38 (e) ~~Single Chip Seal Treatment Prohibited on Subdivision Streets and Access Routes.~~ –
39 Except as authorized in subsection (f) of this section, and unless used in combination with a slurry
40 seal, microsurfacing, or resurfacing treatment, the Department shall not use single chip seal
41 treatment on ~~subdivision streets or access routes~~ for Surface Transportation Assistance Act
42 Dimensioned Vehicles.

43 (f) **Authorized Use of Single Chip Seal Treatment on Secondary Roads.** – The Department
44 may use single chip seal treatments on secondary roads only under any of the following
45 conditions:

- 46 (1) The secondary road has a daily traffic volume of less than 15,000 vehicles.
47 Single chip treatments used under this subdivision shall be capped with a final
48 riding surface of sand or material of equivalent size to fill voids to create a
49 smooth riding surface.
- 50 (2) The single chip seal treatment is used in combination with a slurry seal,
51 microsurfacing, or resurfacing treatment.

1 (3) The condition of the secondary road requires a rough surface to improve
2 traction, such as a secondary road in a mountainous community or another area
3 with low skid resistance.

4 (f1) Chip Seal Treatment Prohibited on Subdivision Streets. – Unless used in combination
5 with a fog seal, the Department shall not use chip seal treatment on subdivision streets.

6"

8 CONSOLIDATE MAINTENANCE ACCOUNTS

9 SECTION 35.24.(a) The Department of Transportation shall transfer all funds in the
10 Primary Maintenance Account (Fund Code 7821) and the Secondary Road Maintenance and
11 Improvement Fund (Fund Code 7822) to the Reserve for General Maintenance (Fund Code 0934).
12 Upon completion of the transfer, the Department shall close the Primary Maintenance Account
13 and the Secondary Road Maintenance and Improvement Fund.

14 SECTION 35.24.(b) The Department of Transportation, in consultation with its
15 Division Engineers, shall determine the amount of funds from the Reserve for General
16 Maintenance needed for other purposes prior to making the allocation under G.S. 136-44.6, as
17 amended by subsection (c) of this section. The term "other purposes" includes emergency
18 responses, weather-related events, and Statewide programs. By July 15, 2016, the Department
19 shall report its findings to the chairs of the House of Representatives Committee on Transportation
20 Appropriations and the Senate Appropriations Committee on Department of Transportation,
21 including the total amount of funds needed, an identification of the purposes the funds are needed
22 for, and the amount of funds needed for each purpose.

23 SECTION 35.24.(c) G.S. 136-44.6 reads as rewritten:

24 "**§ 136-44.6. Uniformly applicable formula for the allocation of ~~secondary roads~~ secondary roads**
25 **maintenance and improvement funds.****funds for primary and secondary road**
26 **maintenance.**

27 ~~The Department of Transportation~~Transportation, in consultation with its Division Engineers,
28 shall develop a uniformly applicable formula for the allocation of ~~secondary roads maintenance~~
29 ~~and improvement funds~~funds from the Reserve for General Maintenance in the Highway Fund for
30 usemaintenance on primary and secondary roads in each county.Highway Division. The formula
31 shall take into consideration the number of paved and unpaved miles of state-maintained
32 secondary roads in each ~~county~~Highway Division and such other factors as experience may
33 dictate. Each Division Engineer shall have discretion in using funds allocated under this section to
34 his or her Highway Division for maintenance activities. This section shall not apply to projects to
35 pave unpaved roads under G.S. 136-44.2D."

36 SECTION 35.24.(d) G.S. 136-44.2(e) reads as rewritten:

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

44 CRASH REPORTING PROGRAM MAINTENANCE

45 SECTION 35.25.(a) Establishment. – The Division of Motor Vehicles shall, through
46 an open request for proposal process, seek to procure a contract with a private vendor for the
47 statewide maintenance of the Crash Reporting Program. The Crash Reporting Program shall
48 include at least all of the following components:

- 49 (1) A comprehensive data repository for collision data.
- 50 (2) A document repository for all collision reports in the State.

- 1 (3) The capability to process paper reports, including scanning, data entry,
2 validation of data against business edits, quality control application for
3 reviewing reports, the ability to return or reject reports, and the ability to
4 reprocess corrected reports.
- 5 (4) The creation of an electronic submission application that incorporates all State
6 validation rules to ensure that submitted reports are complete, accurate, and
7 error-free.
- 8 (5) A database capable of sharing statewide collision data with State and federal
9 traffic safety partners, State law enforcement agencies, and the public.
- 10 (6) A Web portal capability allowing authorized users to perform search functions
11 and data extraction, obtain statistical traffic safety reports, map collision result
12 sets, review configurable collision data dashboards, and perform data analysis
13 against statewide collision data.
- 14 (7) Compatibility with all data file formats and submission requirements for State
15 and federal entities that require access to State collision data.
- 16 (8) Capability to leverage predictive analytics to optimize resource allocation in
17 order to improve traffic safety.

18 **SECTION 35.25.(b)** Vendor and Contract Requirements. – By December 31, 2016,
19 the Division shall enter into a contract under subsection (a) of this section with the lowest
20 responsible vendor who provides evidence satisfactory to the Division of a demonstrated history
21 of providing similar statewide services.

22 **SECTION 35.25.(c)** Reports. – The Division shall provide the following reports:

- 23 (1) By April 30, 2017, a report to the Office of State Budget and Management and
24 chairs of the House of Representatives Committee on Transportation
25 Appropriations and the Senate Appropriations Committee on Department of
26 Transportation on (i) the completion of the RFP process, including the name
27 and qualifications of the firm awarded the contract; (ii) progress on the
28 transition of the maintenance of the Program; and (iii) any other findings of
29 interest determined by the Division.
- 30 (2) By April 30, 2018, a report to the Office of State Budget and Management and
31 chairs of the House of Representatives Committee on Transportation
32 Appropriations and the Senate Appropriations Committee on Department of
33 Transportation on (i) the number of accident reports purchased through the
34 e-commerce site; (ii) the revenue generated to the Division through the contract
35 with the vendor; and (iii) any savings realized by the Division from private
36 vendor maintenance of the Program.

37
38 **DOT/CLARIFY AUTHORITY OF CHIEF AND DIVISION ENGINEERS**

39 **SECTION 35.26.(a)** G.S. 136-4 reads as rewritten:

40 **"§ 136-4. Chief Engineer.**

41 There shall be a Chief Engineer, who shall be a career official and who shall be the
42 administrative officer of the Department of Transportation for highway matters. For purposes of
43 this section, the term "highway matters" includes planning, design, construction, maintenance,
44 operations, procurements, agreements, delivery methods, standards, and specifications for current
45 and future State-maintained roads. The Chief Engineer shall be appointed by the Secretary of
46 Transportation and he may be removed at any time by the Secretary of Transportation. He shall be
47 paid a salary to be set in accordance with Chapter 126 of the General Statutes, the North Carolina
48 Human Resources Act. The Chief Engineer shall have such powers and perform such duties as the
49 Secretary of Transportation shall prescribe."

50 **SECTION 35.26.(b)** By December 1, 2016, the Chief Engineer of the Department of
51 Transportation shall develop and implement a policy for delegating authority to the Division

1 Engineers to execute capital and maintenance programs within the Division Engineers' respective
2 divisions. By December 15, 2016, the Chief Engineer shall report to the Joint Legislative
3 Transportation Oversight Committee with a detailed summary of the policy developed under this
4 subsection.

6 PART XXXVI. SALARIES AND BENEFITS

8 STATE-FUNDED PERSONNEL/ANNUAL SALARY INCREASES BY EMPLOYING 9 AGENCIES AUTHORIZED/MERIT-BASED BONUSES ALLOWED

10 SECTION 36.1A.(a) Funds for Salary Increases. – Of the funds appropriated in this
11 act from the General Fund and the Highway Fund to the Reserves for Compensation Increases,
12 recurring funds for the 2016-2017 fiscal year are authorized generally to provide employing
13 agencies with funds to award salary increases to State-funded personnel in accordance with
14 eligibility policies adopted by each employing agency. At a minimum, the employing agency
15 eligibility policy shall include provisions for increases based upon performance, to achieve
16 market-based rates, to allow for retention, and to address receipt-supported positions. The
17 eligibility policy shall not provide an across-the-board increase.

18 SECTION 36.1A.(b) Funds for Bonuses. – Of the funds appropriated in this act from
19 the General Fund and Highway Fund to the Reserves for Compensation Increases, nonrecurring
20 funds for the 2016-2017 fiscal year are authorized generally to provide employing agencies with
21 funds to award one-time merit-based bonuses to State-funded personnel in accordance with
22 eligibility policies adopted by the employing agencies. The eligibility policy shall not provide an
23 across-the-board bonus. Notwithstanding G.S. 135-1(7a) and G.S. 135-53(5), merit-based bonuses
24 awarded under this Part are not compensation under Chapter 135 of the General Statutes.
25 Employees of local boards of education are not eligible to receive bonuses authorized by this
26 subsection.

27 SECTION 36.1A.(c) Employing Agency. – For the purposes of this Part, "employing
28 agency" includes the following entities employing State-funded personnel:

- 29 (1) The Office of State Human Resources, for executive branch departments with
30 respect to both EHRA and SHRA employees, except University of North
31 Carolina EHRA employees.
- 32 (2) The Administrative Office of the Courts and the Commission on Indigent
33 Defense Services, for the judicial branch.
- 34 (3) The Legislative Services Commission, for the legislative branch.
- 35 (4) The Board of Governors of The University of North Carolina, except as to its
36 SHRA employees.
- 37 (5) The State Board of Community Colleges, for the North Carolina Community
38 College System.
- 39 (6) The local boards of education, for central office and noncertified personnel.
40 Certified personnel and school-based administrators are not eligible.

41 SECTION 36.1A.(d) Reporting. – Each employing agency shall report to the chairs of
42 the Senate Appropriations/Base Budget Committee and House of Representatives Committee on
43 Appropriations and the Fiscal Research Division on the use of these funds by no later than
44 February 1, 2017.

46 JUDICIAL BRANCH SALARIES

47 SECTION 36.3.(a) Section 30.3(b) of S.L. 2015-241 reads as rewritten:

48 "SECTION 30.3.(b) The annual salaries of permanent full-time employees of the Judicial
49 Department whose salaries are not itemized in this act shall not be legislatively increased for the
50 ~~2015-2017 fiscal biennium, 2015-2016 fiscal year~~ but may be increased as otherwise allowed by
51 law."

1 **SECTION 36.3.(b)** For the 2016-2017 fiscal year, the annual salaries of employees of
 2 the Judicial Department whose salaries are not itemized in this act are eligible to be increased in
 3 accordance with the provisions of this Part.

4 **SECTION 36.3.(c)** The district attorney or public defender of a judicial district, with
 5 the approval of the Administrative Officer of the Courts or the Commission on Indigent Defense
 6 Services, respectively, shall set the salaries of assistant district attorneys or assistant public
 7 defenders, respectively, in that district such that the minimum salary of any assistant district
 8 attorney or assistant public defender is at least forty thousand dollars (\$40,000), effective July 1,
 9 2016.

10
 11 **ASSISTANT AND DEPUTY CLERKS OF COURT**

12 **SECTION 36.5.** Effective July, 2016, G.S. 7A-102(c1) reads as rewritten:

13 "(c1) A full-time assistant clerk or a full-time deputy clerk, and up to one full-time deputy
 14 clerk serving as head bookkeeper per county, shall be paid an annual salary subject to the
 15 following minimum ~~and maximum~~ rates:

Assistant Clerks and Head Bookkeeper	<u>Minimum Annual Salary</u>
Minimum	\$32,609
Maximum	56,424
Deputy Clerks	Annual Salary
Minimum	\$28,223 \$28,223.
Maximum	44,107."

22
 23 **MAGISTRATES**

24 **SECTION 36.6.** Effective July 1, 2016, G.S. 7A-171.1 reads as rewritten:

25 **"§ 7A-171.1. Duty hours, salary, and travel expenses within county.**

26 (a) The Administrative Officer of the Courts, after consultation with the chief district
 27 judge and pursuant to the following provisions, shall set an annual salary for each magistrate.

28 (1) A full-time magistrate shall be paid at least the annual salary indicated in the
 29 table set out in this subdivision. A full-time magistrate is a magistrate who is
 30 assigned to work an average of not less than 40 hours a week during the term of
 31 office. The Administrative Officer of the Courts shall designate whether a
 32 magistrate is full-time. Initial appointment shall be at the entry rate. A
 33 magistrate's salary shall increase to the next step every two years on the
 34 anniversary of the date the magistrate was originally appointed for increases to
 35 Steps 1 through 3, and every four years on the anniversary of the date the
 36 magistrate was originally appointed for increases to Steps 4 through 6.

37 Table of Salaries of Full-Time Magistrates

Step Level	<u>Minimum Annual Salary</u>
Entry Rate	\$35,275
Step 1	37,950
Step 2	40,835
Step 3	43,890
Step 4	47,550
Step 5	51,960
Step 6	56,900.

46 (2) A part-time magistrate is a magistrate who is assigned to work an average of
 47 less than 40 hours of work a week during the term, except that no magistrate
 48 shall be assigned an average of less than 10 hours of work a week during the
 49 term. A part-time magistrate is included, in accordance with G.S. 7A-170,
 50 under the provisions of G.S. 135-1(10) and G.S. 135-40.2(a). The
 51 Administrative Officer of the Courts designates whether a magistrate is a

part-time magistrate. A part-time magistrate shall receive an annual salary based on the following formula: The average number of hours a week that a part-time magistrate is assigned work during the term shall be multiplied by the annual salary payable to a full-time magistrate who has the same number of years of service prior to the beginning of that term as does the part-time magistrate and the product of that multiplication shall be divided by the number 40. The quotient shall be the annual salary payable to that part-time magistrate.

(3) Notwithstanding any other provision of this subsection, a magistrate who is licensed to practice law in North Carolina or any other state shall receive at least the annual salary provided in the Table in subdivision (1) of this subsection for Step 4.

(a1) Notwithstanding subsection (a) of this section, the following minimum salary provisions apply to individuals who were serving as magistrates on June 30, 1994:

(1) The ~~minimum and maximum~~ salaries of magistrates who on June 30, 1994, were paid at a salary level of less than five years of service under the table in effect that date shall be as follows:

	Minimum	Maximum
Less than 1 year of service	\$27,846	\$27,846
1 or more but less than 3 years of service	28,027	29,027
3 or more but less than 5 years of service	30,405	31,405

Upon completion of five years of service, those magistrates shall receive the salary set as the Entry Rate in the table in subsection (a).

(2) The minimum salaries of magistrates who on June 30, 1994, were paid at a salary level of five or more years of service shall be based on the rates set out in subsection (a) as follows:

Salary Level on June 30, 1994	Salary Level on July 1, 1994
5 or more but less than 7 years of service	Entry Rate
7 or more but less than 9 years of service	Step 1
9 or more but less than 11 years of service	Step 2
11 or more years of service	Step 3

Thereafter, their salaries shall be set in accordance with the provisions in subsection (a).

(3) The minimum salaries of magistrates who are licensed to practice law in North Carolina shall be adjusted to the annual salary provided in the table in subsection (a) as Step 4, and, thereafter, their salaries shall be set in accordance with the provisions in subsection (a).

(4) The minimum salaries of "part-time magistrates" shall be set under the formula set out in subdivision (2) of subsection (a) but according to the rates set out in this subsection.

(a2) The Administrative Officer of the Courts shall provide magistrates with longevity pay at the same rates as are provided by the State to its employees subject to the North Carolina Human Resources Act.

(b) Notwithstanding G.S. 138-6, a magistrate may not be reimbursed by the State for travel expenses incurred on official business within the county in which the magistrate resides."

LEGISLATIVE BRANCH SALARIES

SECTION 36.7.(a) Section 30.4(b) of S.L. 2015-241 reads as rewritten:

"SECTION 30.4.(b) The annual salaries of the Legislative Services Officer and of nonelected employees of the General Assembly in effect on June 30, 2015, shall not be legislatively increased

1 for the ~~2015-2017 fiscal biennium, 2015-2016 fiscal year~~ but may be increased as otherwise
2 allowed by law."

3 **SECTION 36.7.(b)** The annual salaries of the Legislative Services Officer and of
4 nonelected employees of the General Assembly in effect on June 30, 2016, may be increased in
5 accordance with this Part and as otherwise allowed by law.

6 7 **GENERAL ASSEMBLY PRINCIPAL CLERKS**

8 **SECTION 36.8.** Effective July 1, 2016, G.S. 120-37(c) reads as rewritten:

9 "(c) The principal clerks shall be full-time officers. Each principal clerk shall be entitled to
10 other benefits available to permanent legislative employees and shall be paid an annual salary of at
11 least one hundred six thousand three hundred thirty-three dollars (\$106,333), payable monthly.
12 Each principal clerk shall also receive such additional compensation as approved by the Speaker
13 of the House of Representatives or the President Pro Tempore of the Senate, respectively, for
14 additional employment duties beyond those provided by the rules of their House. The Legislative
15 Services Commission shall review the salary of the principal clerks prior to submission of the
16 proposed operating budget of the General Assembly to the Governor and shall make appropriate
17 recommendations for changes in those salaries. Any changes enacted by the General Assembly
18 shall be by amendment to this paragraph."
19

20 **SERGEANT-AT-ARMS AND READING CLERKS**

21 **SECTION 36.9.** Effective July 1, 2016, G.S. 120-37(b) reads as rewritten:

22 "(b) The sergeant-at-arms and the reading clerk in each house shall be paid a salary of at
23 least four hundred four dollars (\$404.00) per week plus subsistence at the same daily rate provided
24 for members of the General Assembly, plus mileage at the rate provided for members of the
25 General Assembly for one round trip only from their homes to Raleigh and return. The
26 sergeants-at-arms shall serve during sessions of the General Assembly and at such time prior to
27 the convening of, and subsequent to adjournment or recess of, sessions as may be authorized by
28 the Legislative Services Commission. The reading clerks shall serve during sessions only."
29

30 **COMMUNITY COLLEGES PERSONNEL**

31 **SECTION 36.10.(a)** Section 30.5(b) of S.L. 2015-241 reads as rewritten:

32 "**SECTION 30.5.(b)** For the ~~2015-2017 fiscal biennium, 2015-2016 fiscal year,~~ the
33 community college boards of trustees may provide personnel a salary increase pursuant to the
34 policies adopted by the State Board of Community Colleges. Funds for compensation increases
35 may be used for any one or more of the following purposes: (i) merit pay, (ii) across-the-board
36 increases, (iii) recruitment bonuses, (iv) retention increases, and (v) any other compensation
37 increase pursuant to policies adopted by the State Board of Community Colleges. The State Board
38 of Community Colleges shall make a report on the use of these funds to the 2016 Regular Session
39 of the 2015 General Assembly no later than March 1, 2016."

40 **SECTION 36.10.(b)** The annual salaries of community college employees are eligible
41 to be increased in accordance with the provisions of this Part pursuant to eligibility policies
42 adopted by the State Board of Community Colleges.
43

44 **UNIVERSITY OF NORTH CAROLINA SYSTEM**

45 **SECTION 36.11.(a)** Section 30.6 of S.L. 2015-241 reads as rewritten:

46 "**SECTION 30.6.** Effective for the ~~2015-2017 fiscal biennium, 2015-2016 fiscal year,~~ the
47 annual compensation of all full-time University of North Carolina SHRA and EHRA employees
48 shall not be legislatively increased for the 2015-2017 fiscal biennium, but may be increased as
49 otherwise allowed by law."
50

51 **SECTION 36.11.(b)** Effective for the 2016-2017 fiscal year, the annual compensation
of University of North Carolina EHRA employees may be increased in accordance with the

1 provisions of this Part pursuant to eligibility policies adopted by the Board of Governors of The
2 University of North Carolina.

3 4 STATE AGENCY TEACHERS

5 SECTION 36.12. Employees of schools operated by the Department of Health and
6 Human Services, the Department of Public Safety, the State Board of Education, and employees of
7 the School of Science and Mathematics of the University of North Carolina who are paid on the
8 Teacher Salary Schedule shall be paid as authorized by Section 9.1 of this act.

9 10 ALL STATE-SUPPORTED PERSONNEL

11 SECTION 36.14.(a) Section 30.8(a) of S.L. 2015-241 reads as rewritten:

12 "SECTION 30.8.(a) For the ~~2015-2017 fiscal biennium~~, 2015-2016 fiscal year:

13"

14 SECTION 36.14.(a1) For the 2016-2017 fiscal year, each employing agency may
15 increase the annual salaries of, and award one-time merit-based bonuses to, State-supported
16 personnel in accordance with policies adopted by the employing agency.

17 SECTION 36.14.(b) Salaries and Related Benefits for Positions That Are Funded. –
18 Salaries and related benefits for positions that are funded:

- 19 (1) Partially from the General Fund or Highway Fund and partially from sources
20 other than the General Fund or Highway Fund shall be increased from the
21 General Fund or Highway Fund appropriation only to the extent of the
22 proportionate part of the salaries paid from the General Fund or Highway Fund.
23 (2) Fully from sources other than the General Fund or Highway Fund shall be
24 increased as provided by this Part.

25 The Director of the Budget may increase expenditures of receipts from these sources in the
26 certified budget by the amount necessary to provide the increases authorized by this Part to
27 receipt-supported personnel.

28 SECTION 36.14.(c) Except as otherwise provided, the salary increases provided in
29 this act do not apply to persons separated from State service due to resignation, dismissal,
30 reduction in force, death, or retirement or whose last workday is prior to July 1, 2016.

31 SECTION 36.14.(d) Employees eligible for statutory increases under G.S. 20-187.3,
32 7A-102, and 7A-171.1 may receive the increases and bonuses authorized by this section.

33 SECTION 36.14.(e) Payroll checks issued to employees after July 1, 2016, that
34 represent payment of services provided prior to July 1, 2016, shall not be eligible for salary
35 increases provided for in this act. This subsection applies to all employees paid from State funds,
36 whether or not subject to or exempt from the North Carolina Human Resources Act, including
37 employees of public schools, community colleges, and The University of North Carolina.

38 SECTION 36.14.(f) Nothing in this act authorizes the transfer of funds between the
39 General Fund and the Highway Fund for salary increases.

40 41 MOST STATE EMPLOYEES

42 SECTION 36.15.(a) Section 30.9 of S.L. 2015-241 reads as rewritten:

43 "SECTION 30.9. For the ~~2015-2017 fiscal biennium~~, 2015-2016 fiscal year, except as
44 otherwise provided by this Part, the annual salaries in effect June 30, 2015, for the following
45 employees shall not be legislatively increased, but may be increased as otherwise allowed by law:

- 46 (1) Permanent full-time State officials and persons whose salaries are set in
47 accordance with the State Human Resources Act.
48 (2) Permanent full-time State officials and persons in positions exempt from the
49 State Human Resources Act.
50 (3) Permanent part-time State employees.
51 (4) Temporary and permanent hourly State employees."

1 **SECTION 36.15.(b)** For the 2016-2017 fiscal year, employing agencies may award
2 increases and merit-based bonuses to eligible employees who are any of the following:

- 3 (1) Permanent full-time State employees whose salaries are set in accordance with
4 the State Human Resources Act.
- 5 (2) Permanent full-time State employees in positions exempt from the State Human
6 Resources Act.
- 7 (3) Permanent part-time State employees.
- 8 (4) Temporary and permanent hourly State employees.

9
10 **USE OF FUNDS APPROPRIATED FOR LEGISLATIVELY MANDATED EMPLOYEE**
11 **BENEFITS**

12 **SECTION 36.17.(a)** The appropriations set forth in Section 2.1 of this act include
13 appropriations for legislatively mandated employee benefits in amounts set forth in the committee
14 report described in Section 39.2 of this act. The Office of State Budget and Management shall
15 ensure that those funds are used only for the purposes of legislatively mandated employee
16 benefits. Any funds remaining shall revert in accordance with G.S. 143C-1-2(b), unless otherwise
17 provided by law.

18 **SECTION 36.17.(b)** If the Director of the Budget determines that funds appropriated
19 to a State agency for legislatively mandated employee benefits exceed the amount required by that
20 agency for those purposes, the Director may reallocate those funds to other State agencies that
21 received insufficient funds for legislatively mandated employee benefits.

22 **SECTION 36.17.(c)** No later than March 1, 2017, the Office of State Budget and
23 Management shall report to the Joint Legislative Commission on Governmental Operations on the
24 expenditure of funds for legislatively mandated employee benefits. This report shall include at
25 least the following information for each State agency for the 2016-2017 fiscal year:

- 26 (1) The total amount of funds that the agency received for legislatively mandated
27 employee benefits.
- 28 (2) The total amount of funds transferred from the agency to other State agencies
29 pursuant to subsection (b) of this section. This section of the report shall
30 identify the amounts transferred to each recipient State agency.
- 31 (3) The total amount of funds used by the agency for legislatively mandated
32 employee benefits.
- 33 (4) The amount of funds expected to revert under subsection (a) of this section.

34
35 **MITIGATE BONUS LEAVE**

36 **SECTION 36.18.** During the 2016-2017 fiscal year, State agencies, departments,
37 institutions, the North Carolina Community College System, and The University of North
38 Carolina may offer State employees the opportunity to use or to cash in special bonus leave
39 benefits that have accrued pursuant to Section 28.3A of S.L. 2002-126, Section 30.12B(a) of S.L.
40 2003-284, Section 29.14A of S.L. 2005-276, and Section 35.10A of S.L. 2014-100 but only if all
41 of the following requirements are met:

- 42 (1) Employee participation in the program must be voluntary.
- 43 (2) Special leave that is liquidated for cash payment to an employee must be valued
44 at the amount based on the employee's current annual salary rate.
- 45 (3) Agencies shall collect and report demographic information on the employees
46 who opt to use or cash in special leave under the incentive program. By March
47 1, 2017, the demographic information shall be reported to the respective agency
48 head or employing agency and to the Fiscal Research Division.

49
50 **EXTEND VOLUNTARY SHARED LEAVE TO COMMUNITY COLLEGES**
51 **EMPLOYEES**

1 **SECTION 36.19.** G.S. 115D-25.3 reads as rewritten:

2 **"§ 115D-25.3. Voluntary shared leave.**

3 (a) The State Board of Community Colleges, in cooperation with the State Board of
4 Education and the State Human Resources Commission, shall adopt rules and policies to allow
5 any employee at a community college to share leave voluntarily with an immediate family
6 member who is an employee of a community college, public school, or State agency; and with a
7 coworker's immediate family member who is an employee of a community college, public school,
8 or State agency. For the purposes of this section, the term "immediate family member" means a
9 spouse, parent, child, brother, sister, grandparent, or grandchild. The term includes the step, half,
10 and in-law relationships. The term "coworker" means that the employee donating the leave is
11 employed by the same agency, department, institution, university, local school administrative unit,
12 or community college as the employee whose immediate family member is receiving the leave.

13 (b) The State Board of Community Colleges, in cooperation with the State Human
14 Resources Commission, shall adopt rules and policies consistent with policies of the Commission
15 to allow any employee at a community college to share leave voluntarily with a nonfamily
16 member who is an employee of a community college. A community college employee who
17 donates leave to a community college employee who is a nonfamily member shall not donate more
18 than five days of leave per year to any one nonfamily community college employee. The
19 combined total of leave donated to a community college employee from nonfamily community
20 college employee donors shall not exceed 20 days per year. Donated leave shall not be used for
21 retirement purposes, and community college employees who donate leave shall be notified in
22 writing of the consequences of donating leave in regard to State retirement system service credit."

23
24 **DELAY STATEWIDE COMPENSATION SYSTEM PROJECT IMPLEMENTATION**

25 **SECTION 36.19A.(a)** The Office of State Human Resources shall not commence the
26 implementation phase of the Statewide Compensation System Project (Project) prior to February
27 1, 2017.

28 **SECTION 36.19A.(b)** When the implementation phase commences, the Director of
29 the Budget may increase expenditures of receipts to the amount necessary to fund salary
30 adjustments authorized by the Office of State Human Resources for receipt-supported positions
31 that fall below the minimum of the new salary grade assigned to those positions during the
32 realignment of salary grades pursuant to the Project.

33
34 **SALARY-RELATED CONTRIBUTIONS**

35 **SECTION 36.20.(a)** Section 30.20 of S.L. 2015-241 reads as rewritten:
36 **"SALARY-RELATED CONTRIBUTIONS**

37 ...

38 **"SECTION 30.20.(b)** Effective July 1, 2015, the State's employer contribution rates budgeted
39 for retirement and related benefits as a percentage of covered salaries for the ~~2015-2017 fiscal~~
40 ~~biennium-2015-2016 fiscal year~~ are (i) fifteen and thirty-two hundredths percent (15.32%) –
41 Teachers and State Employees; (ii) twenty and thirty-two hundredths percent (20.32%) – State
42 Law Enforcement Officers; (iii) twelve and eighty-five hundredths percent (12.85%) – University
43 Employees' Optional Retirement Program; (iv) twelve and eighty-five hundredths percent
44 (12.85%) – Community College Optional Retirement Program; (v) thirty-two and eighty-one
45 hundredths percent (32.81%) – Consolidated Judicial Retirement System; and (vi) seven and forty
46 hundredths percent (7.40%) – Legislative Retirement System. Each of the foregoing contribution
47 rates includes five and sixty hundredths percent (5.60%) for hospital and medical benefits. The
48 rate for the Teachers and State Employees, State Law Enforcement Officers, University
49 Employees' Optional Retirement Program, and the Community College Optional Retirement
50 Program includes forty-one hundredths percent (0.41%) for the Disability Income Plan. The rates
51 for Teachers and State Employees and State Law Enforcement Officers include sixteen hundredths

1 percent (0.16%) for the Death Benefits Plan. The rate for State Law Enforcement Officers includes
2 five percent (5%) for Supplemental Retirement Income. The rate for Teachers and State
3 Employees and State Law Enforcement Officers includes one hundredth percent (0.01%) for the
4 Qualified Excess Benefit Arrangement.

5 "SECTION 30.20.(b1) Effective July 1, 2016, the State's employer contribution rates
6 budgeted for retirement and related benefits as a percentage of covered salaries for the 2016-2017
7 fiscal year are (i) fifteen and sixty-four hundredths percent (15.64%) – Teachers and State
8 Employees; (ii) twenty and sixty-four hundredths percent (20.64%) – State Law Enforcement
9 Officers; (iii) twelve and eighty-two hundredths percent (12.82%) – University Employees'
10 Optional Retirement Program; (iv) twelve and eighty-two hundredths percent (12.82%) –
11 Community College Optional Retirement Program; (v) thirty-four and thirteen hundredths percent
12 (34.13%) – Consolidated Judicial Retirement System; and (vi) twenty-two and sixty-five
13 hundredths percent (22.65%) – Legislative Retirement System. Each of the foregoing contribution
14 rates includes five and sixty hundredths percent (5.60%) for hospital and medical benefits. The
15 rate for the Teachers and State Employees, State Law Enforcement Officers, University
16 Employees' Optional Retirement Program, and the Community College Optional Retirement
17 Program includes thirty-eight hundredths percent (0.38%) for the Disability Income Plan. The
18 rates for Teachers and State Employees and State Law Enforcement Officers include sixteen
19 hundredths percent (0.16%) for the Death Benefits Plan. The rate for State Law Enforcement
20 Officers includes five percent (5%) for Supplemental Retirement Income. The rate for Teachers
21 and State Employees and State Law Enforcement Officers includes one hundredths percent
22 (0.01%) for the Qualified Excess Benefit Arrangement.

23 "SECTION 30.20.(c) Effective July 1, 2015, the maximum annual employer contributions,
24 payable monthly, by the State for each covered employee or retiree for the 2015-2016-2015-2017
25 fiscal year-biennium to the State Health Plan for Teachers and State Employees are (i)
26 Medicare-eligible employees and retirees – four thousand two hundred fifty-one dollars (\$4,251)
27 and (ii) non-Medicare-eligible employees and retirees – five thousand four hundred seventy-one
28 dollars (\$5,471)."

29 **SECTION 36.20.(b)** If the Director of the Budget reallocates the Reserve for Future
30 Benefits Needs, as authorized in Section 36.24 of this act, then effective July 1, 2016, the
31 maximum annual employer contributions, payable monthly, by the State for each covered
32 employee or retiree for the 2016-2017 fiscal to the State Health Plan for Teachers and State
33 Employees shall be (i) Medicare-eligible employees and retirees – four thousand three hundred
34 ninety-seven dollars (\$4,397) and (ii) non-Medicare-eligible employees and retirees – five
35 thousand six hundred fifty-nine dollars (\$5,659). The Director of the Budget may also increase the
36 contribution rate for hospital and medical benefits in Section 30.20(b1) of S.L. 2015-241, as
37 amended by subsection (a) of this section, to six and two hundredths percent (6.02%), effective
38 January 1, 2017, and adjust the other contribution rates in the section accordingly.

39 40 **STATE HEALTH PLAN COST-CONTROLLING MEASURES AND REALLOCATION** 41 **OF RESERVE FOR FUTURE BENEFIT NEEDS**

42 **SECTION 36.24.(a)** The State Treasurer and the Board of Trustees shall adopt
43 measures applicable to any or all of the 2017, 2018, or 2019 calendar years to limit projected
44 employer contribution increases.

45 **SECTION 36.24.(b)** If the Director of the Budget determines that the additional
46 cost-controlling measures adopted by the Board of Trustees and the State Treasurer as directed in
47 subsection (a) of this section are sufficient to reduce the projected employer premium increases to
48 four percent (4%) or less in both the 2018 and 2019 plan years, then the Director of the Budget is
49 authorized to reallocate funds in the Reserve for Future Benefit Needs to individual State agency
50 budgets. The projected employer premium increases should be calculated assuming the Reserve
51 for Future Benefit Needs is reallocated.

1 **SECTION 36.24.(c)** Section 30.26(b) of S.L. 2015-241 reads as rewritten:
 2 **"SECTION 30.26.(b)** During the 2015-2017 fiscal biennium, the State Health Plan for
 3 Teachers and State Employees shall maintain a cash reserve of at least ~~twenty-twelve percent~~
 4 ~~(20%)-(12%)~~ of its annual costs. For purposes of this section, the term "cash reserve" means the
 5 total balance in the Public Employee Health Benefit Fund and the Health Benefit Reserve Fund
 6 established in G.S. 135-48.5 plus the Plan's administrative account, and the term "annual costs"
 7 means the total of all medical claims, pharmacy claims, administrative costs, fees, and premium
 8 payments for coverage outside of the Plan."
 9

10 **PART XXXVII. CAPITAL APPROPRIATIONS**

11
 12 **CAPITAL APPROPRIATIONS/GENERAL FUND**

13 **SECTION 37.1.** Section 31.2 of S.L. 2015-241 reads as rewritten:
 14 **"SECTION 31.2.(a)** There is appropriated from the General Fund for the 2015-2017 fiscal
 15 biennium the following amounts for capital improvements:
 16

17 Capital Improvements – General Fund	2015-2016	2016-2017
18 Department of Agriculture and Consumer Services		
19 Dorton Arena Roof Replacement	2,305,000	–
20 <u>Southeastern North Carolina Agricultural Events Center</u>		<u>165,000</u>
21		
22 Department of Cultural Resources		
23 USS North Carolina Hull Repair and Cofferdam	3,500,000	–
24		
25 Department of Environment and Natural Resources		
26 Water Resources Development	5,083,000	<u>5,020,000</u>
27		
28 Department of Public Safety		
29 Armory and Facility Development Projects	868,000	5,087,500 <u>5,018,500</u>
30 <u>Helipad Planning</u>		<u>69,000</u>
31		
32		
33 <u>Office of State Budget and Management</u>		
34 <u>Repairs and Renovations Reserve</u>		<u>75,942,182</u>
35		
36 University of North Carolina		
37 North Carolina School of Science and		
38 Mathematics – Technology Upgrades and		
39 Building Repair	4,000,000	–
40 NC State University Engineering Building		
41 Advance Planning	1,000,000	1,000,000
42 <u>University of North Carolina Asheville</u>		
43 <u>Land Acquisition</u>		<u>2,000,000</u>
44		
45 TOTAL CAPITAL IMPROVEMENTS –		
46 GENERAL FUND	\$16,756,000	\$6,087,500 \$89,214,682
47		

48 **"SECTION 31.2.(b)** Funds appropriated to the Department of Public Safety in subsection (a)
 49 of this section for Helipad planning shall be used to fund planning of helipads at the Joint Forces
 50 Headquarters in Raleigh, North Carolina."
 51

WATER RESOURCES DEVELOPMENT PROJECTS

SECTION 37.2.(a) The Department of Environmental Quality shall allocate funds for water resources development projects in accordance with the schedule that follows. The amounts set forth in the schedule include funds appropriated in this act for water resources development projects and funds carried forward from previous fiscal years in accordance with subsection (b) of this section. These funds will provide a State match for an estimated thirty-two million one hundred fifty thousand dollars (\$32,150,000) in federal funds.

Name of Project	2015-2016
(1) Neuse River – Goldsboro, Section 1135	\$ 150,000
(2) Carolina Beach Coastal Storm Damage Reduction	75,000
(3) Kure Beach Coastal Storm Damage Reduction	81,000
(4) Wrightsville Beach Coastal Storm Damage Reduction	561,000
(5) Ocean Isle Beach Coastal Storm Damage Reduction	1,535,000
(6) Eastern NC Stream Debris Removal	500,000
(7) State/Local Water Resources Development Grants	1,000,000
(8) Cape Fear Lock & Dam #2 Fish Ramp – Phase 1	500,000
(9) North Topsail Beach Shoreline Protection Project – Phase 2	500,000
(10) Environmental Quality Incentives Program – NRCS	2,000,000
(11) Town of Burgaw – Pender Hospital Drainage Improvements	347,000
(12) Ararat River, Surry County	500,000
(13) Town of Rutherfordton Stream Restoration	500,000
(14) Wilmington Harbor Maintenance	-
(15) Morehead City Harbor Maintenance	2,000,000
(16) Water Resources Planning Assistance to Communities	25,000
(17) Shallow Draft Dredging	250,000
TOTALS	\$ 10,524,000

SECTION 37.2.(b) It is the intent of the General Assembly that funds carried forward from previous fiscal years be used to supplement the five million twenty thousand dollars (\$5,020,000) appropriated for water resources development projects in Section 31.2 of S.L. 2015-241, as amended by Section 37.1 of this act. Therefore, the following funds carried forward from previous fiscal years shall be used for the following projects:

Name of Project	Amount Carried Forward
(1) Morehead City Harbor Maintenance	\$ 2,000,000
(2) Ocean Isle Beach CSDR	1,029,000
(3) Environmental Quality Incentives Program – NRCS	2,000,000
(4) Planning Assistant to Communities	25,000
(5) Wrightsville Beach CSDR	200,000
(6) Shallow Draft Dredging	250,000
TOTALS	\$ 5,504,000

SECTION 37.2.(c) Where the actual costs are different from the estimated costs under subsection (a) of this section, the Department may adjust the allocations among projects as needed. If any projects funded under subsection (a) of this section are delayed and the budgeted State funds cannot be used during the 2016-2017 fiscal year or if the projects funded under subsection

(a) of this section are accomplished at a lower cost, the Department may use the resulting fund availability to fund any of the following:

- (1) U.S. Army Corps of Engineers project feasibility studies.
- (2) U.S. Army Corps of Engineers projects whose schedules have advanced and require State-matching funds in the 2016-2017 fiscal year.
- (3) State/local water resources development projects.

Funds subject to this subsection that are not expended or encumbered for the purposes set forth in subdivisions (1) through (3) of this subsection shall revert to the General Fund at the end of the 2017-2018 fiscal year.

SECTION 37.2.(d) The Department shall make semiannual reports on the use of these funds to the Joint Legislative Commission on Governmental Operations, the Fiscal Research Division, and the Office of State Budget and Management. Each report shall include all of the following:

- (1) All projects listed in this section.
- (2) The estimated cost of each project.
- (3) The date that work on each project began or is expected to begin.
- (4) The date that work on each project was completed or is expected to be completed.
- (5) The actual cost of each project.

The semiannual reports also shall show those projects advanced in schedule, those projects delayed in schedule, and an estimate of the amount of funds expected to revert to the General Fund.

SECTION 37.2.(e) Notwithstanding any provision of law to the contrary, funds appropriated for a water resources development project shall be used to provide no more than fifty percent (50%) of the nonfederal portion of funds for the project. This subsection applies to funds appropriated in this act and to funds appropriated prior to the 2015-2017 fiscal biennium that are unencumbered and proposed for reallocation to provide the nonfederal portion of funds for water resources development projects. The limitation on fund usage contained in this subsection applies only to projects in which a local government or local governments participate. This subsection shall not apply to the Environmental Quality Incentives Program. Furthermore, Section 36.3(e) of S.L. 2013-360, Section 36.2(e) of S.L. 2014-100, and Section 31.3(e) of S.L. 2015-241 shall not apply to funds made available as part of the Environmental Quality Incentives Program in any fiscal year.

SECTION 37.2.(f) Section 31.3(a) of S.L. 2015-241 reads as rewritten:

"SECTION 31.3.(a) The Department of Environment and Natural Resources shall allocate funds for water resources development projects in accordance with the schedule that follows. The amounts set forth in the schedule include funds appropriated in this act for water resources development projects and funds carried forward from previous fiscal years in accordance with subsection (b) of this section. These funds will provide a State match for an estimated forty-four million three hundred fifty-three thousand dollars (\$44,353,000) in federal funds.

Name of Project	2015-2016
...	
(20) Assistance to Counties — EAP Preparation <u>Shallow Draft Dredging</u>	250,000
...."	

SECTION 37.2.(g) G.S. 143-215.71 reads as rewritten:

"§ 143-215.71. Purposes for which grants may be requested.

Applications for grants may be made for the nonfederal share of water resources development projects for the following purposes in amounts not to exceed the percentage of the nonfederal costs indicated:

- 1 (1) General navigation projects that are sponsored by local governments – eighty
- 2 percent (80%);
- 3 (2) Recreational navigation projects – twenty-five percent (25%);
- 4 (3) Construction costs for water management (flood control and drainage)
- 5 purposes, including utility and road relocations not funded by the State
- 6 Department of Transportation – sixty-six and two-thirds percent (66 2/3%), but
- 7 only of that portion of the project specifically allocated for such flood control or
- 8 drainage purposes;
- 9 (4) Stream restoration – sixty-six and two-thirds percent (66 2/3%);
- 10 (5) Protection of privately owned beaches where public access is allowed and
- 11 provided for – seventy-five percent (75%);
- 12 (6) Land acquisition and facility development for water-based recreation sites
- 13 operated by local governments – fifty percent (50%);
- 14 (7) Aquatic weed control projects sponsored by local governments – fifty percent
- 15 (50%).
- 16 (8) Projects that are part of the Environmental Quality Incentives Program – one
- 17 hundred percent (100%)."

18
19 **NON-GENERAL FUND CAPITAL IMPROVEMENT AUTHORIZATIONS**

20 **SECTION 37.3.** Section 31.4(a) of S.L. 2015-241, as amended by Section 9.1 of S.L.
21 2015-268, reads as rewritten:

22 "SECTION 31.4.(a) The General Assembly authorizes the following capital projects to be
23 funded with receipts or from other non-General Fund sources available to the appropriate
24 department:

25 26 Name of Project	27 Amount of Non-General Fund	
	28 Funding Authorized	
	29 FY 2015-2016	30 FY 2016-2017
31 Department of Agriculture and Consumer Services		
32 WNC Farmers Market Improvements/Robert		
33 G. Shaw Piedmont Triad Farmers Market		
34 Improvements	\$3,000,000	–
35 WNC Agricultural Center Events/Restroom Building	500,000	–
36 NC Forest Service Mountain Island Educational		
37 Forest-Visitor and Interpretive Center	4,000,000	–
38 Deer Fence on Research Stations	200,000	–
39 Aviary Egg Layer Research Building	1,750,000	–
40 State Fair Renovations/Infrastructure Improvements	2,500,000	–
41 State Fair Horse Complex	1,000,000	–
42 Animal Disease Diagnostic Laboratory Equipment	500,000	–
43 Department of Environment and Natural Resources		
44 Fort Fisher Aquarium Salt Water Well	590,000	590,000
45 Gorilla Expansion	450,000	–
46 Department of Public Safety		
47 National Guard – Wilmington Replacement	14,200,000	–
48 <u>Nash Print Plant Roof Replacement</u>		<u>1,508,000</u>
49 <u>Harnett Visitor Center</u>		<u>549,000</u>
50 Wildlife Resources Commission		

1	Boating Access New Construction	3,750,000	3,750,000
2	Land Acquisition	900,000	900,000
3	Jordan Lake Depot	500,000	—
4	Fishing Access Construction	—	200,000
5			
6	TOTAL AMOUNT OF NON-GENERAL		
7	FUND CAPITAL PROJECTS		
8	AUTHORIZED	\$33,840,200	5,440,0007,497,000"

9
10 **REPAIRS AND RENOVATIONS CHANGES**

11 **SECTION 37.4.** Section 31.5 of S.L. 2015-241 reads as rewritten:

12 **"SECTION 31.5.(a)** Of the funds remaining in the Reserve for Repairs and Renovations for
13 the 2015-2016 and the 2016-2017 fiscal years, years after the allocation required by subsection (f)
14 of this section have been made, the following allocations shall be made to the following agencies
15 for repairs and renovations pursuant to G.S. 143C-4-3:

- 16 (1) One-third of the funds for the 2015-2016 fiscal year and one-half of the funds
17 for the 2016-2017 fiscal year shall be allocated to the Board of Governors of
18 The University of North Carolina.
- 19 (2) Two-thirds of the funds for the 2015-2016 fiscal year and one-half of the funds
20 for the 2016-2017 fiscal year shall be allocated to the Office of State Budget
21 and Management.

22 The Office of State Budget and Management shall consult with or report to the Joint
23 Legislative Commission on Governmental Operations, as appropriate, in accordance with
24 G.S. 143C-4-3(d). The Board of Governors shall report to the Joint Legislative Commission on
25 Governmental Operations in accordance with G.S. 143C-4-3(d).

26 **"SECTION 31.5.(b)** Notwithstanding G.S. 143C-4-3(d), of the funds allocated to the Board
27 of Governors of The University of North Carolina in subsection (a) of this section, a portion shall
28 be used each fiscal year by the Board of Governors for the installation of fire sprinklers in
29 University residence halls. This portion shall be in addition to funds otherwise appropriated in this
30 act for the same purpose. Such funds shall be allocated among the University's constituent
31 institutions by the President of The University of North Carolina, who shall consider the following
32 factors when allocating those funds:

- 33 (1) The safety and well-being of the residents of campus housing programs.
- 34 (2) The current level of housing rents charged to students and how that compares to
35 an institution's public peers and other UNC institutions.
- 36 (3) The level of previous authorizations to constituent institutions for the
37 construction or renovation of residence halls funded from the General Fund or
38 from bonds or certificates of participation supported by the General Fund since
39 1996.
- 40 (4) The financial status of each constituent institution's housing system, including
41 debt capacity, debt coverage ratios, credit rankings, required reserves, the
42 planned use of cash balances for other housing system improvements, and the
43 constituent institution's ability to pay for the installation of fire sprinklers in all
44 residence halls.
- 45 (5) The total cost of each proposed project, including the cost of installing fire
46 sprinklers and the cost of other construction, such as asbestos removal and
47 additional water supply needs.

48 The Board of Governors shall submit progress reports to the Joint Legislative Commission on
49 Governmental Operations. Reports shall include the status of completed, current, and planned
50 projects. Reports also shall include information on the financial status of each constituent
51 institution's housing system, the constituent institution's ability to pay for fire protection in

1 residence halls, and the timing of installation of fire sprinklers. Reports shall be submitted on
2 January 1 and July 1 until all residence halls have fire sprinklers.

3 "SECTION 31.5.(c) Notwithstanding G.S. 143C-4-3(d), of the funds allocated to the Board
4 of Governors of The University of North Carolina in subsection (a) of this section, a portion shall
5 be used each fiscal year by the Board of Governors for campus public safety improvements
6 allowable under G.S. 143C-4-3(b).

7 "SECTION 31.5.(d) In making campus allocations of funds allocated to the Board of
8 Governors of The University of North Carolina in subsection (a) of this section, the Board of
9 Governors shall negatively weight the availability of non-State resources and carryforward funds
10 available for repair and renovations and shall include information about the manner in which this
11 subsection was complied with in any report submitted pursuant to G.S. 143C-4-3(d).shall consider
12 all of and only the following:

13 (1) The amount of each campus' deficiencies documented pursuant to the Facilities
14 Condition Assessment Program.

15 (2) The availability of non-State resources and carryforward funds available for
16 repair and renovations at each campus, which shall be negatively weighted in
17 making allocation decisions.

18 "SECTION 31.5.(d1) The Board of Governors shall include information about the manner in
19 which subsection (d) of this section was complied with in any report submitted pursuant to
20 G.S. 143C-4-3(d).

21 "SECTION 31.5.(e) Of the funds allocated to the Office of State Budget and Management in
22 subsection (a) of this section, the sum of nine million five hundred thousand dollars (\$9,500,000)
23 shall be used for Legislative Building Roof Replacement and Asbestos Abatement.

24 "SECTION 31.5.(f) Notwithstanding G.S. 143C-4-3(d), of the funds in the Reserve for
25 Repairs and Renovations for the 2016-2017 fiscal year, the sum of three million dollars
26 (\$3,000,000) shall be allocated for repairs and renovations at the North Carolina Zoo."

27
28 **ALLOW REPAIRS & RENOVATIONS FUNDS TO BE USED FOR BUILDING**
29 **DEMOLITION AND INSTALLATION OF ELECTRICAL, PLUMBING, AND**
30 **RELATED SYSTEMS**

31 **SECTION 37.5.** G.S. 143C-4-3(b) reads as rewritten:

32 "(b) Use of Funds. – The funds in the Repairs and Renovations Reserve shall be used only
33 for the repair and renovation of (i) State facilities and related infrastructure that are supported from
34 the General Fund or (ii) Department of Information Technology facilities and related
35 infrastructure. Funds from the Repairs and Renovations Reserve shall be used only for the
36 following types of projects:

- 37 (1) Roof repairs and replacements;
- 38 (2) Structural repairs;
- 39 (3) Repairs and renovations to meet federal and State standards;
- 40 (4) Repairs to or installation of new electrical, plumbing, and heating, ventilating,
41 and air-conditioning systems;
- 42 (5) Improvements to meet the requirements of the Americans with Disabilities Act,
43 42 U.S.C. § 12101, et seq., as amended;
- 44 (6) Improvements to meet fire safety needs;
- 45 (7) Improvements to existing facilities for energy efficiency;
- 46 (8) Improvements to remove asbestos, lead paint, and other contaminants,
47 including the removal and replacement of underground storage tanks;
- 48 (9) Improvements and renovations to improve use of existing space;
- 49 (10) Historical restoration;
- 50 (11) Improvements to roads, walks, drives, utilities infrastructure; and
- 51 (12) Drainage and landscape improvements.

1 (13) Building demolition.

2 Funds from the Repairs and Renovations Reserve shall not be used for new construction or the
3 expansion of the building area (sq. ft.) of an existing facility unless required in order to comply
4 with federal or State codes or standards."
5

6 **UNC DEBT AFFORDABILITY STUDY MODIFICATIONS**

7 **SECTION 37.6.** G.S. 116D-56(b) and (c) read as rewritten:

8 "(b) Board of Governors Reporting Required. – The Board shall report its findings and
9 recommendations to the Office of State Budget and Management, the Joint Legislative
10 Commission on Governmental Operations, the State Treasurer, and The University of North
11 Carolina General Administration by ~~February 1~~April 1 of each year. The report shall be
12 accompanied by each of the reports provided to the Board pursuant to subsection (c) of this
13 section.

14 (c) Constituent Institution Reporting Required. – No later than ~~November 1~~February 1 of
15 each year, each constituent institution shall report to the Board of Governors on its current and
16 anticipated debt levels. The report shall be made in a uniform format to be prescribed by the Board
17 of Governors. Each report shall include at least the following:

- 18 (1) The amount and type of outstanding debt of the institution.
- 19 (2) The sources of repayment of the debt.
- 20 (3) The amount of debt that the institution plans to issue or incur during the next
21 five years.
- 22 (4) A description of projects financed with the debt.
- 23 (5) The current bond rating of the institution and information about any changes to
24 that bond rating since the last report was submitted.
- 25 (6) Information about the constituent institution's debt management policies and
26 any recommendations for methods to maintain or improve the University's bond
27 rating.
- 28 (7) Debt burden comparisons to comparable peer institutions.
- 29 (8) Any other information requested by the Board of Governors."
30

31 **ENHANCE OVERSIGHT OF CERTAIN CAPITAL PROJECTS**

32 **SECTION 37.7.(a)** G.S. 146-25 reads as rewritten:

33 **"§ 146-25. Leases and rentals.**

34 (a) General Procedure. – If, after investigation, the Department of Administration
35 determines that it is in the best interest of the State that land be leased or rented for the use of the
36 State or of any State agency, the Department shall proceed to negotiate with the owners for the
37 lease or rental of such property. All lease and rental agreements entered into by the Department
38 shall be promptly submitted to the Governor and Council of State for approval or disapproval.

39 (b) Leases Exceeding 30-Year Terms. – The Department of Administration shall not enter
40 into a lease of real property for a period of more than 30 years, or a renewal of a lease of real
41 property if the renewal would make the total term of the lease exceed 30 years, unless specifically
42 authorized to do so by the General Assembly. The Department of Administration shall report to
43 the Joint Legislative Commission on Governmental Operations at least 30 days prior to entering or
44 renewing such a lease and shall include a copy of the legislation authorizing the lease or lease
45 renewal in the report."

46 **SECTION 37.7.(b)** G.S. 146-29 reads as rewritten:

47 **"§ 146-29. Procedure for sale, lease, or rental.**

48 (a) General Procedure. – If, after investigation, the Department of Administration
49 determines that it is in the best interest of the State that land be sold, leased, or rented, the
50 Department shall proceed with its sale, lease, or rental, as the case may be, in accordance with
51 rules adopted by the Governor and approved by the Council of State. If an agreement of sale,

1 lease, or rental is reached, the proposed transaction shall then be submitted to the Governor and
2 Council of State for their approval or disapproval. Every conveyance in fee of land owned by the
3 State or by any State agency shall be made and executed in the manner prescribed in G.S. 146-74
4 through 146-78.

5 (b) Limitations on Certain Leases. – The Department of Administration shall not enter into
6 a lease or lease renewal of the following types unless specifically authorized to do so by the
7 General Assembly:

8 (1) A lease of real property for a period of more than 30 years, or a renewal of a
9 lease of real property if the renewal would make the total term of the lease
10 exceed 30 years.

11 (2) A lease of real property, or a renewal of a lease of real property, for any term if
12 both of the following conditions are satisfied:

13 a. State personnel or State functions would need to be relocated as a result
14 of the lease or renewal.

15 b. The agency to which the property is currently allocated possesses
16 insufficient operating funds to cover the cost of both the relocation and
17 the ongoing provision of State functions affected by the relocation.

18 (c) Reporting Required. – The Department of Administration shall report to the Joint
19 Legislative Commission on Governmental Operations at least 30 days prior to entering or
20 renewing any lease described in subdivision (b)(1) of this section or any lease or renewal that will
21 require the relocation of State personnel or State functions. The report shall include all of the
22 following:

23 (1) If the lease or lease renewal will require State personnel or State functions to be
24 relocated, a statement of the legislation authorizing the lease or lease renewal or
25 a detailed statement of the operating funds that will be used to cover the cost of
26 both the relocation and the ongoing provision of State functions affected by the
27 relocation, as applicable.

28 (2) If the lease or lease renewal will have a term of more than 30 years, a statement
29 of the legislation authorizing the lease or lease renewal.

30 (d) Exemptions. – This section shall not apply to the following:

31 (1) The granting of utility easements, including the lease of interests in real
32 property pursuant to G.S. 146-29.2.

33 (2) Leases made as part of the Voice Interoperability Plan for Emergency
34 Responders (VIPER) project being managed by the Department of Public
35 Safety."

36 **SECTION 37.7.(c)** G.S. 146-29.1 is amended by adding a new subsection to read:

37 "(h) Any lease or rental entered into pursuant to this section shall be subject to the
38 requirements and limitations of G.S. 146-29."

39 **SECTION 37.7.(d)** G.S. 146-32 reads as rewritten:

40 **"§ 146-32. Exemptions as to leases, etc.**

41 (a) The Governor, acting with the approval of the Council of State, may adopt rules and
42 regulations:

43 (1) Exempting from any or all of the requirements of this Subchapter such classes
44 of lease, rental, easement, and right-of-way transactions as he deems advisable;
45 and

46 (2) Authorizing any State agency to enter into and/or approve those classes of
47 transactions exempted by such rules and regulations from the requirements of
48 this Chapter.

49 (3) No rule or regulation adopted under this section may exempt from the
50 provisions of G.S. 146-25.1 any class of lease or rental which has a duration of
51 more than 21 days, unless the class of lease or rental:

- 1 a. Is a lease or rental necessitated by a fire, flood, or other disaster that
 2 forces the agency seeking the new lease or rental to cease use of real
 3 property;
 4 b. Is a lease or rental necessitated because an agency had intended to move
 5 to new or renovated real property that was not completed when planned,
 6 but a lease or rental exempted under this subparagraph may not be for a
 7 period of more than six months; or
 8 c. Is a lease or rental which requires a unique location or a location that
 9 adjoins or is in close proximity to an existing rental location.

10 (b) No rule or regulation adopted pursuant to subsection (a) of this section may exempt
 11 any lease from the provisions of G.S. 146-25(b) or G.S. 146-29(b) or (c)."

12 **SECTION 37.7.(e)** G.S. 143C-8-4 reads as rewritten:

13 **"§ 143C-8-4. Agency capital improvement needs estimates.**

14 ...

15 (c) Real Property and New Construction or Facility Rehabilitation Needs Estimate. – The
 16 second part of the capital improvement needs estimates shall include only proposals for real
 17 property acquisition and projects involving construction of new facilities or rehabilitation of
 18 existing facilities to accommodate uses for which the existing facilities were not originally
 19 designed. Each project included in this part shall be justified by reference to the needs evaluation
 20 criteria established by the Office of State Budget and Management pursuant to
 21 ~~G.S. 143C-8-3~~G.S. 143C-8-3 and shall include the information required by G.S. 143C-3-3(d)(5).

22 For capital projects of The University of North Carolina and its constituent institutions, the
 23 Office of State Budget and Management shall utilize the needs evaluation information approved
 24 by the Board of Governors of The University of North Carolina developed pursuant to ~~G.S.~~
 25 ~~116-11(9)~~G.S. 116-11(9) and shall include the information required by G.S. 143C-3-3(d)(5)."

26 **SECTION 37.7.(f)** G.S. 143C-8-5 reads as rewritten:

27 **"§ 143C-8-5. Six-year capital improvements plan.**

28 ...

29 (c) Real Property Acquisition, New Construction, or Facility Rehabilitations. – The second
 30 part of the capital improvement plan shall set forth an integrated schedule for real property
 31 acquisition, new construction, or rehabilitation of existing facilities that, in the judgment of the
 32 Director of the Budget, should be initiated within each year of the six-year planning period. The
 33 plan shall contain for each project (i) estimates of real property acquisition, and construction or
 34 rehabilitation ~~costs~~costs, (ii) a means of financing the project, ~~and~~ (iii) an estimated schedule for
 35 the completion of the ~~project~~project, and (iv) an estimate of maintenance and operating costs,
 36 including personnel, for the project covering the first five years of operation. Where the means of
 37 financing would involve direct or indirect debt service obligations, a schedule of those obligations
 38 shall be presented."

39 **SECTION 37.7.(g)** G.S. 143C-8-6 reads as rewritten:

40 **"§ 143C-8-6. Recommendations for capital improvements set forth in the Recommended**
 41 **State Budget.**

42 ...

43 (e) Other Capital Projects in the Budget Support Document. – The Budget Support
 44 Document shall contain for each capital project recommended in accordance with subsection (d)
 45 of this section: (i) a detailed project description and justification, (ii) a detailed estimate of
 46 acquisition, planning, design, site development, construction, contingency and other related costs,
 47 (iii) an estimated schedule of cash flow requirements over the life of the project, (iv) an estimated
 48 schedule for the completion of the project, ~~(v) an estimate of maintenance and operating costs,~~
 49 ~~including personnel, for the project, covering the first five years of operation,~~ (vi) ~~(v)~~ an estimate
 50 of revenues, if any, likely to be derived from the project, covering the first five years of operation,
 51 and ~~(vii)~~ (vi) an explanation of the means of financing.

1 and the State and Local Government Revenue Bond Act, while other
2 arrangements have been entered into pursuant to broader and more general
3 legislative authorization, such as general powers to lease property.

4 (3) Depending upon the terms, some arrangements may be treated as similar to
5 obligating the State to make payments for borrowed money and, therefore, have
6 an impact on the State's credit ratings, future debt affordability, the ability to
7 address budgetary shortfalls, the ability to enforce its contract rights regarding
8 the quality, durability, and performance of the assets acquired, management of
9 federal income tax compliance requirements, management of federal securities
10 law compliance, and on other matters of State finances.

11 (4) Due to these consequences, the General Assembly enacts this Article to set
12 forth limitations on the ability of State entities to enter into financing
13 arrangements that constitute State-supported financing arrangements in order to
14 assure that the General Assembly is involved in reviewing and authorizing
15 these transactions and that the transactions are properly managed by State
16 departments and officials.

17 **"§ 142-15.16. Definitions.**

18 The following definitions apply in this Article:

19 (1) Financing arrangement. – An installment financing arrangement, lease-purchase
20 arrangement, arrangement under which funds are to be paid in the future based
21 upon the availability of an asset, or any similar arrangement in the nature of a
22 financing having a term (including renewal options) of greater than one year, in
23 which a State entity agrees to make payments to acquire or obtain a capital asset
24 for a State entity. Any arrangement that results in the identification of a portion
25 of a lease payment, installment payment, or similar scheduled payment as
26 "interest" for purposes of federal income taxation is a financing arrangement for
27 purposes of this Article; provided, however, that (i) a contractual provision that
28 requires interest charges for late or overdue payments shall not by themselves
29 convert a construction or procurement contract into a financing arrangement
30 and (ii) a contractual provision in a construction or purchase contract in which a
31 State entity will withhold or retain from amounts otherwise payable under the
32 contract a retainage until completion of construction, the resolution or
33 adjudication of disputes under the contract, the satisfaction of contract
34 provisions requiring that the property constructed or acquired meets specified
35 performance or quality standards, or similar contractual provisions designed to
36 protect the interests of the State under the contract do not convert an
37 arrangement that otherwise does not constitute a financing arrangement into a
38 financing arrangement. The term does not include any of the following:

39 a. A true operating lease.

40 b. Provisions in a construction or purchase contract in which payments are
41 to be made over an extended period of time in accordance with the
42 terms of the contract as construction is completed or assets are
43 delivered.

44 c. A public-private partnership entered into pursuant to G.S. 143-128.1C.

45 d. Agreements entered into pursuant to G.S. 136-18(39a).

46 (2) State entity. – The State of North Carolina and every agency, authority,
47 institution, board, commission, bureau, council, department, division, officer, or
48 employee of the State. The term does not include counties, municipal
49 corporations, political subdivisions, local boards of education, or other local
50 public bodies.

1	Head of Household	12,400	13,200
2	Single	7,750	8,250
3	Married, filing separately	7,750	8,250."

4 **SECTION 38.1.(b)** Effective for taxable years beginning on or after January 1, 2017,
 5 G.S. 105-153.5(a)(1), as amended by subsection (a) of this section, reads as rewritten:

6 "(a) Deduction Amount. – In calculating North Carolina taxable income, a taxpayer may
 7 deduct from adjusted gross income either the standard deduction amount provided in subdivision
 8 (1) of this subsection or the itemized deduction amount provided in subdivision (2) of this
 9 subsection that the taxpayer claimed under the Code. The deduction amounts are as follows:

10 (1) Standard deduction amount. – The standard deduction amount is zero for a
 11 person who is not eligible for a standard deduction under section 63 of the
 12 Code. For all other taxpayers, the standard deduction amount is equal to the
 13 amount listed in the table below based on the taxpayer's filing status:

14	Filing Status	Standard Deduction	
15	Married, filing jointly/surviving spouse	\$16,500	\$17,500
16	Head of Household	13,200	14,000
17	Single	8,250	8,750
18	Married, filing separately	8,250	8,750."

19 **SECTION 38.1.(c)** Notwithstanding G.S. 105-163.2, the Department of Revenue is
 20 not required to adjust the withholding tables applicable for the 2016 taxable year.

21 **SECTION 38.1.(d)** Except as otherwise provided, this section is effective when it
 22 becomes law.

23
 24 **REDUCE TAXATION OF MILL MACHINERY**

25 **SECTION 38.2.(a)** G.S. 105-187.51B(a)(5) reads as rewritten:

26 "(a) Tax. – A privilege tax is imposed on the following:

27 ...
 28 (5) A company located at a ports facility for waterborne commerce that purchases
 29 ~~specialized equipment to be used at the facility to unload or process bulk cargo~~
 30 ~~to make it suitable for delivery to and use by manufacturing facilities.~~ any of the
 31 following:

32 a. Machinery and equipment used at the facility to unload or to facilitate
 33 the unloading or processing of bulk cargo and to make it suitable for
 34 delivery to and use by manufacturing facilities.

35 b. Parts, accessories, or attachments used to maintain, repair, replace,
 36 upgrade, improve, or otherwise modify such machinery and equipment."

37 **SECTION 38.2.(b)** This section becomes effective July 1, 2013, and applies
 38 retroactively to purchases made on or after that date. Notwithstanding G.S. 105-241.6, a taxpayer
 39 that paid sales and use tax on items that are taxable under G.S. 105-187.51B, as amended by this
 40 section, may apply to the Department of Revenue for a refund of the excess tax paid to the extent
 41 the refund is the result of the change in the law enacted by this section.

42
 43 **MARKET-BASED SOURCING**

44 **SECTION 38.4.(a)** G.S. 105-130.4(l) reads as rewritten:

45 **"§ 105-130.4. Allocation and apportionment of income for corporations.**

46 ...
 47 (l) ~~(1) The Sales Factor.~~ – The sales factor is a fraction, the numerator of which is the total
 48 sales of the corporation in this State during the income year, and the denominator of which is the
 49 total sales of the corporation everywhere during the income year. Notwithstanding any other
 50 provision under this Part, the receipts from any casual sale of property shall be excluded from both
 51 the numerator and the denominator of the sales factor. Where a corporation is not taxable in

1 another state on its apportionable income but is taxable in another state only because of
2 nonapportionable income, all sales shall be treated as having been made in this State.

3 Receipts are in this State if the taxpayer's market for the receipts is in this State. If the market
4 for a receipt cannot be determined, the state or states of assignment shall be reasonably
5 approximated. In a case in which a taxpayer cannot ascertain the state or states to which receipts of
6 a sale are to be assigned through the use of a method of reasonable approximation, the receipts
7 must be excluded from the denominator of a taxpayer's sales factor. Except as otherwise provided
8 by this section, a taxpayer's market for receipts is in this State as provided below:

9 (1) In the case of sale, rental, lease, or license of real property, if and to the extent
10 the property is located in this State.

11 (2) Sales of tangible personal property are in this State if the property is received in
12 this State by the purchaser. In the case of delivery of goods by common carrier
13 or by other means of transportation, including transportation by the purchaser,
14 the place at which the goods are ultimately received after all transportation has
15 been completed shall be considered as the place at which the goods are received
16 by the purchaser. Direct delivery into this State by the taxpayer to a person or
17 firm designated by a purchaser from within or without the State shall constitute
18 delivery to the purchaser in this State. In the case of rental, lease, or license of
19 tangible personal property, if and to the extent the property is located in this
20 State.

21 (3) Other sales are in this State if: In the case of sale of tangible personal property,
22 if and to the extent the property is received in this State by the purchaser. In the
23 case of delivery of goods by common carrier or by other means of
24 transportation, including transportation by the purchaser, the place at which the
25 goods are ultimately received after all transportation has been completed is
26 considered the place at which the goods are received by the purchaser. Direct
27 delivery into this State by the taxpayer to a person or firm designated by a
28 purchaser from within or without the State constitutes delivery to the purchaser
29 in this State.

30 a. The receipts are from real or tangible personal property located in this
31 State; or

32 b. The receipts are from intangible property and are received from sources
33 within this State; or

34 c. The receipts are from services and the income producing activities are
35 in this State.

36 (4) In the case of sale of a service, if and to the extent the service is delivered to a
37 location in this State.

38 (5) In the case of intangible property that is rented, leased, or licensed, if and to the
39 extent the property is used in this State. Intangible property utilized in
40 marketing a good or service to a consumer is "used in this State" if that good or
41 service is purchased by a consumer who is in this State.

42 (6) In the case of intangible property that is sold, if and to the extent the property is
43 used in this State. A contract right, government license, or similar intangible
44 property that authorized the holder to conduct a business activity in a specific
45 geographic area is "used in this State" if the geographic area includes all or part
46 of this State. Receipts from a sale of intangible property that is contingent on
47 the productivity, use, or disposition of the intangible property shall be treated as
48 receipts from the rental, lease, or licensing of the intangible property as
49 provided under subdivision (4) of this subsection. All other receipts from a sale
50 of intangible property shall be excluded from the numerator and denominator of
51 the sales factor.

1 (11) Broadcasters. – A broadcaster's market for receipts is in this State as provided in
2 G.S. 105-130.4A. For purposes of this section, the term "broadcaster" has the same meaning as
3 defined in G.S. 105-130.4A.

4 (12) Banks. – A bank's market for receipts is in this State as provided in G.S. 105-130.4A.
5 For purposes of this section, the term "bank" has the same meaning as defined in
6 G.S. 105-130.4B."

7 **SECTION 38.4.(b)** Part 1 of Article 4 of Chapter 105 of the General Statutes is
8 amended by adding a new section to read:

9 **"§ 105-130.4A. Market-based sourcing for broadcasters.**

10 (a) Definitions. – The definitions in G.S. 105-130.4 and the following definitions apply to
11 this section:

12 (1) Audience factor. – The factor determined by the ratio provided in this
13 subdivision. The ratio is as follows:

14 a. Television station. – The ratio that the viewing audience located in this
15 State for a television station bears to the total viewing audience for a
16 television station.

17 b. Radio station. – The ratio that the listening audience in this State for a
18 radio station bears to the total listening audience for a radio station.

19 c. Cable or satellite program and channel broadcasts. – The ratio that the
20 subscribers for a cable or satellite system located in this State bears to
21 the total subscribers of a cable or satellite system. If the number of
22 subscribers cannot be accurately determined from the books and records
23 maintained by the taxpayer, the ratio shall be determined on the basis of
24 the applicable year's subscription statistics located in published surveys,
25 provided the source selected is consistently used from year to year for
26 this purpose.

27 (2) Broadcast. – The transmission of audio or video programming, directly or
28 indirectly, to viewers and listeners by any other method of communication or
29 combination of methods.

30 (3) Broadcaster. – A person that provides audio or video programming to
31 customers in this State by digital or analog means in exchange for one or more
32 of the following: advertising receipts, subscriber fees, license, rent, or similar
33 fees. The term includes a television or radio station licensed by the Federal
34 Communications Commission, including network-owned or affiliated stations,
35 a television or radio broadcast network, a cable program network, a distributor
36 of audio or video programming, a cable system operator, and a satellite system
37 operator.

38 (4) Gross receipts. – The same meaning as the term "sales" in G.S. 105-130.4.

39 (5) Release or in release. – The placing of film or radio programming into service.
40 A film or radio program is placed into service when it is first broadcast to the
41 primary audience for entertainment, educational, commercial, artistic, or other
42 purpose. Each episode of a television or radio series is placed in service when it
43 is first broadcast. A program is not placed in service merely because it is
44 completed and therefore in a condition or state of readiness and availability for
45 broadcast or merely because it is previewed to prospective sponsors or
46 purchasers.

47 (6) Rent. – License fees or other payments or consideration provided in exchange
48 for the broadcast or other use of television or radio programming.

49 (7) Subscriber. – The individual residence or other outlet that is the ultimate
50 recipient of the transmission of the audio or video programming.

1 **(b) Reasonable Approximation.** – If the audience factor for a receipt cannot be determined,
2 the state or states of assignment shall be reasonably approximated. If a taxpayer is delivering
3 advertising or licensed content directly or indirectly to a known list of subscribers, the taxpayer
4 shall reasonably approximate the receipts attributable to this State's market using a percentage that
5 reflects the ratio of North Carolina subscribers to the total number of subscribers. If the taxpayer is
6 delivering advertising or licensed content through an intermediary and does not have access to the
7 list of subscribers, the taxpayer shall reasonably approximate the receipts attributable to this
8 State's market using a percentage that reflects the ratio of the North Carolina population to the
9 total population in the specific geographic area where the advertisement or licensed content is
10 materially used. Unless the taxpayer provides substantial evidence to the contrary, the area where
11 the advertisement or licensed content is materially used does not include areas outside the United
12 States. If the taxpayer is able to show with substantial evidence that the advertisement or licensed
13 content is materially used in a city within a foreign country, then the population of that city may
14 be included in the population ratio calculation. If the taxpayer is able to show with substantial
15 evidence that the advertisement or license content is materially used throughout a foreign county,
16 then the population of that foreign country may be included in the population ratio calculation. In
17 a case where the specified rules of reasonable approximation fail to reasonably approximate the
18 percentage of receipts attributable to this State's market, the Department may authorize an
19 alternate approach that reflects an attempt to obtain the most accurate assignment of receipts.

20 **(c) Market for Receipts.** – The receipts factor of a broadcaster is a fraction, the numerator
21 of which is the sum of the broadcaster's gross receipts from sources within the State and the
22 denominator of which is the sum of the broadcaster's gross receipts from transactions and activity
23 in the regular course of its trade or business everywhere. Advertising gross receipts and license
24 fees for audio or video programming in release are attributable to this State in accordance with the
25 audience factor in this State. Gross receipts from subscriber fees, rents, sales, or similar charges
26 from audio or video programming in release are attributable to this State based on the amount of
27 subscriber or other fees paid by customers in this State. A sale of audio or video programming on
28 tangible media is sourced to this State as sales of tangible personal property."

29 **SECTION 38.4.(c)** Part 1 of Article 4 of Chapter 105 of the General Statutes is
30 amended by adding a new section to read:

31 **"§ 105-130.4B. Market-based sourcing for banks.**

32 **(a) Definitions.** – The definitions in G.S. 105-130.4 apply to this section and the following
33 definitions apply to this section:

34 **(1) Bank.** – Defined in G.S. 105-130.7B.

35 **(2) Billing address.** – The location indicated in the books and records of the
36 taxpayer on the first day of the taxable year, or on the date in the taxable year
37 when the customer relationship began, as the address where any notice,
38 statement, or billing relating to the a customer's account is mailed.

39 **(3) Borrower, card holder, or payor located in this State.** – A borrower, credit card
40 holder, or payor whose billing address is in this State.

41 **(4) Card issuer's reimbursement fee.** – The fee a taxpayer receives from a
42 merchant's bank because one of the persons to whom the taxpayer has issued a
43 credit, debit, or similar type of card has charged merchandise or services to the
44 card.

45 **(5) Credit card.** – A card, or other means of providing information, that entitles the
46 holder to charge the cost of purchases, or a cash advance, against a line of
47 credit.

48 **(6) Debit card.** – A card, or other means of providing information, that enables the
49 holder to charge the cost of purchases, or a cash withdrawal, against the holder's
50 bank account or a remaining balance on the card.

- 1 (7) Loan. – Any extension of credit resulting from direct negotiations between the
2 taxpayer and its customer, and/or the purchase, in whole or in part, of such an
3 extension of credit from another. The term includes participations, syndications,
4 and leases treated as loans for federal income tax purposes.
- 5 (8) Loan secured by real property. – A loan or other obligation of which fifty
6 percent (50%) or more of the aggregate value of the collateral used to secure the
7 loan or other obligation, when valued at fair market value as of the time the
8 original loan or obligation was incurred, was real property.
- 9 (9) Merchant discount. – The fee, or negotiated discount, charged to a merchant by
10 the taxpayer for the privilege of participating in a program whereby a credit,
11 debit, or similar type of card is accepted in payment for merchandise or services
12 sold to the card holder, net of any cardholder chargeback and unreduced by any
13 interchange transaction or issuer reimbursement fee paid to another for charges
14 or purchased made by its cardholder.
- 15 (10) Participation. – An extension of credit in which an undivided ownership interest
16 is held on a prorated basis in a single loan or pool of loans and related
17 collateral. In a loan participation, the credit originator initially makes the loan
18 and then subsequently resells all or a portion of it to other lenders. The
19 participation may or may not be known to the borrower.
- 20 (11) Payor. – The person who is legally responsible for making payment to the
21 taxpayer.
- 22 (12) Real property owned. – Real property (i) on which the taxpayer may claim
23 depreciation for federal income tax purposes, or (ii) to which the taxpayer holds
24 legal title and on which no other person may claim depreciation for federal
25 income tax purposes or could claim depreciation if subject to federal income
26 tax. Real property does not include coin, currency, or property acquired in lieu
27 of or pursuant to a foreclosure.
- 28 (13) Syndication. – An extension of credit in which two or more persons fund and
29 each person is at risk only up to a specified percentage of the total extension of
30 credit or up to a specified dollar amount.
- 31 (14) Tangible personal property owned. – Tangible personal property (i) on which
32 the taxpayer may claim depreciation for federal income tax purposes or (ii) to
33 which the taxpayer holds legal title and on which no other person may claim
34 depreciation for federal income tax purposes could claim depreciation if subject
35 to federal income tax. Tangible personal property does not include coin,
36 currency, or property acquired in lieu of or pursuant to a foreclosure.
- 37 (15) Transportation property. – Vehicles and vessels capable of moving under their
38 own power as well as any equipment or containers attached to such property.
39 Examples of transportation property include aircraft, trains, water vessels,
40 motor vehicles, rolling stock, barges, and trailers.
- 41 (b) General Rule. – The receipts factor of a bank is a fraction, the numerator of which is
42 the total receipts of the taxpayer in this State during the income year, and the denominator of
43 which is the total receipts of the taxpayer everywhere during the income year. The method of
44 calculating receipts for purposes of the denominator is the same as the method used in determining
45 receipts for purposes of the numerator. The receipts factor includes only those receipts described
46 herein that are apportionable income for the taxable year. Notwithstanding any other provision
47 under this Part, the receipts from the following are excluded from both the numerator and the
48 denominator of the receipts factor:
- 49 (1) Receipts from a casual sale of property.
- 50 (2) Receipts exempt from taxation.

- 1 (3) The portion of receipts realized from the sale or maturity of securities or other
2 obligations that represents a return of principal.
- 3 (4) Receipts in the nature of dividends subtracted under G.S. 105-130.5(b)(3a) and
4 (3b) and dividends excluded for federal tax purposes.
- 5 (5) The portion of receipts from financial swaps and other similar financial
6 derivatives that represent the notional principal amount that generates the cash
7 flow traded in the swap agreement.
- 8 (c) Receipts From the Sale, Lease, or Rental of Real Property. – The numerator of the
9 receipts factor includes receipts from the sale, lease, or rental of real property owned by the
10 taxpayer if the property is located within this State or receipts from the sublease of real property if
11 the property is located within this State.
- 12 (d) Receipts From the Sale, Lease, or Rental of Tangible Personal Property. – The method
13 for calculating receipts from the sale, lease, or rental of tangible personal property is as follows:
- 14 (1) Tangible personal property. – Except as provided in subdivision (2) of this
15 subsection, the numerator of the receipts factor includes receipts from the sale,
16 lease, or rental of tangible personal property owned by the taxpayer if the
17 property is located within this State when it is first placed in service by the
18 lessee.
- 19 (2) Transportation property. – Receipts from the lease or rental of transportation
20 property owned by the taxpayer are included in the numerator of the receipts
21 factor to the extent that the property is used in this State. The extent an aircraft
22 will be deemed to be used in this State and the amount of receipts that is to be
23 included in the numerator of this State's receipts factor is determined by
24 multiplying all the receipts from the lease or rental of the aircraft by a fraction,
25 the numerator of which is the number of landings of the aircraft in this State
26 and the denominator of which is the total number of landings of the aircraft. If
27 the extent of the use of any transportation property within this State cannot be
28 determined, then the property will be deemed to be used wholly in the state in
29 which the property has its principal base of operations. A motor vehicle will be
30 deemed to be used wholly in the state in which it is registered.
- 31 (e) Interest, Fees, and Penalties From Loans Secured by Real Property. – The numerator of
32 the receipts factor includes interest, fees, and penalties from loans secured by real property if the
33 property is located within this State. If the property is located both within this State and one or
34 more other states, the receipts described in this subsection are included in the numerator of the
35 receipts factor if more than fifty percent (50%) of the fair market value of the real property is
36 located within this State. If more than fifty percent (50%) of the fair market value of the real
37 property is not located within any one state, then the receipts described in this subsection are
38 included in the numerator of the receipts factor if the borrower is located in this State. The
39 determination of whether the real property securing a loan is located within this State is made as of
40 the time the original agreement was made and any and all subsequent substitutions of collateral are
41 disregarded.
- 42 (f) Interest, Fees, and Penalties From Loans Not Secured by Real Property. – The
43 numerator of the receipts factor includes interest, fees, and penalties from loans not secured by
44 real property if the borrower is located in this State.
- 45 (g) Net Gains From the Sale of Loans. – The numerator of the receipts factor includes net
46 gains from the sale of loans. Net gains from the sale of loans include income recorded under the
47 coupon stripping rules of section 1286 of the Code. The amount of net gains from the sale of loans
48 that is included in the numerator is determined as follows:
- 49 (1) Secured by real property. – The amount of net gains, but not less than zero,
50 from the sale of loans secured by real property is determined by multiplying the
51 net gains by a fraction, the numerator of which is the amount included in the

1 numerator of the receipts factor pursuant to subsection (e) of this section, and
2 the denominator of which is the total amount of interest, fees, and penalties
3 from loans secured by real property.

4 (2) Not secured by real property. – The amount of net gains, but not less than zero,
5 from the sale of loans not secured by real property is determined by multiplying
6 the net gains by a fraction, the numerator of which is the amount included in the
7 numerator of the receipts factor pursuant to subsection (f) of this section, and
8 the denominator of which is the total amount of interest, fees, and penalties
9 from loans not secured by real property.

10 (h) Receipts From Interest, Fees, and Penalties from Card Holders. – The numerator of the
11 receipts factor includes interest, fees, and penalties charged to credit, debit, or similar card holders,
12 including annual fees and overdraft fees, if the card holder is located in this State.

13 (i) Net Gains From the Sale of Credit Card Receivables. – The numerator of the receipts
14 factor includes net gains, but not less than zero, from the sale of credit card receivables multiplied
15 by a fraction, the numerator of which is the amount included in the numerator of the receipts factor
16 pursuant to subsection (h) of this section, and the denominator of which is the taxpayer's total
17 amount of interest, fees, and penalties charged to card holders.

18 (j) Miscellaneous Receipts. – The numerator of the receipts factor includes all of the
19 following:

20 (1) Card issuer's reimbursement fees. – Receipts from card issuer's reimbursement
21 fees if the payor is located in this State.

22 (2) Receipts from merchant's discount. – Receipts from a merchant discount if the
23 payor is located in this State.

24 (3) Receipts from ATM fees. – Receipts from one or more of the following:

25 a. ATM fees that are not forwarded directly to another bank.

26 b. Fees for the use of an ATM owned or rented by the taxpayer, if the
27 ATM is located in this State.

28 (4) Loan servicing fees. – Receipts from loan servicing fees if the payor is located
29 in this State.

30 (5) Receipts from services. – Receipts from services not otherwise apportioned
31 under this section if the payor is located in this State.

32 (6) Receipts from investment assets and activity and trading assets and activity. –
33 Receipts from one or more of the following:

34 a. Interest and dividends from investment assets and activities and trading
35 assets and activities if the payor is located in this State.

36 b. Net gains and other income, but not less than zero, from investment
37 assets and activities and trading assets and activities multiplied by a
38 fraction, the numerator of which is the amount included in the
39 numerator of the receipts factor pursuant to sub-subdivision a. of this
40 subdivision, and the denominator of which is the taxpayer's total amount
41 of interest and dividends from investment assets and activities and
42 trading assets and activities.

43 (k) All Other Receipts. – All other receipts not specifically enumerated in this section are
44 included in the numerator of the receipts factor if the payor is located in this State."

45 **SECTION 38.4.(d)** Article 9 of Chapter 105 of the General Statutes is amended by
46 adding a new section to read:

47 **"§ 105-262.2. Rules to implement market-based sourcing.**

48 (a) Purpose and Scope. – It is the policy of the State to provide necessary guidance on a
49 timely basis to corporate taxpayers subject to allocation and apportionment of income under
50 G.S. 105-130.4. Except as otherwise provided in this section, the expedited procedure for the

1 adoption of rules under G.S. 105-262.1 applies to the adoption of rules needed to administer
2 market-based sourcing of receipts.

3 (b) Fiscal Note. – The Office of State Budget and Management is not required to prepare a
4 fiscal note for a proposed rule under this section. The Secretary is not subject to the fiscal note
5 requirement under G.S. 105-262(c) or under G.S. 105-262.1(c)."

6 **SECTION 38.4.(e)** The Utilities Commission shall adjust the rates for public utilities,
7 excluding water public utilities with less than two hundred thousand dollars (\$200,000) in annual
8 operating revenues, for the tax changes in subsection (a) of this section. Each utility shall calculate
9 the cumulative net effect of the tax changes and file the calculations with proposed rate changes to
10 reflect the net prospective tax changes in utility customer rates within 60 days of the enactment of
11 this section. Any adjustments required to existing tax assets or liabilities reflected in the utility's
12 books and records required by the tax changes shall be deferred and reflected in customer rates in
13 either the utility's next rate case or earlier, if deemed appropriate by the Commission.

14 **SECTION 38.4.(f)** Subsections (a) through (c) of this section are effective for taxable
15 years beginning on or after the later of (i) the taxable year that the corporate income tax rate is
16 three percent (3%), as provided in G.S. 105-130.3C, or (ii) January 1, 2018. The remainder of this
17 section is effective when it becomes law.

18 SALES TAX CHANGES

19 **SECTION 38.5.(a)** A retailer is not liable for an undercollection of sales or use tax if
20 the retailer made a good-faith effort to comply with the law and collect the proper amount of tax
21 on the repair, maintenance, and installation services as a result of the change under Section 32.18
22 of S.L. 2015-241. This applies only to the period beginning March 1, 2016, and ending December
23 31, 2016.

24 **SECTION 38.5.(b)** G.S. 105-237.1(a) is amended by adding a new subdivision to
25 read:

26 "(a) Authority. – The Secretary may compromise a taxpayer's liability for a tax that is
27 collectible under G.S. 105-241.22 when the Secretary determines that the compromise is in the
28 best interest of the State and makes one or more of the following findings:

29 ...

30 (7) The taxpayer is a retailer or a person under Article 5 of this Chapter, the
31 assessment is for sales or use tax the retailer failed to collect or the person
32 failed to pay on the sales price of or the gross receipts derived from repair,
33 maintenance, and installation services taxable under G.S. 105-164.4(a)(16) and
34 the retailer or person made a good-faith effort to comply with the sales and use
35 tax laws. This subdivision applies to assessments issued for the period March 1,
36 2016, through January 1, 2023."

37 **SECTION 38.5.(c)** G.S. 105-164.4H(c) reads as rewritten:

38 "(c) Erroneous Collection if Separately Stated. – An invoice or other documentation issued
39 to a consumer at the time of the sale by a real property contractor shall not separately state any
40 amount for tax. Any amount for tax separately stated on an invoice or other documentation given
41 to a consumer by a real property contractor is an erroneous collection and must be remitted to the
42 Secretary, and the provisions of G.S. 105-164.11(a)(2) do not apply. Secretary."

43 **SECTION 38.5.(d)** G.S. 105-164.3 reads as rewritten:

44 "**§ 105-164.3. Definitions.**

45 The following definitions apply in this Article:

46 ...

47 (12a) House cleaning and janitorial service. – The interior cleaning of a commercial
48 or residential building or structure by a housekeeping service, maid service,
49 janitorial service, or similar cleaning service. The term does not include a
50

1 service that cleans or waxes floors, cleans carpet, or washes windows unless
2 those services are performed as part of an interior cleaning service package.

3 ...
4 (16e) Landscaping service. – A service to maintain or improve lawns, yards, or
5 ornamental plants and trees. Examples of landscaping service include the
6 installation of trees, shrubs, or flowers; tree trimming; lawn mowing; and the
7 application of seed, mulch, pesticide, or fertilizer to a lawn or yard.

8 ...
9 (23a) Motor vehicle service contract. – A service contract sold by a motor vehicle
10 dealer or by or on behalf of a motor vehicle service agreement company for a
11 motor vehicle or one or more components, systems, or accessories for a motor
12 vehicle. For purposes of this subdivision, the term "motor vehicle dealer" has
13 the same meaning as defined in G.S. 20-286 and the term "motor vehicle
14 service agreement company" has the same meaning as defined in G.S. 66-370.

15 ~~(23a)~~(23b) NAICS. – Defined in G.S. 105-228.90.

16 ...
17 (33d) Real property. – Any one or more of the following:
18 a. Land.
19 b. Buildings, structures, or permanent fixtures on land.
20 c. All rights and privileges belonging or in any way appertaining to the
21 property.
22 d. A manufactured home or a modular home that meets all of the following
23 requirements:
24 1. It is a residential structure.
25 2. It has the moving hitch, wheels, and axles removed.
26 3. It is placed upon a permanent foundation.

27 (33e) Real property contract. – A contract between a real property contractor and
28 another person to perform construction or reconstruction with respect to a
29 capital improvement to real property.

30 ~~(33d)~~(33f) Real property contractor. – A person that contracts to perform ~~construction,~~
31 ~~reconstruction,~~ installation, repair, or any other service with respect to a real
32 property contract in accordance with G.S. 105-164.4H and to furnish tangible
33 personal ~~property~~ property or digital property to be installed or applied to real
34 property in connection with the contract and the labor to install or apply the
35 ~~tangible personal~~ property that becomes part of real ~~property.~~ property or
36 obtains a service to fulfill the contract. The term includes a general contractor, a
37 subcontractor, or a builder for purposes of G.S. 105-164.4H. ~~The term does not~~
38 ~~include a person engaged in retail trade.~~

39 ~~(33e)~~(33g) Related member. – Defined in G.S. 105-130.7A.

40 ~~(33f)~~(33h) Remote sale. – A sale of tangible personal property or digital property
41 ordered by mail, by telephone, via the Internet, or by another similar method, to
42 a purchaser who is in this State at the time the order is remitted, from a retailer
43 who receives the order in another state and delivers the property or causes it to
44 be delivered to a person in this State. It is presumed that a resident of this State
45 who remits an order was in this State at the time the order was remitted.

46 ~~(33g)~~(33i) Repair, maintenance, and installation services. – The term includes the
47 activities listed in this ~~subdivision;~~ subdivision and applies to tangible personal
48 property, motor vehicle, digital property, and real property:

49 a. To keep or attempt to keep ~~tangible personal~~ property or a motor vehicle
50 in working order to avoid breakdown and prevent ~~repairs,~~ deterioration
51 or repairs. This activity may include cleaning, washing, or polishing

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- property. This service includes self-service car washes but does not include receipts listed as exceptions to the tax imposed under G.S. 105-164.4(a)(4).
- b. ~~To calibrate, restore, refinish, or attempt to calibrate or restore tangible personal—calibrate, refinish, or restore property or a motor vehicle to proper working order or good condition. This activity may include replacing or putting together what is torn or broken.~~
 - c. ~~To troubleshoot, identify, or attempt to identify the source of a problem for the purpose of determining what is needed to restore tangible personal—property or a motor vehicle to proper working order or good condition.~~
 - d. ~~To install or apply—install, apply, connect, adjust, program, or set into tangible personal property or motor vehicle except tangible personal property or digital property installed or applied by a real property contractor pursuant to a real property contract—contract taxed in accordance with G.S. 105-164.4H.~~
 - e. To modify, change, or alter property or a motor vehicle.
 - f. To remove or pump waste from tangible personal property or a motor vehicle.
 - g. To inspect or monitor property or motor vehicle.
 - h. Pest control for a commercial or residential building or structure.
- ...
- (34a) ~~Retail trade.— A trade in which the majority of revenue is from retailing tangible personal property, digital property, or services to consumers. The term includes activities of a person properly classified in NAICS sector 44 45, buying goods for resale, and rendering services incidental to the sale of merchandise. The term typically includes maintaining an inventory and may include the provision of repair, maintenance, and installation services. Not all activities provided in this subdivision are required for a trade to be considered retail trade.~~
- (35) Retailer. – Any of the following persons:
- a. A person engaged in business of making sales at retail, offering to make sales at retail, or soliciting sales at retail of tangible personal property, digital property, or services for storage, use, or consumption in this State. When the Secretary finds it necessary for the efficient administration of this Article to regard any sales representatives, solicitors, representatives, consignees, peddlers, or truckers as agents of the dealers, distributors, consignors, supervisors, employers, or persons under whom they operate or from whom they obtain the items sold by them regardless of whether they are making sales on their own behalf or on behalf of these dealers, distributors, consignors, supervisors, employers, or persons, the Secretary may so regard them and may regard the dealers, distributors, consignors, supervisors, employers, or persons as "retailers" for the purpose of this Article.
 - b. ~~A person—person, other than a real property contractor, engaged in business of delivering, erecting, installing, or applying tangible personal property for use in this State that does not become part of real property pursuant to the tax imposed under G.S. 105 164.4(a)(13).—property unless the person is one or more of the following:~~
 - ~~1. A person that solely operates as a real property contractor.~~

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- 2. ~~A person whose only business activity is providing repair, maintenance, and installation services where the person's activities do not otherwise meet the definition of a retail trade.~~State.
- c. A person engaged in business of making a remote sale, if one of the conditions listed in G.S. 105-164.8(b) is met.
- d. A person, other than a facilitator, required to collect the State tax levied under ~~G.S. 105-164.4(a)~~this Article or the local taxes levied under Subchapter VIII of this Chapter and under Chapter 1096 of the 1967 Session Laws.
- ...
 - (36) Sale or selling. – The transfer for consideration of title, license to use or consume, or possession of tangible personal property or digital property or the performance for consideration of a service. The transfer or performance may be conditional or in any manner or by any means. The term includes the following:
 - a. Fabrication of tangible personal property for consumers by persons engaged in business who furnish either directly or indirectly the materials used in the fabrication work.
 - b. Furnishing or preparing tangible personal property consumed on the premises of the person furnishing or preparing the property or consumed at the place at which the property is furnished or prepared.
 - c. A transaction in which the possession of the property is transferred but the seller retains title or security for the payment of the consideration.
 - d. A lease or rental.
 - e. Transfer of a digital code.
 - f. An accommodation.
 - g. A service contract.
 - h. Any other item subject to tax under this Article, except for a real property contract.
 - ...
 - (38b) Service contract. – A contract where the obligor under the contract agrees to ~~maintain~~maintain, monitor, inspect, clean, restore, or repair tangible personal property, property for a period of time or some other defined measure, regardless of whether the property becomes a part of or is affixed to real property, or a motor vehicle, property. The term does not include a single repair, maintenance, or installation service. The term includes a pool maintenance contract and a home warranty. Examples of a service contract include a warranty agreement other than a manufacturer's warranty or dealer's warranty provided at no charge to the purchaser, an extended warranty agreement, a maintenance agreement, a repair contract, or a similar agreement or contract.

...."
SECTION 38.5.(e) G.S. 105-164.4(a) reads as rewritten:

"§ 105-164.4. Tax imposed on retailers.

(a) A privilege tax is imposed on a retailer engaged in business in the State at the percentage rates of the retailer's net taxable sales or gross receipts, listed in this subsection. The general rate of tax is four and three-quarters percent (4.75%). The percentage rates are as follows:

- ...
 - (13) The general rate of tax applies to the sales price of ~~tangible personal property~~an item subject to tax under this Article sold to a real property contractor for use by the real property contractor in erecting structures, building on, or otherwise

1 ~~improving, altering, or repairing real property~~ to fulfill a real property contract.

2 These sales are taxed in accordance with G.S. 105-164.4H.

3 ...

- 4 (16) The general rate applies to the sales price of or the gross receipts derived from
5 repair, maintenance, and installation ~~services~~ services and includes any tangible
6 property or digital property that becomes a part of or is applied to a purchaser's
7 property."

8 **SECTION 38.5.(f)** G.S. 105-164.4D reads as rewritten:

9 **"§ 105-164.4D. Bundled transactions.**

10 (a) Tax Application. – Tax applies to the sales price of a bundled transaction unless one of
11 the following applies:

12 ...

- 13 (6) Repair, maintenance, and installation to real property. – The bundle is a real
14 property contract that includes both a capital improvement taxable in
15 accordance with G.S. 105-164.4H and a repair, maintenance, and installation
16 service taxable under G.S. 105-164.4(a)(16). If the price of the taxable service
17 in the bundle does not exceed ten percent (10%) of the contract price, then the
18 bundle is not subject to tax. If the price of the taxable service in the bundle is
19 equal to or greater than ten percent (10%) of the contract price, then the tax
20 applies to the taxable repair, maintenance, and installation services portion of
21 the contract. The person must determine an allocated price for each taxable item
22 in the bundle based on a reasonable allocation of revenue that is supported by
23 the person's business records kept in the ordinary course of business.

- 24 (7) Service contract. – The bundle includes two or more services, one of which is
25 subject to tax under this Article and one of which is not subject to tax under this
26 Article. The person must determine an allocated price for each taxable item in
27 the bundle based on a reasonable allocation of revenue that is supported by the
28 person's business records kept in the ordinary course of business.

29 (b) Determining Threshold. – A retailer of a bundled transaction subject to this section
30 may use either the retailer's ~~cost-purchase price~~ or the retailer's sales price to determine if the
31 transaction meets the fifty percent (50%) test or the ten percent (10%) test set out in subdivisions
32 (a)(1) and (a)(3) of this section. A retailer may not use a combination of ~~cost-purchase price~~ and
33 sales price to make this determination. If a bundled transaction subject to subdivision (a)(3) of this
34 section includes a service contract, the retailer must use the full term of the contract in determining
35 whether the transaction meets the threshold set in the subdivision."

36 **SECTION 38.5.(g)** G.S. 105-164.4H, as amended by S.L. 2016-5 and by subsection
37 (c) of this section, reads as rewritten:

38 **"§ 105-164.4H. Real property contractors.**

39 (a) Applicability. – A real property contractor is the consumer of the tangible personal
40 ~~property~~ property, digital property, or taxable service that the real property contractor ~~installs~~
41 purchases, installs, or applies for others and that becomes part of real property for use in a real
42 property contract. A retailer engaged in business in the State shall collect tax on the sales price of
43 the tangible personal property or digital property sold at retail to a real property contractor unless a
44 statutory exemption in G.S. 105-164.13 or G.S. 105-164.13E applies. Where a real property
45 contractor purchases tangible personal property or digital property for storage, use, or
46 consumption in this State, or a taxable service sourced to this State, and the tax due is not
47 paid at the time of purchase, the provisions of G.S. 105-164.6 apply except as provided in
48 subsection (b) of this section.

49 (a1) Capital Improvement. – A capital improvement is new construction or a renovation of
50 a building, structure, or fixture on land. Factors that may be considered in determining whether a
51 contract is a real property contract for a capital improvement include the method of attachment for

1 the property installed, the degree of customization of the property installed, and the value added
2 by or useful life of the property installed. Examples of a capital improvement include all of the
3 following:

- 4 (1) Site preparation for and construction of an entirely new structure on real
5 property or of an increase in the square footage of an existing structure
6 regardless of whether or not the site has been previously occupied.
- 7 (2) Removal of items from real property, such as debris, construction materials,
8 asbestos, or excavation activities.
- 9 (3) The performance of work that requires the issuance of a permit under the State
10 Building Code.
- 11 (4) Installation of equipment or fixtures that is attached to real property so that
12 removal of the item would cause physical, functional, or economic damage to
13 the property and that is capitalized for income tax purposes under the Code.
- 14 (5) Installation of a complete system, such as roofing, septic tank, heating,
15 ventilation, and air conditioning, plumbing, electrical, irrigation, sprinkler, and
16 other similar systems.
- 17 (6) Installation of roads, parking lots, and sidewalks.
- 18 (7) Landscaping services.
- 19 (b) Retailer-Contractor. – This section applies to a retailer-contractor when the as follows:
 - 20 (1) Acting as a real property contractor. – A retailer-contractor acts as a real
21 property contractor when it contracts to perform construction or
22 reconstruction with respect to a capital improvement to real property. A
23 retailer-contractor that purchases tangible personal property to be installed or
24 applied to real property may purchase items exempt from tax under a certificate
25 of exemption pursuant to G.S. 105-164.28 provided the retailer-contractor also
26 purchases inventory items from the seller for resale. When the tangible personal
27 property is withdrawn from inventory and installed or applied to real property,
28 use tax must be accrued and paid on the retailer-contractor's purchase price of
29 the tangible personal property. Tangible personal property that the
30 retailer-contractor withdraws from inventory for use that does not become part
31 of real property is also subject to the tax imposed by this Article. For purposes
32 of this section, the term "purchase price" does not include wages paid by the
33 retailer-contractor to an employee.
 - 34 (2) Acting as a retailer. – A retailer-contractor is acting as a retailer when it sells
35 items at retail and when it performs repair, maintenance, and installation
36 services subject to tax under G.S. 105-164.4(a)(16).

37 (b1) Joint and Several Liability. – If a retailer-contractor subcontracts any part of the real
38 property contract, tax is payable by the subcontractor on the subcontractor's purchase of the
39 tangible personal property that is installed or applied to real property in fulfilling the contract. The
40 retailer-contractor, the subcontractor, and the owner of the real property, and the lessee of
41 the real property, are jointly and severally liable for the tax. The liability of a retailer-contractor, a
42 subcontractor, or an owner or lessee who did not purchase the property is satisfied by
43 receipt of an affidavit from the purchaser certifying that the tax has been paid.

44 (c) Erroneous Collection if Separately Stated. – An invoice or other documentation issued
45 to a consumer at the time of the sale by a real property contractor shall not separately state any
46 amount for tax. Any amount for tax separately stated on an invoice or other documentation given
47 to a consumer by a real property contractor is an erroneous collection and must be remitted to the
48 Secretary."

49 **SECTION 38.5.(h) G.S. 105-164.4I(b) and (c) reads as rewritten:**

50 **"§ 105-164.4I. Service contracts.**

51 ...

1 incurred on direct purchases by the entity for the purpose of this subsection. The refund allowed
2 under this subsection does not apply to purchases of electricity, telecommunications service,
3 ancillary service, piped natural gas, video programming, or a prepaid meal plan. A request for a
4 refund is due in the same time and manner as provided in G.S. 105-164.14(c). Refunds applied for
5 more than three years after the due date are barred."

6 **SECTION 38.5.(n)** G.S. 105-524(e) is repealed.

7 **SECTION 38.5.(o)** Subsections (d) through (j) of this section become effective
8 January 1, 2017, and apply to sales made on or after that date. Subsections (l) and (m) of this
9 section become effective July 1, 2016, and apply to purchases of repair, maintenance, and
10 installation services purchases on or after that date. Subsection (n) of this section is effective for
11 fiscal years beginning on or after July 1, 2016. The remainder of this section is effective when it
12 becomes law and subsection (c) of this section applies retroactively to January 1, 2015.

13 14 **PART XXXIX. MISCELLANEOUS PROVISIONS**

15 16 **STATE BUDGET ACT APPLIES**

17 **SECTION 39.1.** The provisions of the State Budget Act, Chapter 143C of the General
18 Statutes, are reenacted and shall remain in full force and effect and are incorporated in this act by
19 reference.

20 21 **COMMITTEE REPORT**

22 **SECTION 39.2.(a)** The Senate Appropriations Committee Report on the Base,
23 Expansion and Capital Budgets for House Bill 1030, dated June 1, 2016, which was distributed in
24 the Senate and used to explain this act, shall indicate action by the General Assembly on this act
25 and shall, therefore, be used to construe this act, as provided in the State Budget Act, Chapter
26 143C of the General Statutes, as appropriate, and for these purposes shall be considered a part of
27 this act and, as such, shall be printed as a part of the Session Laws.

28 **SECTION 39.2.(b)** The budget enacted by the General Assembly is for the
29 maintenance of the various departments, institutions, and other spending agencies of the State for
30 the 2016-2017 budget as provided in G.S. 143C-3-5. This budget includes the appropriations of
31 State funds as defined in G.S. 143C-1-1(d)(25).

32 The Director of the Budget submitted recommended adjustments to the budget to the
33 General Assembly in April 2016 in the document "The Governor of North Carolina's
34 Recommended Budget Adjustments" for the 2016-2017 fiscal year for the various departments,
35 institutions, and other spending agencies of the State. The adjustments to these documents made
36 by the General Assembly are set out in the Committee Report.

37 **SECTION 39.2.(c)** The budget enacted by the General Assembly shall also be
38 interpreted in accordance with G.S. 143C-5-5, the special provisions in this act, and other
39 appropriate legislation. In the event that there is a conflict between the line-item budget certified
40 by the Director of the Budget and the budget enacted by the General Assembly, the budget enacted
41 by the General Assembly shall prevail.

42 **SECTION 39.2.(d)** Notwithstanding subsection (a) of this section, the following
43 portions of the Committee Report are for reference and do not expand, limit, or define the text of
44 the Committee Report:

- 45 (1) Summary pages setting forth the enacted budget, legislative changes, the
46 revised budget, and related FTE information for a particular budget code and
47 containing no other substantive information.
- 48 (2) Summary pages setting forth the enacted budget, legislative changes, the
49 revised budget, and related FTE information for multiple fund codes within in a
50 single budget code and containing no other substantive information.

51

REPORT BY FISCAL RESEARCH DIVISION

SECTION 39.3. The Fiscal Research Division shall issue a report on budget actions taken by the 2015 Regular Session of the General Assembly in 2016. The report shall be in the form of a revision of the Committee Report adopted for House Bill 1030 pursuant to G.S. 143C-5-5 and shall include all modifications made to the 2016-2017 budget prior to sine die adjournment of the 2015 Regular Session. The Director of the Fiscal Research Division shall send a copy of the report issued pursuant to this section to the Director of the Budget. The report shall be published on the General Assembly's Internet Web site for public access.

MOST TEXT APPLIES ONLY TO THE 2016-2017 FISCAL YEAR

SECTION 39.4. Except for statutory changes or other provisions that clearly indicate an intention to have effects beyond the 2016-2017 fiscal year, the textual provisions of this act apply only to funds appropriated for, and activities occurring during, the 2016-2017 fiscal year.

EFFECT OF HEADINGS

SECTION 39.5. The headings to the parts and sections of this act are a convenience to the reader and are for reference only. The headings do not expand, limit, or define the text of this act, except for effective dates referring to a part.

APPROPRIATIONS LIMITATIONS AND DIRECTIONS APPLY

SECTION 39.6.(a) Except where expressly repealed or amended by this act, the provisions of S.L. 2015-241, S.L. 2015-263, S.L. 2015-264, S.L. 2015-267, S.L. 2015-268, S.L. 2015-276, S.L. 2015-286, and S.L. 2016-5 remain in effect.

SECTION 39.6.(b) Notwithstanding any modifications by this act in the amounts appropriated, except where expressly repealed or amended, the limitations and directions for the 2015-2017 fiscal biennium in S.L. 2015-241, S.L. 2015-263, S.L. 2015-264, S.L. 2015-267, S.L. 2015-268, S.L. 2015-276, S.L. 2015-286, and S.L. 2016-5 that applied to appropriations to particular agencies or for particular purposes apply to the newly enacted appropriations and budget reductions of this act for those same particular purposes.

SEVERABILITY CLAUSE

SECTION 39.7. If any section or provision of this act is declared unconstitutional or invalid by the courts, it does not affect the validity of this act as a whole or any part other than the part so declared to be unconstitutional or invalid.

EFFECTIVE DATE

SECTION 39.8. Except as otherwise provided, this act becomes effective July 1, 2016.



**N.C. SENATE
COMMITTEE ON APPROPRIATIONS/BASE BUDGET**

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

House Bill 1030

June 1, 2016

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Table of Contents

General Fund Availability Statement	1
Summary: General Fund Appropriations	2
Education	
Public Education	F-1
Community Colleges	F-9
UNC System	F-15
Health and Human Services	G-1
Natural and Economic Resources	
Agriculture and Consumer Services	H-1
Labor	H-9
Environmental Quality	H-13
Wildlife Resources Commission	H-25
Commerce	H-31
Commerce – State Aid	H-36
Natural and Cultural Resources	H-40
Natural and Cultural Resources - Roanoke Island Commission	H-49
Justice and Public Safety	
Public Safety	I-1
Justice	I-8
Judicial – Indigent Defense	I-13
Judicial	I-18
General Government	
Department of Military and Veterans Affairs	J-1
Office of Administrative Hearings	J-5
Department of State Treasurer	J-9
Fire and Rescue National Guard Pensions	J-13
Insurance	J-17
State Board of Elections	J-26
General Assembly	J-30
Office of the Governor	J-37
Office of the Governor – Special	J-41
Office of State Budget and Management	J-45
Office of State Budget and Management – Special	J-51
Office of the State Auditor	J-55
Housing Finance Agency	J-59
Secretary of State	J-63
Lieutenant Governor	J-67
Department of Administration	J-71
Department of Revenue	J-76
Office of State Controller	J-84
Transportation	K-1
Reserves, Debt Service, and Adjustments	L-1
Capital	M-1
Information Technology	N-1

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General Fund Availability Statement






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General Fund Availability Statement

	FY 2016-17
1 Unappropriated Balance	175,488,544
2 Over Collections FY 2015-16	330,200,000
3 Reversions FY 2015-16	358,439,524
4 Earmarkings of Year End Fund Balance:	
5 Savings Reserve	(583,888,541)
6 Repairs and Renovations	(41,562,474)
7 Beginning Unreserved Fund Balance	238,677,053
8	
9 Revenues Based on Existing Tax Structure	21,417,800,000
10	
11 Non-tax Revenues	
12 Investment Income	37,500,000
13 Judicial Fees	242,600,000
14 Disproportionate Share	147,000,000
15 Insurance	77,000,000
16 Master Settlement Agreement (MSA)	127,400,000
17 Other Non-Tax Revenues	178,700,000
18 Subtotal Non-tax Revenues	810,200,000
19	
20 Adjustment for Medicaid Transformation Fund (S.L. 2015-241)	(150,000,000)
21	
22 Total General Fund Availability	22,316,677,053
23	
24 Adjustments to Availability: 2016 Session	
25 Increase the Zero Bracket (S.B. 818)	(145,000,000)
26 Modification to Sales Tax Base Expansion (S.B. 870)	35,000,000
27 Limit Repair and Maintenance Tax on Airplanes and Boats (Direct Pay Option)	(500,000)
28 Repeal Service Contracts (RMI Services)	(3,500,000)
29 Elimination of State Contribution to Local Sales Tax Distribution	17,600,000
30 Adjustment for Transfer from Treasurer's Office	3,129
31 Adjustment for Transfer from Insurance Regulatory Fund	1,719,818
32 Adjustment for Transfer from NCGA Special Fund	3,000,000
33 Subtotal Adjustments to Availability: 2016 Session	(91,677,053)
34	
35 Revised General Fund Availability	22,225,000,000
36	
37 Less General Fund Net Appropriation	(22,225,000,000)
38	
39 Unappropriated Balance Remaining	-

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**Summary:
General Fund
Appropriations**

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**Summary of General Fund Appropriations
Fiscal Year 2016-17
2016 Legislative Session**

	Enacted Budget 2016-17	Legislative Changes			FTE Changes	Revised Net Appropriation 2016-17
		Recurring Changes	Nonrecurring Changes	Net Changes		
Education						
Community Colleges	1,065,895,520	(10,498,337)	26,624,410	16,126,073	2.00	1,082,021,593
Public Education	8,419,444,621	260,415,560	16,850,000	277,265,560	2.00	8,696,710,181
University System	2,683,307,927	62,586,184	58,523,000	121,109,184	1.00	2,804,417,111
Total Education	12,168,648,068	312,503,407	101,997,410	414,500,817	5.00	12,583,148,885
Health and Human Services						
Central Management and Support	130,033,253	4,734,592	1,250,000	5,984,592	3.00	136,017,845
Aging and Adult Services	43,815,337	505,824	0	505,824	2.00	44,321,161
Blind and Deaf / Hard of Hearing Services	8,173,207	8,200	0	8,200	0.00	8,181,407
Child Development and Early Education	243,033,976	5,411	(10,030,899)	(10,025,488)	0.00	233,008,488
Health Service Regulation	16,110,674	46,070	0	46,070	0.00	16,156,744
Medical Assistance	3,916,237,272	(305,211,011)	(8,056,927)	(313,267,938)	30.00	3,602,969,334
Mental Health, Devel. Disabilities & Sub. Abuse Ser.	537,861,308	(1,162,813)	(1,746,600)	(2,909,413)	(38.66)	534,951,895
NC Health Choice	746,758	(4,613,444)	4,961,778	348,334	0.00	1,095,092
Public Health	148,298,428	1,596,366	100,000	1,696,366	3.00	149,994,794
Social Services	185,533,263	(893,114)	9,245,281	8,352,167	25.00	193,885,430
Vocational Rehabilitation	37,752,132	39,911	0	39,911	0.00	37,792,043
Total Health and Human Services	5,267,595,608	(304,944,008)	(4,277,367)	(309,221,375)	24.34	4,958,374,233
Justice and Public Safety						
Public Safety	1,847,365,626	21,853,487	507,784	22,361,271	(20.00)	1,869,726,897
Judicial Department	484,126,321	11,593,600	5,300,000	16,893,600	0.00	501,019,921
Judicial - Indigent Defense	116,629,964	1,131,994	4,500,000	5,631,994	0.00	122,261,958
Justice	52,715,592	414,200	3,924,917	4,339,117	1.00	57,054,709
Total Justice and Public Safety	2,500,837,503	34,993,281	14,232,701	49,225,982	(19.00)	2,550,063,485
Natural and Economic Resources						
Agriculture and Consumer Services	116,955,773	20,814	5,325,000	5,345,814	1.00	122,301,587
Commerce	57,596,128	522,856	6,500,000	7,022,856	0.00	64,618,984
Commerce - State Aid	18,055,810	400,000	(2,500,000)	(2,100,000)	0.00	15,955,810
Environmental Quality	82,429,609	(442,284)	(2,100,000)	(2,542,284)	(3.00)	79,887,325
Natural and Cultural Resources	169,289,403	253,491	5,536,000	5,789,491	2.50	175,078,894
Natural and Cultural Resources -- Roanoke Island	523,384	0	0	0	0.00	523,384
Labor	15,822,235	275,186	0	275,186	(1.00)	16,097,421
Wildlife Resources Commission	10,023,496	19,922	0	19,922	0.00	10,043,418
Total Natural and Economic Resources	470,695,838	1,049,985	12,761,000	13,810,985	(0.50)	484,506,823

Summary of General Fund Appropriations

Fiscal Year 2016-17

2016 Legislative Session

	Enacted Budget 2016-17	Legislative Changes			FTE Changes	Revised Net Appropriation 2016-17
		Recurring Changes	Nonrecurring Changes	Net Changes		
General Government						
Administration	58,664,485	1,224,681	882,175	2,106,856	13.20	60,771,341
Auditor	12,004,791	83,408	157,306	240,714	0.00	12,245,505
General Assembly	57,009,051	4,664,500	2,000,000	6,664,500	0.00	63,673,551
Governor	5,566,174	10,560	0	10,560	0.00	5,576,734
Governor - Special Projects	2,000,000	0	0	0	0.00	2,000,000
Housing Finance Agency	25,660,000	0	0	0	0.00	25,660,000
Insurance	38,355,246	219,818	1,500,000	1,719,818	0.00	40,075,064
Lieutenant Governor	677,972	11,535	0	11,535	0.00	689,507
Military and Veterans Affairs	7,806,254	210,146	10,000	220,146	4.00	8,026,400
Office of Administrative Hearings	5,143,413	10,141	0	10,141	0.00	5,153,554
Revenue	80,457,679	151,372	350,000	501,372	0.00	80,959,051
Secretary of State	11,750,695	656,755	0	656,755	6.00	12,407,450
State Board of Elections	6,513,363	11,488	0	11,488	0.00	6,524,851
State Budget and Management	7,531,408	294,160	0	294,160	3.00	7,825,568
State Budget and Management -- Special	2,000,000	0	5,050,000	5,050,000	0.00	7,050,000
State Controller	22,726,386	35,443	0	35,443	0.00	22,761,829
Treasurer - Operations	10,348,384	(195,735)	0	(195,735)	0.00	10,152,649
Fire Rescue National Guard Pensions & LDD Benefits	21,691,299	5,152,982	0	5,152,982	0.00	26,844,281
Total General Government	375,906,600	12,541,254	9,949,481	22,490,735	26.20	398,397,335
Department of Information Technology	0	43,031,353	0	43,031,353	92.75	43,031,353
Statewide Reserves and Debt Service						
Debt Service:						
Interest / Redemption	701,849,215	1,253,023	0	1,253,023	0.00	703,102,238
Federal Reimbursement	1,616,380	0	37,000,000	37,000,000	0.00	38,616,380
Subtotal Debt Service	703,465,595	1,253,023	37,000,000	38,253,023	0.00	741,718,618

Summary of General Fund Appropriations						
Fiscal Year 2016-17						
2016 Legislative Session						
	Enacted Budget 2016-17	Legislative Changes			Revised Net Appropriation 2016-17	
		Recurring Changes	Nonrecurring Changes	Net Changes		FTE Changes
Statewide Reserves						
Compensation Increase Reserve - OSHR	0	31,000,000	46,000,000	77,000,000	0.00	77,000,000
Compensation Increase Reserve - State Agency Teachers	0	1,533,800	0	1,533,800	0.00	1,533,800
Contingency and Emergency Fund	5,000,000	0	0	0	0.00	5,000,000
Film and Entertainment Grant Fund	30,000,000	0	0	0	0.00	30,000,000
Information Technology Fund	21,681,854	(21,681,854)	0	(21,681,854)	0.00	0
Information Technology Reserve	21,320,843	(21,320,843)	0	(21,320,843)	0.00	0
Job Development Investment Grants (JDIG)	71,728,126	0	(10,000,000)	(10,000,000)	0.00	61,728,126
Lottery Reserve	0	0	50,000,000	50,000,000	0.00	50,000,000
One North Carolina Fund	9,000,000	0	(417,883)	(417,883)	0.00	8,582,117
OSHR Minimum of Market Reserve	12,000,000	0	(7,000,000)	(7,000,000)	0.00	5,000,000
Pending Legislation Reserve	0	0	200,000	200,000	0.00	200,000
Public Schools Average Daily Membership (ADM)	107,000,000	(107,000,000)	0	(107,000,000)	0.00	0
Reserve for Future Benefit Needs	71,000,000	0	0	0	0.00	71,000,000
Salary Adjustment Reserve	25,000,000	0	0	0	0.00	25,000,000
State Emergency Response and Disaster Relief Fund	0	0	10,000,000	10,000,000	0.00	10,000,000
UNC System Enrollment Growth Reserve	31,000,000	(31,000,000)	0	(31,000,000)	0.00	0
Mental Health Reserve	0	0	10,000,000	10,000,000	0.00	10,000,000
Workers' Compensation Reserve	21,500,543	0	0	0	0.00	21,500,543
Subtotal Statewide Reserves	426,231,366	(148,468,897)	98,782,117	(49,686,780)	0	376,544,586
Total Reserves and Debt Service	1,129,696,961	(147,215,874)	135,782,117	(11,433,757)	0.00	1,118,263,204
Total General Fund for Operations	21,913,380,578	(48,040,602)	270,445,342	222,404,740	128.79	22,135,785,318
Capital Improvements						
Agriculture and Consumer Services Horse Stables	0	0	165,000	165,000	0.00	165,000
Armory and Facility Development Projects	5,087,500	0	(69,000)	(69,000)	0.00	5,018,500
NC National Guard Helipad Planning	0	0	69,000	69,000	0.00	69,000
NCSU Engineering Building	1,000,000	0	0	0	0.00	1,000,000
Repairs and Renovations	0	0	75,942,182	75,942,182	0.00	75,942,182
UNC-Asheville Land Acquisition	0	0	2,000,000	2,000,000	0.00	2,000,000
Water Resources Development Projects	0	0	5,020,000	5,020,000	0.00	5,020,000
Total Capital Improvements	6,087,500	0	83,127,182	83,127,182	0.00	89,214,682
Total General Fund Budget	21,919,468,078	(48,040,602)	353,572,524	305,531,922	128.79	22,225,000,000

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Education Section F

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Public Education
Budget Code 13510

General Fund Budget

FY 2016-17

Enacted Budget

Requirements	\$12,647,946,284
Receipts	\$4,228,501,663
Net Appropriation	\$8,419,444,621

Legislative Changes

Requirements	\$386,742,422
Receipts	\$109,476,862
Net Appropriation	\$277,265,560

Revised Budget

Requirements	\$13,034,688,706
Receipts	\$4,337,978,525
Net Appropriation	\$8,696,710,181

General Fund FTE

Enacted Budget	1,158.83
Legislative Changes	2.00
Revised Budget	1,160.83

**Summary of General Fund Appropriations
Fiscal Year 2016-17
2016 Legislative Session**

Public Education		Enacted Budget			Legislative Changes			Revised Budget		
Budget Code 13510		Requirements	Receipts	Net Appropriation	Requirements	Receipts	Net Appropriation	Requirements	Receipts	Net Appropriation
1000	DPI - Executive and Administrative Functions	8,458,379	4,146,166	4,312,213	140,000	-	140,000	8,598,379	4,146,166	4,452,213
1021	DPI - Education Innovations - 21st Century Schools	1,477,912	195,377	1,282,535	-	-	-	1,477,912	195,377	1,282,535
1100	DPI - Assistance to Districts and Schools	29,109,628	22,780,817	6,328,811	-	-	-	29,109,628	22,780,817	6,328,811
1300	DPI - Financial and Business Services	1,363,745	827,172	536,573	-	-	-	1,363,745	827,172	536,573
1330	DPI - Student and School Support Services	16,757,832	13,068,135	3,689,697	-	-	-	16,757,832	13,068,135	3,689,697
1400	Office of Early Learning	77,194,067	69,494,475	7,699,592	-	-	-	77,194,067	69,494,475	7,699,592
1410	NC Center for the Advancement of Teaching	3,299,279	200	3,299,079	-	-	-	3,299,279	200	3,299,079
1450	K-3 Assessment	2,748,986	2,748,986	-	-	-	-	2,748,986	2,748,986	-
1500	DPI - Technology Services	11,333,967	3,668,123	7,665,844	-	-	-	11,333,967	3,668,123	7,665,844
1600	DPI - Curriculum, Instruction, Accountability & Tech	59,153,714	48,202,189	10,951,525	-	-	-	59,153,714	48,202,189	10,951,525
1640	DPI - Educator Quality and Recruitment	19,806,930	18,958,909	848,021	-	-	-	19,806,930	18,958,909	848,021
1660	DPI - Special Populations	46,938,021	43,708,664	3,229,357	-	-	-	46,938,021	43,708,664	3,229,357
1800	K-12 Classroom Instruction -SPSF	7,099,072,258	558,519,541	6,540,552,717	22,400,881	57,316,378	(34,915,497)	7,121,473,139	615,835,919	6,505,637,220
1808	SPSF - Statewide System Ops and Maintenance	10,258,861	-	10,258,861	-	-	-	10,258,861	-	10,258,861
1810	SPSF - Local Education Agency - Administration	94,781,435	-	94,781,435	(5,000,000)	-	(5,000,000)	89,781,435	-	89,781,435
1811	Assistance to Districts and Schools - SPSF	2,063,612,732	2,063,612,732	-	-	-	-	2,063,612,732	2,063,612,732	-
1821	SPSF - Ed Innovations - 21st Century Schools	32,773,365	-	32,773,365	-	-	-	32,773,365	-	32,773,365
1830	SPSF - Student and School Support Services	702,051,034	202,489,369	499,561,665	(2,800,000)	50,000,000	(52,800,000)	699,251,034	252,489,369	446,761,665
1840	SPSF - Teacher Quality and Recruitment	459,798,944	459,798,944	-	-	-	-	459,798,944	459,798,944	-
1860	SPSF - Special Populations	1,647,204,991	694,936,512	952,268,479	-	-	-	1,647,204,991	694,936,512	952,268,479
1862	NC School for the Deaf	8,507,042	237,283	8,269,759	-	-	-	8,507,042	237,283	8,269,759
1863	Eastern NC School for the Deaf	7,750,157	242,584	7,507,573	-	-	-	7,750,157	242,584	7,507,573
1864	Governor Morehead School and Preschool	5,633,038	196,114	5,436,924	-	-	-	5,633,038	196,114	5,436,924
1870	SPSF - LEA - Supplemental Benefits	176,995,085	-	176,995,085	-	-	-	176,995,085	-	176,995,085
1900	Reserves and Transfers	52,233,916	20,669,371	31,564,545	(9,137,500)	-	(9,137,500)	43,096,416	20,669,371	22,427,045
1901	Pass-through Grants	9,630,966	-	9,630,966	-	-	-	9,630,966	-	9,630,966
Department-wide Items										
N/A	Compensation Reserve	-	-	-	315,649,960	N/A	315,649,960	315,649,960	N/A	315,649,960
N/A	State Retirement Contributions	-	-	-	18,737,540	N/A	18,737,540	18,737,540	N/A	18,737,540
Undesignated										
N/A	Department of Public Instruction	-	-	-	(2,190,000)	-	(2,190,000)	(2,190,000)	-	(2,190,000)
N/A	Enrollment Adjustment	-	-	-	48,941,541	2,160,484	46,781,057	48,941,541	2,160,484	46,781,057
Total		\$12,647,946,284	\$4,228,501,663	\$8,419,444,621	\$ 386,742,422	\$ 109,476,862	\$ 277,265,560	\$13,034,688,706	\$4,337,978,525	\$8,696,710,181

**Summary of General Fund Appropriations
Fiscal Year 2016-17
2016 Legislative Session**

Public Education		Enacted	Legislative Changes		Revised
Budget Code 13510		Total	Net	Receipts	Total
Fund Code	Fund Name	Requirements	Appropriation		Requirements
1000	DPI - Executive and Administrative Functions	51.99	2.00	-	53.99
1021	DPI - Education Innovations - 21st Century Schools	34.13	-	-	34.13
1100	DPI - Assistance to Districts and Schools	84.50	-	-	84.50
1300	DPI - Financial and Business Services	41.00	-	-	41.00
1330	DPI - Student and School Support Services	97.37	-	-	97.37
1400	Office of Early Learning	86.25	-	-	86.25
1410	NC Center for the Advancement of Teaching	46.50	-	-	46.50
1450	K-3 Assessment	11.50	-	-	11.50
1500	DPI - Technology Services	94.00	-	-	94.00
1600	DPI - Curriculum, Instruction, Accountability & Tech	150.80	-	-	150.80
1640	DPI - Educator Quality and Recruitment	36.09	-	-	36.09
1660	DPI - Special Populations	76.70	-	-	76.70
1800	K-12 Classroom Instruction -SPSF	-	-	-	-
1808	SPSF - Statewide System Ops and Maintenance	-	-	-	-
1810	SPSF - Local Education Agency - Administration	-	-	-	-
1811	Assistance to Districts and Schools - SPSF	-	-	-	-
1821	SPSF - Ed Innovations - 21st Century Schools	-	-	-	-
1830	SPSF - Student and School Support Services	-	-	-	-
1840	SPSF - Teacher Quality and Recruitment	-	-	-	-
1860	SPSF - Special Populations	-	-	-	-
1862	NC School for the Deaf	140.00	-	-	140.00
1863	Eastern NC School for the Deaf	128.25	-	-	128.25
1864	Governor Morehead School and Preschool	79.75	-	-	79.75
1870	SPSF - LEA - Supplemental Benefits	-	-	-	-
1900	Reserves and Transfers	-	-	-	-
1901	Pass-through Grants	-	-	-	-
Total FTE		1,158.83	2.00	-	1,160.83

Public Education

GENERAL FUND

Total Budget Enacted 2015 Session

FY 16-17
\$8,419,444,621

Legislative Changes

A. Reserve for Salaries and Benefits

1 Compensation Increase Reserve - Educators	\$280,037,956	R
Fund Code: N/A		

Funds salary increases for educators paid in accordance with the Statewide teacher salary schedule as well as an experience-based step increase for educators earning a year of creditable experience. Together, these increases provide, on average, a 6.5% increase for educators.

The changes to the teacher salary schedule provide annual salary increases for educators earning a year of creditable service for the first 15 years of experience. The salary schedule retains the tier-based system for educators with 16 or more years of creditable service. A corresponding special provision provides additional details on the changes to the teacher salary schedule.

For all net appropriation supported State-funded positions, across all sections of the Committee Report, the approximate revised net appropriation for salaries is \$11.4 billion, an increase of nearly \$394 million for FY 2016-17.

2 Compensation Increase Reserve - School-based Administrators (SBAs)	\$3,612,004	R
Fund Code: N/A	\$7,000,000	NR

Provides funds for an experience-based step increase for eligible School-based Administrators and a one-time bonus for all Assistant Principals and Principals regardless of funding source. Assistant Principals shall receive a \$500 bonus and Principals shall receive a \$2,000 bonus. The bonus shall not be considered compensation for retirement purposes. A corresponding special provision provides additional details on these compensation adjustments.

For all net appropriation supported State-funded positions, across all sections of the Committee Report, the approximate revised net appropriation for salaries is \$11.4 billion, an increase of nearly \$394 million for FY 2016-17.

3 Compensation Increase Reserve - Other School District (LEA) Personnel \$15,000,000 R

Fund Code: N/A

Provides \$15 million for salary increases for non-certified and central office school district employees. Each LEA shall develop policies for the allocation of these salary increases and merit-based bonuses. Corresponding special provisions provide additional details on these compensation adjustments.

For all net appropriation supported State-funded positions, across all sections of the Committee Report, the approximate revised net appropriation for salaries is \$11.4 billion, an increase of nearly \$394 million for FY 2016-17.

4 State Retirement Contributions - School District Personnel \$18,594,062 R

Fund Code: N/A

Increases the State's contribution for members of the Teachers' and State Employees' Retirement System (TSERS) to fund the actuarially determined contribution.

For all net appropriation supported State-funded positions, across all sections of the Committee Report, the approximate revised net appropriation for members of TSERS is \$1.5 billion, an increase of \$31.6 million for FY 2016-17.

5 State Retirement Contributions - Department of Public Instruction (DPI) \$143,478 R

Fund Code: N/A

Increases the State's contribution for members of the Teachers' and State Employees' Retirement System (TSERS) to fund the actuarially determined contribution.

For all net appropriation supported State-funded positions, across all sections of the Committee Report, the approximate revised net appropriation for members of TSERS is \$1.5 billion, an increase of \$31.6 million for FY 2016-17.

6 3rd Grade Reading Teacher Performance Pilot Program \$10,000,000 R

Fund Code: N/A

Funds a new 3rd grade reading teacher performance pilot program. This 2-year pilot program will provide bonuses to the top 25% of 3rd grade reading teachers statewide and the top 25% of 3rd grade reading teachers within each LEA based on each teacher's Education Value-Added Assessment System (EVAAS) student growth index score for reading from the prior school year. A corresponding special provision provides additional program details. The revised net appropriation for the 3rd Grade Reading Teacher Performance Pilot program is \$10 million.



B. Technical Adjustments

7 Average Daily Membership (ADM)

\$46,781,057 R

Fund Code: N/A

Adjusts total requirements in multiple public schools funding allotments to account for a net ADM increase of 5,875. The adjustment includes revisions to all position, dollar, and categorical allotments.

Total allotted public schools ADM for FY 2016-17 is 1,543,518.

8 Noninstructional Support Personnel

(\$57,316,378) R

Fund Code: 1800

Budgets additional lottery receipts for the noninstructional support personnel allotment. Total requirements for this allotment remain the same at \$372,266,860 and this allotment will now be fully receipt-supported. The revised net appropriation for noninstructional support personnel is \$0.

9 Transportation

(\$50,000,000) R

Fund Code: 1830

Budgets additional lottery receipts for the transportation allotment. Total requirements for this allotment remain the same at \$451,396,635. The revised net appropriation for the transportation allotment is \$401.4 million.

C. Public School Funding Adjustments

10 Increased Funding for Classroom Teachers

\$27,146,257 R

Fund Code: 1800

Increases funding to school districts for guaranteed classroom teachers positions in 2nd grade. In FY 2016-17, the teacher allotment ratio will be decreased by 1 student per teacher in 2nd grade to provide 1 teacher per 16 students. The revised net appropriation for the classroom teachers allotment is \$4.2 billion.

11 Textbooks and Digital Materials

(\$9,210,837) R

Fund Code: 1800

\$9,250,000 NR

Increases textbooks and digital materials allotment funding by \$9,250,000 over the FY 2015-16 level. The FY 2015-17 Appropriations Act budgeted \$9,210,837 in additional recurring funding in FY 2016-17 for this allotment; this action increases funding and changes it to nonrecurring. The revised net appropriation for the textbooks and digital materials allotment is \$61.5 million.

12 At-Risk Student Supplemental Funding (At-Risk)

(\$4,784,539) R

Fund Code: 1800

Reduces funding set aside to support grants to 17 after-school providers from the at-risk allotment. The revised net appropriation for the after-school provider grant program is \$1.1 million. Base allotment funding to LEAs for the at-risk allotment remains unchanged with a net appropriation of \$284.8 million. The revised net appropriation for the at-risk allotment is \$285.9 million.



Senate Committee on Education/Higher Education

FY 16-17

13 Central Office Administration

(\$5,000,000) R

Fund Code: 1810

Reduces funding for the central office administration allotment by 5.3%. This allotment supports the salary and benefits of LEA administrative personnel such as superintendents, assistant superintendents, and finance officers. The revised net appropriation for the central office administration allotment is \$90.1 million.

14 School Connectivity Initiative

(\$10,000,000) R

Fund Code: 1900

Maintains school connectivity initiative funding at the FY 2015-16 level by eliminating the previously budgeted funding increase for FY 2016-17. This initiative is designed to bring broadband connectivity to all K-12 public school buildings in the State. The revised net appropriation for the school connectivity initiative is \$21.2 million.

15 Transportation

(\$2,000,000) R

Fund Code: 1830

Reduces the diesel fuel component of this allotment on the basis of adjusting the budgeted price per gallon from \$2.17 to \$2.09 to reflect lower projected diesel fuel costs. The revised net appropriation for the transportation allotment is \$399.4 million.

16 Panic Alarms

(\$900,000) R

Fund Code: 1830

\$100,000 NR

Modifies funding to reflect the anticipated completion of the last phase of panic alarm installation that began in FY 2013-14, as authorized by S.L. 2013-360. Nonrecurring funds are provided to complete the last panic alarm installations in FY 2016-17. Recurring funding will no longer be required to complete the installation of the alarms after the end of this biennium. The revised net appropriation for panic alarms is \$100,000.

D. Grants

17 Teacher Assistants Tuition Reimbursement Program

\$112,500 R

Fund Code: 1900

Provides funding for the Teacher Assistants Tuition Reimbursement program, an initiative to provide tuition reimbursement of up to \$4,500 annually for 25 teacher assistants in Anson, Franklin, Moore, Richmond, and Scotland Counties that are employed by those LEAs and are pursuing a college degree that will result in teacher licensure. The revised net appropriation for the Teacher Assistants Tuition Reimbursement program is \$112,500.

F. Department of Public Instruction

18 Department of Public Instruction (DPI)

Fund Code: N/A

(\$1,940,000) R
(\$250,000) NR

Reduces net appropriations support for DPI by 4.8%. The State Board of Education (SBE) may allocate this reduction at its discretion, subject to the parameters of a related provision. The revised net appropriation for DPI operations is \$42.7 million.

19 Licensure System Update

Fund Code: 1900

\$250,000 NR

Provides funding to update the DPI Online Licensure System for additional requirements related to S.B. 867, 2016 Session of the 2015 Regular Session, Protect Students in Schools. This item is contingent upon S.B. 867 becoming law. If S.B. 867 does not become law, these funds shall not be spent and shall revert to the General Fund. The revised net appropriation for Legal Services would be \$250,000.

20 State Board of Education Legal Services

Fund Code: 1000

\$140,000 R

2.00

Provides funding to support the establishment of an attorney and a paralegal position to support additional requirements related to S.B. 867, 2016 Session of the 2015 Regular Session, Protect Students in Schools. This item is contingent upon S.B. 867 becoming law. If S.B. 867 does not become law, these funds shall not be spent and shall revert to the General Fund. The revised net appropriation for Legal Services would be \$749,176.

21 Alternative Teacher Preparation Pilot Evaluation

Fund Code: 1900

\$500,000 NR

Provides funding for an independent research organization to evaluate the effectiveness of 5 local alternative teacher preparation programs newly authorized in this Act. The revised net appropriation for the evaluation is \$500,000.

Total Legislative Changes	\$260,415,560	R
	\$16,850,000	NR
Total Position Changes		2.00
Revised Budget	\$8,696,710,181	

**Community Colleges
Budget Code 16800**

General Fund Budget

FY 2016-17

Enacted Budget

Requirements	\$1,480,340,859
Receipts	\$414,445,339
<hr/>	
Net Appropriation	\$1,065,895,520

Legislative Changes

Requirements	(\$350,664)
Receipts	(\$16,476,737)
<hr/>	
Net Appropriation	\$16,126,073

Revised Budget

Requirements	\$1,479,990,195
Receipts	\$397,968,602
<hr/>	
Net Appropriation	\$1,082,021,593

General Fund FTE

Enacted Budget	192.50
Legislative Changes	2.00
<hr/>	
Revised Budget	194.50

**Summary of General Fund Appropriations
Fiscal Year 2016-17
2016 Legislative Session**

Community Colleges Budget Code 16800		Enacted Budget			Legislative Changes			Revised Budget		
Fund Code	Fund Name	Requirements	Receipts	Net Appropriation	Requirements	Receipts	Net Appropriation	Requirements	Receipts	Net Appropriation
1100	Executive Division	3,590,759	363,281	3,227,478	-	-	-	3,590,759	363,281	3,227,478
1200	Technology Solutions and Distance Learning	15,949,769	479,789	15,469,980	-	-	-	15,949,769	479,789	15,469,980
1300	Finance and Operations	3,593,176	486,682	3,106,494	-	-	-	3,593,176	486,682	3,106,494
1400	Academic and Student Services	6,507,648	3,762,851	2,744,797	-	-	-	6,507,648	3,762,851	2,744,797
1600	State Aid - Institutions	22,725,625	-	22,725,625	286,145	-	286,145	23,011,770	-	23,011,770
1620	Curriculum Instruction	706,875,096	354,290,199	352,584,897	-	-	-	706,875,096	354,290,199	352,584,897
1621	Basic Skill Instruction	73,790,394	16,242,990	57,547,404	-	-	-	73,790,394	16,242,990	57,547,404
1622	Continuing Education and Workforce Development	107,452,625	17,427,620	90,025,005	-	-	-	107,452,625	17,427,620	90,025,005
1623	Equipment and Instructional Resources	51,962,762	-	51,962,762	15,000,000	-	15,000,000	66,962,762	-	66,962,762
1624	Specialized Centers and Programs	14,259,267	3,542,792	10,716,475	500,000	-	500,000	14,759,267	3,542,792	11,216,475
1625	Institutional and Academic Support	514,932,950	1,011,693	513,921,257	1,553,733	-	1,553,733	516,486,683	1,011,693	515,474,990
1900	Reserves and Transfers	(41,299,212)	16,837,442	(58,136,654)	-	-	-	(41,299,212)	16,837,442	(58,136,654)
Department-wide Items										
N/A	Compensation Reserve	-	-	-	22,000,000	N/A	22,000,000	22,000,000	N/A	22,000,000
N/A	State Retirement Contributions	-	-	-	2,994,471	N/A	2,994,471	2,994,471	N/A	2,994,471
Undesignated										
N/A	Enrollment Adjustment	-	-	-	(42,685,013)	(16,476,737)	(26,208,276)	(42,685,013)	(16,476,737)	(26,208,276)
Total		\$1,480,340,859	\$414,445,339	\$1,065,895,520	\$ (350,664)	\$ (16,476,737)	\$ 16,126,073	\$1,479,990,195	\$397,968,602	\$1,082,021,593

**Summary of General Fund Appropriations
Fiscal Year 2016-17
2016 Legislative Session**

Community Colleges		Enacted	Legislative Changes		Revised
Budget Code 16800					
Fund Code	Fund Name	Total Requirements	Net Appropriation	Receipts	Total Requirements
1100	Executive Division	28.00	-	-	28.00
1200	Technology Solutions and Distance Learning	80.00	-	-	80.00
1300	Finance and Operations	39.50	2.00	-	41.50
1400	Academic and Student Services	45.00	-	-	45.00
1600	State Aid - Institutions	-	-	-	-
1620	Curriculum Instruction	-	-	-	-
1621	Basic Skill Instruction	-	-	-	-
1622	Continuing Education and Workforce Development	-	-	-	-
1623	Equipment and Instructional Resources	-	-	-	-
1624	Specialized Centers and Programs	-	-	-	-
1625	Institutional and Academic Support	-	-	-	-
1900	Reserves and Transfers	-	-	-	-
Total FTE		192.50	2.00	-	194.50

Community Colleges

GENERAL FUND

Total Budget Enacted 2015 Session

FY 16-17
\$1,065,895,520

Legislative Changes

A. Reserve for Salaries and Benefits

22 Compensation Increase Reserve - Community Colleges (\$10,000,000) R
Fund Code: N/A

Reallocates the \$10 million appropriated in the 2015 Appropriations Act for Community College personnel salary adjustments to the Community College's FY 2016-17 Compensation Increase Reserve.

23 Compensation Increase Reserve - Community Colleges \$21,000,000 R
Fund Code: N/A \$11,000,000 NR

Provides \$21 million for salary increases and \$11 million for one-time merit-based bonuses for State-funded employees. Community Colleges, with guidance from the State Board of Community Colleges, shall develop policies for the allocation of these salary increases and merit-based bonuses. Merit-based bonuses provided by employing agencies shall not be considered compensation for retirement purposes. Corresponding special provisions provide additional details on these compensation adjustments.

For all net appropriation supported State-funded positions, across all sections of the Committee Report, the approximate revised net appropriation for salaries is \$11.4 billion, an increase of nearly \$394 million in FY 2016-17.

24 State Retirement Contributions - Community Colleges \$2,955,674 R
Fund Code: N/A

Increases the State's contribution for members of the Teachers' and State Employees' Retirement System (TSERS) to fund the actuarially determined contribution.

For all net appropriation supported State-funded positions, across all sections of the Committee Report, the approximate revised net appropriation for members of TSERS is \$1.5 billion, an increase of \$31.6 million for FY 2016-17.

25 State Retirement Contributions - System Office

\$38,797 R

Fund Code: N/A

Increases the State's contribution for members of the Teachers' and State Employees' Retirement System (TSERS) to fund the actuarially determined contribution.

For all net appropriation supported State-funded positions, across all sections of the Committee Report, the approximate revised net appropriation for members of TSERS is \$1.5 billion, an increase of \$31.6 million for FY 2016-17.

B. Technical and Formula Adjustments

26 Enrollment Growth Adjustment

(\$26,208,276) R

Fund Code: N/A

Adjusts funds for FY 2016-17 based on the decline in Community College System enrollment.

The Community College System total enrollment declined by 8,578 Full Time Equivalent (FTE) students (4.1%) from the budgeted amount in the FY 2016-17 certified budget for a savings of \$26.2 million.

27 Multi-Campus Centers

\$1,553,733 R

Fund Code: 1625

Provides funds to operate 3 new Multi-Campus Centers scheduled to open in FY 2016-17. Funding will support centers for Asheville-Buncombe Technical Community College, Durham Technical Community College, and Mitchell Community College. Each center will receive a \$517,911 allocation. The revised net appropriation for Multi-Campus Centers is \$20.4 million.

C. Other Adjustments

28 Connect NC Bond Administration

\$161,735 R

Fund Code: 1300

\$124,410 NR

2.00

Provides funding to administer the Connect NC Bond program within the Community College System Office. The Community College System will receive \$350 million through the Connect NC Bond for facility construction and renovation. The funds will support 2 positions and related software licenses throughout the Community College System. The revised net appropriation for Connect NC Bond administration is \$286,145.

29 Equipment

Fund Code: 1623

\$15,000,000 NR

Provides funds for the purchase of instructional equipment and technology at all 58 colleges. These funds are in addition to the \$49 million included in the base budget for this purpose. Funds shall be distributed in accordance with the existing equipment allocation formula. The revised net appropriation for equipment is \$64 million for FY 2016-17.

30 Competency-Based Education Incubator

Fund Code: 1624

\$500,000 NR

Provides nonrecurring funding to support development of competency-based education programs and a uniform system for granting credit for prior learning. Partners in this pilot include Central Piedmont Community College, Forsyth Technical Community College, Stanly Community College, Wake Technical Community College, and the North Carolina Community College System Office. The revised net appropriation for the Competency-Based Education Incubator is \$500,000 for FY 2016-17.

Total Legislative Changes	(\$10,498,337)	R
	\$26,624,410	NR
Total Position Changes		2.00
Revised Budget	\$1,082,021,593	

**UNC System
Multiple Budget Codes**

General Fund Budget

FY 2016-17

Enacted Budget

Requirements	\$4,400,355,967
Receipts	\$1,717,048,040
<hr/>	
Net Appropriation	\$2,683,307,927

Legislative Changes

Requirements	\$140,720,659
Receipts	\$19,611,475
<hr/>	
Net Appropriation	\$121,109,184

Revised Budget

Requirements	\$4,541,076,626
Receipts	\$1,736,659,515
<hr/>	
Net Appropriation	\$2,804,417,111

General Fund FTE

Enacted Budget	34,763.58
Legislative Changes	1.00
<hr/>	
Revised Budget	34,764.58

**Summary of General Fund Appropriations
Fiscal Year 2016-17
2016 Legislative Session**

UNC System		Enacted Budget			Legislative Changes			Revised Budget		
Bdgt Code	Fund Name	Requirements	Receipts	Net Appropriation	Requirements	Receipts	Net Appropriation	Requirements	Receipts	Net Appropriation
16010	UNC-Board of Governors	37,303,605	46,899	37,256,706	1,000,000	-	1,000,000	38,303,605	46,899	38,256,706
16011	UNC-Board of Governors - Institutional	57,429,631	21,444,745	35,984,886	56,094,475	19,611,475	36,483,000	113,524,106	41,056,220	72,467,886
16012	UNC-BOG-Related Educational Programs	156,200,476	48,031,975	108,168,501	-	-	-	156,200,476	48,031,975	108,168,501
16015	Aid to Private Colleges	127,419,754	-	127,419,754	34,472,500	-	34,472,500	161,892,254	-	161,892,254
16020	UNC-Chapel Hill	592,452,903	340,187,042	252,265,861	-	-	-	592,452,903	340,187,042	252,265,861
16021	UNC-Chapel Hill - Health Affairs	294,539,049	106,759,144	187,779,905	3,000,000	-	3,000,000	297,539,049	106,759,144	190,779,905
16022	UNC-Chapel Hill - Area Health Education Center	49,282,678	-	49,282,678	-	-	-	49,282,678	-	49,282,678
16030	North Carolina State University - Academic	721,726,448	329,477,157	392,249,291	200,000	-	200,000	721,926,448	329,477,157	392,449,291
16031	NC State University - Agricultural Research	68,078,678	14,979,346	53,099,332	-	-	-	68,078,678	14,979,346	53,099,332
16032	NC State University - Cooperative Extension Service	54,639,442	16,043,515	38,595,927	-	-	-	54,639,442	16,043,515	38,595,927
16040	UNC-Greensboro	228,727,570	85,268,143	143,459,427	-	-	-	228,727,570	85,268,143	143,459,427
16050	UNC-Charlotte	334,919,709	135,948,104	198,971,605	-	-	-	334,919,709	135,948,104	198,971,605
16055	UNC-Asheville	57,074,763	19,482,480	37,592,283	-	-	-	57,074,763	19,482,480	37,592,283
16060	UNC-Wilmington	184,756,660	83,283,247	101,473,413	-	-	-	184,756,660	83,283,247	101,473,413
16065	East Carolina University - Academic	375,146,899	164,407,341	210,739,558	-	-	-	375,146,899	164,407,341	210,739,558
16066	East Carolina University - Health Affairs	81,979,708	8,452,022	73,527,686	-	-	-	81,979,708	8,452,022	73,527,686
16070	NC Agricultural and Technical State University	155,828,367	64,930,346	90,898,021	-	-	-	155,828,367	64,930,346	90,898,021
16075	Western Carolina University	130,369,834	44,564,017	85,805,817	-	-	-	130,369,834	44,564,017	85,805,817
16080	Appalachian State University	218,660,651	90,825,069	127,835,582	-	-	-	218,660,651	90,825,069	127,835,582
16082	UNC-Pembroke	78,258,028	25,065,923	53,192,105	-	-	-	78,258,028	25,065,923	53,192,105
16084	Winston-Salem State University	88,173,322	23,554,198	64,619,124	-	-	-	88,173,322	23,554,198	64,619,124
16086	Elizabeth City State University	44,118,744	10,359,516	33,759,228	-	-	-	44,118,744	10,359,516	33,759,228
16088	Fayetteville State University	68,632,042	19,890,512	48,741,530	-	-	-	68,632,042	19,890,512	48,741,530
16090	NC Central University	130,529,004	48,396,156	82,132,848	-	-	-	130,529,004	48,396,156	82,132,848
16092	NC School of the Arts	43,392,463	14,723,165	28,669,298	-	-	-	43,392,463	14,723,165	28,669,298
16094	NC School of Science and Mathematics	20,715,539	927,978	19,787,561	630,000	-	630,000	21,345,539	927,978	20,417,561
Department-wide Items										
N/A	Compensation Reserve	-	-	-	42,000,000	N/A	42,000,000	42,000,000	N/A	42,000,000
N/A	State Retirement Contributions	-	-	-	3,323,684	N/A	3,323,684	3,323,684	N/A	3,323,684
Total		\$4,400,355,967	\$1,717,048,040	\$2,683,307,927	\$ 140,720,659	\$ 19,611,475	\$ 121,109,184	\$4,541,076,626	\$1,736,659,515	\$2,804,417,111

**Summary of General Fund Appropriations
Fiscal Year 2016-17
2016 Legislative Session**

UNC System		Enacted	Legislative Changes		Revised
Bdgt Code	Fund Name	Total Requirements	Net Appropriation	Receipts	Total Requirements
16010	UNC-Board of Governors	246.74	-	-	246.74
16011	UNC-Board of Governors - Institutional	-	-	-	-
16012	UNC-BOG-Related Educational Programs	-	-	-	-
16015	Aid to Private Colleges	2.00	-	-	2.00
16020	UNC-Chapel Hill	4,138.45	-	-	4,138.45
16021	UNC-Chapel Hill - Health Affairs	1,909.12	-	-	1,909.12
16022	UNC-Chapel Hill - Area Health Education Center	77.90	-	-	77.90
16030	North Carolina State University - Academic	6,082.34	-	-	6,082.34
16031	NC State University - Agricultural Research	797.06	-	-	797.06
16032	NC State University - Cooperative Extension Service	745.74	-	-	745.74
16040	UNC-Greensboro	2,069.45	-	-	2,069.45
16050	UNC-Charlotte	3,020.71	-	-	3,020.71
16055	UNC-Asheville	585.71	-	-	585.71
16060	UNC-Wilmington	1,811.72	-	-	1,811.72
16065	East Carolina University - Academic	3,211.61	-	-	3,211.61
16066	East Carolina University - Health Affairs	552.53	-	-	552.53
16070	NC Agricultural and Technical State University	1,521.31	-	-	1,521.31
16075	Western Carolina University	1,279.58	-	-	1,279.58
16080	Appalachian State University	2,096.17	-	-	2,096.17
16082	UNC-Pembroke	736.29	-	-	736.29
16084	Winston-Salem State University	910.32	-	-	910.32
16086	Elizabeth City State University	350.61	-	-	350.61
16088	Fayetteville State University	704.84	-	-	704.84
16090	NC Central University	1,258.34	-	-	1,258.34
16092	NC School of the Arts	435.69	-	-	435.69
16094	NC School of Science and Mathematics	219.35	1.00	-	220.35
Total FTE		34,763.58	1.00	-	34,764.58

UNC System

GENERAL FUND

Total Budget Enacted 2015 Session

FY 16-17
\$2,683,307,927

Legislative Changes

A. Reserve for Salaries and Benefits

31 Compensation Increase Reserve - UNC EHRA	\$21,000,000	R
Budget Code: N/A	\$21,000,000	NR

Provides \$21 million for salary increases and \$21 million for one-time merit-based bonuses for State employees. The Board of Governors shall develop policies for the allocation of these salary increases and merit-based bonuses to Exempt from Human Resources Act (EHRA) employees. Merit-based bonuses provided by employing agencies shall not be considered compensation for retirement purposes. Corresponding special provisions provide additional details on these compensation adjustments.

For all net appropriation supported State-funded positions, across all sections of the Committee Report, the approximate revised net appropriation for salaries is \$11.4 billion, an increase of nearly \$394 million in FY 2016-17.

32 State Retirement Contributions - TSERS Members	\$3,664,607	R
Budget Code: N/A		

Increases the State's contribution for members of the Teachers' and State Employees' Retirement System (TSERS) to fund the actuarially determined contribution.

For all net appropriation supported State-funded positions, across all sections of the Committee Report, the approximate revised net appropriation for members of TSERS is \$1.5 billion, an increase of \$31.6 million for FY 2016-17.

33 State Retirement Contributions - ORP Members	(\$340,923)	R
Budget Code: N/A		

Decreases the State's contribution for members of the Optional Retirement Program (ORP) to match the actuarially determined contribution for the Disability Income Plan.

The revised net appropriation for members of ORP is approximately \$145.6 million.

B. Technical and Formula Adjustments

34 Enrollment Growth Adjustments

\$31,000,000 R

Budget Code: 16011

Provides additional funds for projected enrollment growth in the University of North Carolina (UNC) System. Total enrollment is projected to be 206,139 Full Time Equivalent (FTE) students, a 1.5% increase over FY 2015-16's total enrollment of 203,014 FTE.

C. Other Adjustments

35 UNC Teacher and Principal Preparation Program Lab School Administration

\$1,000,000 NR

Budget Code: 16010

Funds UNC General Administration to provide administrative and technical assistance related to the UNC Teacher and Principal Preparation Laboratory School Program. The funds shall be used to provide lab school start-up assistance to constituent institutions with educator preparation programs. The revised net appropriation for UNC Teacher and Principal Preparation Program Lab School Administration is \$1.0 million.

36 Internships and Career-Based Opportunities for HBCU Students

\$183,000 NR

Budget Code: 16011

Expands, on a nonrecurring basis, the internship program for students attending Historically Black Colleges and Universities (HBCU). The revised net appropriation for the HBCU Internship Program is \$500,500.

37 Advancement Activity Limitations

\$5,000,000 NR

Budget Code: 16011

Provides nonrecurring funds to partially offset the reduction required by the cap on the use of General Fund appropriations for campus advancement activities at \$1 million per campus. These additional funds lower the amount of the reduction to advancement and fundraising activities from \$16.4 million to \$11.4 million for FY 2016-17.

38 Western School of Medicine - Asheville

\$3,000,000 R

Budget Code: 16021

Provides funds for the UNC School of Medicine's Asheville Campus, a joint program between the UNC School of Medicine and the Mountain Area Health Education Center. Funding will support administration, faculty, and related programs. The revised net appropriation for the Western School of Medicine is \$3 million.

39 North Carolina State University (NCSU) - Agriculture Institute

\$200,000 R

Budget Code: 16030

Provides funding for NCSU's Agriculture Institute for increased student support, recruitment, and marketing. The revised net appropriation for the Agriculture Institute for student support, recruitment, and marketing is \$200,000.

Senate Committee on Education/Higher Education

FY 16-17

40 East Carolina University: Medical School Sustainability Funds

\$4,000,000 R
(\$4,000,000) NR

Converts half of the State budget sustainability funds for the Brody School of Medicine to recurring status. The funds are to provide support for the school due to lost revenue. The revised net appropriation for East Carolina University Health Affairs remains \$73.5 million in FY 2016-17.

41 Western School of Engineering and Technology

\$130,000 R
\$500,000 NR
1.00

Provides funds for project management and curriculum development at the Western School of Engineering and Technology, which was funded in 2016 in the Connect NC Bond. An additional position, based in Morganton, NC, will provide construction management of the project. Additional funds will provide for curriculum development for the new school. The revised net appropriation for the Western School of Engineering and Technology is \$630,000.

D. Financial Aid Adjustments

42 Cheatham-White Scholarships

\$300,000 R

Budget Code: 16011

Provides funds to administer a new scholarship program at North Carolina Central University (NCCU) and North Carolina Agricultural and Technical State University (NCA&T) to be called the Cheatham-White Scholarships. The full scholarships will fund up to 50 students at each university beginning in the Fall 2018 semester. NCCU and NCA&T will be required to match the General Fund appropriation. The revised net appropriation for the Cheatham-White Scholarships is \$300,000.

43 Principal Preparation

(\$1,000,000) R

Budget Code: 16015

Eliminates the Principal Preparation program. The program provided competitive grants for school leadership development, administered by a third party non-profit entity. The revised net appropriation for the Principal Preparation program is \$0.

44 Special Education Scholarships

\$632,500 R

Budget Code: 16015

Increases funding for Special Education Scholarships by 15%. The program provides scholarship grants of up to \$4,000 per semester for eligible students to attend non-public schools. The revised net appropriation for Special Education Scholarships is \$5.9 million.

45 Opportunity Scholarship Grant Fund Reserve

\$34,840,000 NR

Budget Code: 16015

Establishes an Opportunity Scholarship Grant Fund Reserve in order to shift the program to forward funding. The Reserve will be used to fund scholarships for the subsequent fiscal year. The revised net appropriation for the Opportunity Scholarship Grant Fund Reserve is \$34.8 million.

Senate Committee on Education/Higher Education

FY 16-17

Total Legislative Changes	\$62,586,184	R
	\$58,523,000	NR
Total Position Changes		1.00
Revised Budget	\$2,804,417,111	

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**Health
and
Human Services
Section G**

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**Central Management
Budget Code 14410**

General Fund Budget

FY 2016-17

Enacted Budget

Requirements	\$216,674,084
Receipts	\$86,640,831
Net Appropriation	\$130,033,253

Legislative Changes

Requirements	\$20,361,425
Receipts	\$14,376,833
Net Appropriation	\$5,984,592

Revised Budget

Requirements	\$237,035,509
Receipts	\$101,017,664
Net Appropriation	\$136,017,845

General Fund FTE

Enacted Budget	745.76
Legislative Changes	3.00
Revised Budget	748.76

**Summary of General Fund Appropriations
Fiscal Year 2016-17
2016 Legislative Session**

Central Management Budget Code 14410		Enacted Budget			Legislative Changes			Revised Budget		
Fund Code	Fund Name	Requirements	Receipts	Net Appropriation	Requirements	Receipts	Net Appropriation	Requirements	Receipts	Net Appropriation
1119	Service Support-Administration	6,470,066	1,480,029	4,990,037	-	-	-	6,470,066	1,480,029	4,990,037
1120	Service Support-Central Management	17,958,289	3,485,403	14,472,886	286,430	143,215	143,215	18,244,719	3,628,618	14,616,101
1121	Service Support-Controllers Office	17,597,670	7,845,098	9,752,572	-	-	-	17,597,670	7,845,098	9,752,572
1122	DIRM-Information Services	73,231,074	50,650,213	22,580,861	1,250,000	-	1,250,000	74,481,074	50,650,213	23,830,861
1123	DIRM-Planning and Development	454,508	396,457	58,051	-	-	-	454,508	396,457	58,051
1124	NC Council on Developmental Disabilities	2,312,533	2,233,612	78,921	-	-	-	2,312,533	2,233,612	78,921
1125	Service Support - Medicaid Mgnt Info System	480,610	1,134	479,476	-	-	-	480,610	1,134	479,476
1126	Central Regional Maintenance - Dix	9,399,644	1,703,636	7,696,008	-	-	-	9,399,644	1,703,636	7,696,008
1161	Rural Hospital - Assistance	2,302,301	2,302,301	-	-	-	-	2,302,301	2,302,301	-
1162	Rural Health Capacity Building	4,486,426	2,884,384	1,602,042	-	-	-	4,486,426	2,884,384	1,602,042
1163	Primary Care Safety Net Infrastructure	7,709,288	22,119	7,687,169	-	-	-	7,709,288	22,119	7,687,169
1164	Rural Health Centers	3,726,657	437,702	3,288,955	-	-	-	3,726,657	437,702	3,288,955
1168	Telemedicine	2,054,070	48,663	2,005,407	-	-	-	2,054,070	48,663	2,005,407
1320	Prescription Assistance	3,386,926	859,175	2,527,751	-	-	-	3,386,926	859,175	2,527,751
1371	NC Farmworker Health	2,442,623	2,441,399	1,224	-	-	-	2,442,623	2,441,399	1,224
1372	Community Care of NC	4,141,894	4,053,165	88,729	-	-	-	4,141,894	4,053,165	88,729
1373	Services for the Uninsured	219,025	67,242	151,783	-	-	-	219,025	67,242	151,783
1910	Reserves and Transfers	56,423,881	3,852,500	52,571,381	18,726,272	14,226,272	4,500,000	75,150,153	18,078,772	57,071,381
1991	Indirect Cost - Reserve	116,418	116,418	-	-	-	-	116,418	116,418	-
1992	Prior Year - Earned Revenue	1,760,181	1,760,181	-	-	-	-	1,760,181	1,760,181	-
Division-wide Items										
N/A	CCDF Block Grant	-	-	-	7,346	7,346	-	7,346	7,346	-
N/A	Reserve for Retirement Contributions	-	-	-	91,377	N/A	91,377	91,377	N/A	91,377
Total		\$216,674,084	\$86,640,831	\$130,033,253	\$20,361,425	\$14,376,833	\$5,984,592	\$237,035,509	\$101,017,664	\$136,017,845

Health and Human Services

GENERAL FUND

Total Budget Enacted 2015 Session

FY 16-17
\$130,033,253

Legislative Changes

(1.0) Division of Central Management and Support

1 State Retirement Contributions \$91,377 R

Fund Code: N/A

Increases the State's contribution for members of the Teachers' and State Employees' Retirement System (TSERS) to fund the actuarially determined contribution.

For all net appropriation supported State-funded positions, across all sections of the Committee Report, the approximate revised net appropriation for members of TSERS is \$1.5 billion, an increase of \$31.6 million for FY 2016-17.

2 Miscellaneous Contractual Services (\$3,200,000) R

Fund Code: 1910

Continues a reduction for miscellaneous contracts implemented in FY 2015-16 on a department wide basis.

3 County Department of Social Services Improve Medicaid Timeliness \$143,215 R

Fund Code: 1120

3.00

Provides 3 Business System Analyst positions to interpret Medicaid data by combining and analyzing diverse types of data from several data warehouses to extract actionable data discoveries and new trend analytics. These positions will develop performance standards for county departments of social services offices, monitor the data to measure performance, and provide better guidance to county DSS offices on how to improve the timeliness and accuracy of Medicaid eligibility determinations. These positions can also assist with training county DSS offices on how to effectively use NC FAST data to manage the Medicaid eligibility determination workload. The revised net appropriation for fund 1120 Service Support - Central Management is \$14.6 million.

4 NC FAST Next Phase

Fund Code: 1910

Budgets federal receipts of \$12,637,255 and prior year earned revenue of \$1,589,017 for NC FAST to implement client self-service functionality, including secure inbox, document upload, renewals, online appeals, a Quality Assurance Manager, and increased reporting. The revised net appropriation remains unchanged at \$13 million.

5 Graduate Medical Education

\$7,700,000 R

Fund Code: 1910

Supports the establishment of a residency program at Cape Fear Valley Medical Center that is affiliated with Campbell University Medical School. This appropriation replaces an anticipated loss of Medicare revenue as a result of the hospital's future reclassification as a rural hospital by the Centers for Medicare and Medicaid Services. The amount of the net appropriation is based on a calculation of the actual reduction in Medicare revenues due to the reclassification to a rural hospital, less \$3.0 million from private donations. The maximum paid to Cape Fear Valley Hospital shall not exceed \$7.7 million. The revised net appropriation for Graduate Medical Education at Cape Fear Valley Medical Center is \$7.7 million.

6 Medicaid Analytics Pilot

\$1,250,000 NR

Fund Code: 1122

Provides funds for a pilot to integrate new data sources, such as patient-level Healthcare Effectiveness Data and Information Set (HEDIS) quality measures; automate reporting and analytic capabilities; integrate a tool to construct and analyze claims as clinical episodes of care to fit into reform; and help the State move to value-based purchasing arrangements. The revised net appropriation for the Medicaid Analytics Pilot is \$1.3 million.

7 Child Care Development Fund Block Grant

Fund Code: N/A

Budgets additional Child Care Development Fund (CCDF) block grant federal receipts in the amount of \$7,346. The revised CCDF block grant federal receipts for the Division is \$7,346.

Total Legislative Changes	\$4,734,592	R
	\$1,250,000	NR
Total Position Changes		3.00
Revised Budget	\$136,017,845	

DHHS-CENTRAL MANAGEMENT-IT PROJECTS

Budget Code: 24410

FY 2016-17

Beginning Unreserved Fund Balance	\$10,403,792
Recommended Budget	
Requirements	\$42,043,531
Receipts	\$42,181,452
Positions	205.00

Legislative Changes

Requirements:

Data Collection and Information Management Information System

Budgets funds from Budget Code 67425 to implement a Data Collection and Service Management Information System to replace the current legacy system used by the Division of Services for the Deaf and Hard of Hearing. The project shall not proceed until the Business Case has been approved by the State Budget Director and the State Chief Information Officer.

\$0 R
 \$750,000 NR
 0.00

Subtotal Legislative Changes

\$0 R
 \$750,000 NR
 0.00

Receipts:

Blind & Deaf/HH Trust Telecommunications

Transfer funds from Budget Code 67425 to the Central Management Services Division to implement a Data Collection and Service Management Information System to replace the current legacy system used by the Division of Services for the Deaf and Hard of Hearing. The project shall not proceed until the Business Case has been approved by the State Budget Officer and the State Chief Information Officer.

\$0 R
 \$750,000 NR

Senate Appropriations Committee on Health and Human Services

FY 2016-17

Subtotal Legislative Changes

\$0 R
\$750,000 NR

Revised Total Requirements

\$42,793,531

Revised Total Receipts

\$42,931,452

Change in Fund Balance

\$137,921

Total Positions

205.00

Unappropriated Balance Remaining

\$10,541,713

**Division of Aging
Budget Code 14411**

General Fund Budget

FY 2016-17

Enacted Budget

Requirements	\$105,473,473
Receipts	\$61,658,136
Net Appropriation	\$43,815,337

Legislative Changes

Requirements	\$505,824
Receipts	\$0
Net Appropriation	\$505,824

Revised Budget

Requirements	\$105,979,297
Receipts	\$61,658,136
Net Appropriation	\$44,321,161

General Fund FTE

Enacted Budget	76.50
Legislative Changes	2.00
Revised Budget	78.50

**Summary of General Fund Appropriations
Fiscal Year 2016-17
2016 Legislative Session**

Division of Aging Budget Code 14411		Enacted Budget			Legislative Changes			Revised Budget		
Fund Code	Fund Name	Requirements	Receipts	Net Appropriation	Requirements	Receipts	Net Appropriation	Requirements	Receipts	Net Appropriation
1110	Service Support	2,849,382	1,709,350	1,140,032	-	-	-	2,849,382	1,709,350	1,140,032
1160	Professional Development and Capacity Building	218,806	218,806	-	-	-	-	218,806	218,806	-
1167	Emergency Shelter	4,803,739	4,803,739	-	-	-	-	4,803,739	4,803,739	-
1260	Access Outreach - Aging Adults	2,405,916	1,065,132	1,340,784	-	-	-	2,405,916	1,065,132	1,340,784
1270	Quality Improvement - Wellness and Health Promotion	798,384	732,012	66,372	-	-	-	798,384	732,012	66,372
1370	Senior Nutrition/ Fan Programs	10,733,138	10,313,685	419,453	-	-	-	10,733,138	10,313,685	419,453
1410	Case Management and Counseling	82,206	60,359	21,847	-	-	-	82,206	60,359	21,847
1451	Community Based Services and Supports	61,391,239	29,200,409	32,190,830	-	-	-	61,391,239	29,200,409	32,190,830
1452	Alzheimer's and Dementia Support Services Support	4,581,367	3,989,691	591,676	500,000	-	500,000	5,081,367	3,989,691	1,091,676
1453	At-Risk Case Management	82,743	52,373	30,370	-	-	-	82,743	52,373	30,370
1454	Key Program	6,183,669	68,037	6,115,632	-	-	-	6,183,669	68,037	6,115,632
1480	Senior Community Services Employment Services	2,437,963	2,431,225	6,738	-	-	-	2,437,963	2,431,225	6,738
1510	Adult Protective Services and Guardianship	4,441,357	3,933,704	507,653	-	-	-	4,441,357	3,933,704	507,653
1550	Long Term Care - Ombudsman Services	3,707,706	2,622,422	1,085,284	-	-	-	3,707,706	2,622,422	1,085,284
1570	State/County Special Assistance Administration	677,552	378,886	298,666	-	-	-	677,552	378,886	298,666
1910	Reserves and Transfers	-	-	-	-	-	-	-	-	-
1991	Indirect Cost - Reserve	78,306	78,306	-	-	-	-	78,306	78,306	-
Division-wide Items										
N/A	Reserve for Retirement Contributions	-	-	-	5,824	N/A	5,824	5,824	N/A	5,824
Total		\$105,473,473	\$61,658,136	\$43,815,337	\$505,824	\$0	\$505,824	\$105,979,297	\$61,658,136	\$44,321,161

Summary of General Fund Total Requirement FTE
Fiscal Year 2016-17
2016 Legislative Session

Division of Aging		<u>Enacted</u>	<u>Legislative Changes</u>		<u>Revised</u>
Budget Code 14411		Total	Net		Total
Fund Code	Fund Name	Requirements	Appropriation	Receipts	Requirements
1110	Service Support	18.00	-	-	18.00
1160	Professional Development and Capacity Building	-	-	-	-
1167	Emergency Shelter	2.00	-	-	2.00
1260	Access Outreach - Aging Adults	3.00	-	-	3.00
1270	Promotion	1.00	-	-	1.00
1370	Senior Nutrition/ Fan Programs	-	-	-	-
1410	Case Management and Counseling	1.00	-	-	1.00
1451	Community Based Services and Supports	9.50	-	-	9.50
1452	Alzheimer's and Dementia Support Services Support	2.00	2.00	-	4.00
1453	At-Risk Case Management	1.00	-	-	1.00
1454	Key Program	11.00	-	-	11.00
1480	Senior Community Services Employment Services	1.00	-	-	1.00
1510	Adult Protective Services and Guardianship	14.00	-	-	14.00
1550	Long Term Care - Ombudsman Services	5.00	-	-	5.00
1570	State/County Special Assistance Administration	8.00	-	-	8.00
1910	Reserves and Transfers	-	-	-	-
1991	Indirect Cost - Reserve	-	-	-	-
Total FTE		76.50	2.00	-	78.50

Health and Human Services

GENERAL FUND

Total Budget Enacted 2015 Session

FY 16-17
\$43,815,337

Legislative Changes

(2.0) Division of Aging and Adult Services

8 State Retirement Contributions \$5,824 R

Fund Code: N/A

Increases the State's contribution for members of the Teachers' and State Employees' Retirement System (TSERS) to fund the actuarially determined contribution.

For all net appropriation supported State-funded positions, across all sections of the Committee Report, the approximate revised net appropriation for members of TSERS is \$1.5 billion, an increase of \$31.6 million for FY 2016-17.

9 Project CARE Support for Alzheimer's Patients and Their Families \$300,000 R

Fund Code: 1452

Increases funding for Project CARE (Caregiver Alternatives to Running on Empty) effective October 1, 2016. Project CARE supports families acting as caregivers for family members with Alzheimer's disease. The increased funding will provide vouchers for respite services and 3 additional full-time family consultants for Project CARE. The revised net appropriation for Project CARE is \$600,000.

10 No Wrong Door to Accessing Benefits Initiative \$200,000 R

Fund Code: 1452

2.00

Creates 2 full-time equivalent staff positions within the Division of Aging and Adult Services to oversee continued development and implementation of the No Wrong Door to Accessing Benefits initiative. Staff responsibilities will include enhancement of the NC 2-1-1 database and management of Alzheimer's disease and dementia-related stakeholder partnerships. The revised net appropriation for the No Wrong Door To Accessing Benefits Initiative is \$200,000.

Total Legislative Changes	\$505,824	R
Total Position Changes	2.00	
Revised Budget	\$44,321,161	.

**Division of Child Development and Early Education
Budget Code 14420**

General Fund Budget

FY 2016-17

Enacted Budget

Requirements	\$671,468,663
Receipts	\$428,434,687
<hr/> Net Appropriation	<hr/> \$243,033,976

Legislative Changes

Requirements	\$14,074,872
Receipts	\$24,100,360
<hr/> Net Appropriation	<hr/> (\$10,025,488)

Revised Budget

Requirements	\$685,543,535
Receipts	\$452,535,047
<hr/> Net Appropriation	<hr/> \$233,008,488

General Fund FTE

Enacted Budget	298.75
Legislative Changes	10.00
<hr/> Revised Budget	<hr/> 308.75

**Summary of General Fund Appropriations
Fiscal Year 2016-17
2016 Legislative Session**

Division of Child Development and Early Education Budget Code 14420		Enacted Budget			Legislative Changes			Revised Budget		
Fund Code	Fund Name	Requirements	Receipts	Net Appropriation	Requirements	Receipts	Net Appropriation	Requirements	Receipts	Net Appropriation
14A0	Smart Start - Health Related Activities	5,527,584	-	5,527,584	-	-	-	5,527,584	-	5,527,584
1110	Service Support	4,067,011	2,175,811	1,891,200	-	-	-	4,067,011	2,175,811	1,891,200
1151	Child Care - Regulation	14,069,271	14,069,271	-	154,676	154,676	-	14,223,947	14,223,947	-
1152	DHHS - Criminal Record Checks	1,964,117	1,349,480	614,637	153,109	153,109	-	2,117,226	1,502,589	614,637
1161	Child Care - Capacity Building	15,113,882	15,076,903	36,979	80,438	80,438	-	15,194,320	15,157,341	36,979
1162	Smart Start - Child Care Related Activities	52,371,075	-	52,371,075	-	-	-	52,371,075	-	52,371,075
1271	Smart Start - Family Support Activities	18,434,178	-	18,434,178	-	-	-	18,434,178	-	18,434,178
1272	Child Care - Rated License	2,870,615	2,870,615	-	-	-	-	2,870,615	2,870,615	-
1330	Pre-Kindergarten Program	144,178,390	91,286,091	52,892,299	-	6,430,899	(6,430,899)	144,178,390	97,716,990	46,461,400
1380	Subsidized Child Care	342,191,924	294,606,516	47,585,408	275,212	3,875,212	(3,600,000)	342,467,136	298,481,728	43,985,408
1381	Smart Start - Subsidized Child Care	70,680,616	7,000,000	63,680,616	-	-	-	70,680,616	7,000,000	63,680,616
Division-wide Items										
N/A	CCDF Block Grant	-	-	-	13,406,026	13,406,026	-	13,406,026	13,406,026	-
N/A	Reserve for Retirement Contributions	-	-	-	5,411	N/A	5,411	5,411	N/A	5,411
Total		\$671,468,663	\$428,434,687	\$243,033,976	\$14,074,872	\$24,100,360	(\$10,025,488)	\$685,543,535	\$452,535,047	\$233,008,488

Summary of General Fund Total Requirement FTE
Fiscal Year 2016-17
2016 Legislative Session

Division of Child Development and Early Education					
Budget Code 14420		<u>Enacted</u>	<u>Legislative Changes</u>		<u>Revised</u>
Fund Code	Fund Name	Total Requirements	Net Appropriation	Receipts	Total Requirements
14A0	Smart Start - Health Related Activities	-	-	-	-
1110	Service Support	34.00	-	-	34.00
1151	Child Care - Regulation	202.75	-	2.00	204.75
1152	DHHS - Criminal Record Checks	18.00	-	3.00	21.00
1161	Child Care - Capacity Building	12.00	-	1.00	13.00
1162	Smart Start - Child Care Related Activities	-	-	-	-
1271	Smart Start - Family Support Activities	-	-	-	-
1272	Child Care - Rated License	-	-	-	-
1330	Pre-Kindergarten Program	8.00	-	-	8.00
1380	Subsidized Child Care	24.00	-	4.00	28.00
1381	Smart Start - Subsidized Child Care	-	-	-	-
Total FTE		298.75	-	10.00	308.75

Health and Human Services

GENERAL FUND

Total Budget Enacted 2015 Session

FY 16-17
\$243,033,976

Legislative Changes

(3.0) Division of Child Development and Early Education

11 State Retirement Contributions \$5,411 R

Fund Code: N/A

Increases the State's contribution for members of the Teachers' and State Employees' Retirement System (TSERS) to fund the actuarially determined contribution.

For all net appropriation supported State-funded positions, across all sections of the Committee Report, the approximate revised net appropriation for members of TSERS is \$1.5 billion, an increase of \$31.6 million for FY 2016-17.

12 NC Pre-K Federal Funds (\$6,430,899)

Fund Code: 1330

Budgets Temporary Assistance for Needy Families block grant receipts on a nonrecurring basis for NC Pre-K, and accordingly reduces the revised net appropriation by the same amount. The requirements for NC Pre-K remain unchanged at \$144.2 million. The revised net appropriation for NC Pre-K is \$46.5 million.

13 Child Care Subsidy Federal Funds (\$3,600,000) NR

Fund Code: 1380

Budgets Temporary Assistance for Needy Families block grant receipts on a nonrecurring basis for the Child Care Subsidy program, and accordingly reduces the revised net appropriation by the same amount. The revised net appropriation from all actions in this report for the Child Care Subsidy Program is \$44 million.

14 Child Care Quality Improvement

Fund Code: 1151, 1152, 1161, 1380

Invests in quality child care through additional Child Care Development Fund (CCDF) block grant requirements and receipts in the amount of \$663,435 for criminal background checks, enhanced training, and improved fraud prevention and detection. Funds 10 receipt supported positions: 1 Human Services Planner/Evaluator III, 1 Child Day Care Program Manager, 1 Administrative Assistant I, 2 Processing Assistant V, 1 Human Services Planner/Evaluation IV, and 4 Administrative Officer II's. The revised net appropriation remains unchanged for child care regulation at \$0, criminal record checks at \$614,637 and for child care capacity building at \$36,979. The revised net appropriation for the Child Care Subsidy Program from all actions in this report for FY 2016-17 is \$44 million.

15 Child Care Development Fund Block Grant

Fund Code: N/A

Budgets additional CCDF block grant federal receipts in the amount of \$13,406,026. The revised CCDF block grant federal receipts for the Division are \$201.2 million.

Total Legislative Changes	\$5,411	R
	(\$10,030,899)	NR
Total Position Changes		
Revised Budget	\$233,008,488	

**Division of Social Services
Budget Code 14440**

General Fund Budget

FY 2016-17

Enacted Budget

Requirements	\$1,726,742,478
Receipts	\$1,541,209,215
Net Appropriation	\$185,533,263

Legislative Changes

Requirements	\$5,789,463
Receipts	(\$2,562,704)
Net Appropriation	\$8,352,167

Revised Budget

Requirements	\$1,732,531,941
Receipts	\$1,538,646,511
Net Appropriation	\$193,885,430

General Fund FTE

Enacted Budget	397.00
Legislative Changes	25.00
Revised Budget	422.00

**Summary of General Fund Appropriations
Fiscal Year 2016-17
2016 Legislative Session**

Division of Social Services Budget Code 14440		Enacted Budget			Legislative Changes			Revised Budget		
Fund Code	Fund Name	Requirements	Receipts	Net Appropriation	Requirements	Receipts	Net Appropriation	Requirements	Receipts	Net Appropriation
1110	Service Support	16,930,306	11,144,964	5,785,342	519,402	193,064	326,339	17,449,708	11,338,027	6,111,681
1160	Child Welfare Training	7,141,587	6,423,965	717,622	4,295,203	2,180,233	2,114,970	11,436,790	8,604,198	2,832,592
1261	Food and Nutrition Education	1,551,695	1,551,695	-	-	-	-	1,551,695	1,551,695	-
1331	Family Preservation and Support	28,987,793	27,754,963	1,232,830	6,892,544	-	6,892,544	35,880,337	27,754,963	8,125,374
1371	Child Support Enforcement	157,495,485	157,072,177	423,308	-	-	-	157,495,485	157,072,177	423,308
1372	Food and Nutrition Services	159,064,170	157,697,803	1,366,367	1,200,000	600,000	600,000	160,264,170	158,297,803	1,966,367
1373	LIEAP	70,131,491	70,126,491	5,000	-	-	-	70,131,491	70,126,491	5,000
1374	Refugee Medical Assistance	23,979	23,979	-	-	-	-	23,979	23,979	-
1375	TANF - Domestic Violence	12,822	12,822	-	-	-	-	12,822	12,822	-
1376	Medicaid Eligibility	250,342,078	248,711,322	1,630,756	-	-	-	250,342,078	248,711,322	1,630,756
1381	Refugee Cash and Social Services	4,883,149	4,883,147	2	-	-	-	4,883,149	4,883,147	2
1382	Employment Benefits - Work First Family Assistance	80,618,857	79,603,888	1,014,969	-	-	-	80,618,857	79,603,888	1,014,969
1383	Subsidized Child Care Administration	23,532,075	23,532,075	-	-	-	-	23,532,075	23,532,075	-
1384	Employment Benefits	26,721,961	26,718,961	3,000	-	-	-	26,721,961	26,718,961	3,000
1411	Case Management and Counseling	20,505,202	20,103,571	401,631	-	-	-	20,505,202	20,103,571	401,631
1430	Dx Child Home Support - Child Protective Services	181,898,844	161,261,852	20,636,992	568,761	237,715	331,046	182,467,605	161,499,567	20,968,038
1451	Adult Home Support - Community Based Services	37,471,882	35,358,737	2,113,145	-	-	-	37,471,882	35,358,737	2,113,145
1453	Adult Home Support - At Risk Case Management (Adult)	9,836,420	8,837,118	999,302	-	-	-	9,836,420	8,837,118	999,302
1481	ID Family Employment - Work First Employment Services	45,276,014	44,941,246	334,768	-	-	-	45,276,014	44,941,246	334,768
1482	ID Family Employment - Food Nutrition Employment/Training	2,309,149	2,285,630	23,519	-	-	-	2,309,149	2,285,630	23,519
1491	ID Family Emergency - Emergency Energy Assistance	40,158,732	40,158,732	-	-	-	-	40,158,732	40,158,732	-
1492	ID Family Emergency - Family Violence Prevention	2,099,624	2,098,858	766	-	-	-	2,099,624	2,098,858	766
1510	Protection and Adult Support - Protection and Guardianship	35,279,352	33,910,963	1,368,389	-	-	-	35,279,352	33,910,963	1,368,389
1531	OOH Child Support - Adoption	133,120,446	87,795,551	45,324,895	(1,333,333)	(333,333)	(1,000,000)	131,787,113	87,462,218	44,324,895
1532	OOH Child Support - Foster Care	229,450,827	185,672,176	43,778,651	221,461	166,096	55,365	229,672,288	185,838,272	43,834,016
1570	OOH Economic Support - State and County Special Assistance	122,340,010	63,970,003	58,370,007	(2,000,000)	(1,000,000)	(1,000,000)	120,340,010	62,970,003	57,370,007
1701	Local/County Operations	39,016,401	39,014,399	2,002	-	-	-	39,016,401	39,014,399	2,002
1900	Reserves and Transfers	30,817	30,817	-	-	-	-	30,817	30,817	-
1991	Federal Indirect Reserve	280,859	280,859	-	-	-	-	280,859	280,859	-
1992	Prior Year - Earned Revenue	230,451	230,451	-	-	-	-	230,451	230,451	-
Division-wide Items										
N/A	TANF Block Grants	-	-	-	772,128	772,128	-	772,128	772,128	-
N/A	SSBG Block Grant	-	-	-	1,089,066	1,089,066	-	1,089,066	1,089,066	-
N/A	LIHEAP Block Grant	-	-	-	(5,694,917)	(5,694,917)	-	(5,694,917)	(5,694,917)	-
N/A	CCDF Block Grant	-	-	-	1,133,656	1,133,656	-	1,133,656	1,133,656	-
N/A	CSBG Block Grant	-	-	-	(2,909,991)	(2,909,991)	-	(2,909,991)	(2,909,991)	-
N/A	TANF Cont Block Grant	-	-	-	1,003,580	1,003,580	-	1,003,580	1,003,580	-
N/A	Reserve for Retirement Contributions	-	-	-	31,903	N/A	31,903	31,903	N/A	31,903
Total		\$1,726,742,478	\$1,541,209,215	\$185,533,263	\$5,789,463	(\$2,562,704)	\$8,352,167	\$1,732,511,941	\$1,538,646,511	\$193,885,430

Summary of General Fund Total Requirement FTE
Fiscal Year 2016-17
2016 Legislative Session

Division of Social Services		Enacted	Legislative Changes		Revised
Budget Code 14440		Total	Net		Total
Fund Code	Fund Name	Requirements	Appropriation	Receipts	Requirements
1110	Service Support	82.00	7.00	-	89.00
1160	Child Welfare Training	18.00	7.00	-	25.00
1261	Food and Nutrition Education	-	-	-	-
1331	Family Preservation and Support	6.00	-	-	6.00
1371	Child Support Enforcement	127.00	-	-	127.00
1372	Food and Nutrition Services	62.00	-	-	62.00
1373	LIEAP	-	-	-	-
1374	Refugee Medical Assistance	-	-	-	-
1375	TANF - Domestic Violence	-	-	-	-
1376	Medicaid Eligibility	-	-	-	-
1381	Refugee Cash and Social Services	4.00	-	-	4.00
1382	Employment Benefits - Work First Family Assistance	-	-	-	-
1383	Subsidized Child Care Administration	-	-	-	-
1384	Employment Benefits	10.00	-	-	10.00
1411	Case Management and Counseling	-	-	-	-
1430	Dx Child Home Support - Child Protective Services	27.00	7.00	-	34.00
1451	Adult Home Support - Community Based Services	-	-	-	-
1453	(Adult)	-	-	-	-
1481	Services	11.00	-	-	11.00
1482	Employment/Training	2.00	-	-	2.00
1491	Assistance	-	-	-	-
1492	ID Family Emergency - Family Violence Prevention	1.00	-	-	1.00
1510	Guardianship	-	-	-	-
1531	OOH Child Support - Adoption	14.00	-	-	14.00
1532	OOH Child Support - Foster Care	33.00	4.00	-	37.00
1570	Assistance	-	-	-	-
1701	Local/County Operations	-	-	-	-
1900	Reserves and Transfers	-	-	-	-
1991	Federal Indirect Reserve	-	-	-	-
1992	Prior Year - Earned Revenue	-	-	-	-
Total FTE		397.00	25.00	-	422.00

Health and Human Services

GENERAL FUND

Total Budget Enacted 2015 Session

FY 16-17
\$185,533,263

Legislative Changes

(4.0) Division of Social Services

16 State Retirement Contributions \$31,903 R

Fund Code: N/A

Increases the State's contribution for members of the Teachers' and State Employees' Retirement System (TSERS) to fund the actuarially determined contribution.

For all net appropriation supported State-funded positions, across all sections of the Committee Report, the approximate revised net appropriation for members of TSERS is \$1.5 billion, an increase of \$31.6 million for FY 2016-17.

17 State-County Special Assistance Caseload Adjustment (\$1,000,000) R

Fund Code: 1570

Reduces State-County Special Assistance due to a decline in the number of individuals participating in the program. The revised net appropriation for State-County Special Assistance for FY 2016-17 is \$57.4 million.

18 Adoption Assistance (\$1,000,000) R

Fund Code: 1531

Adjusts the Adoption Assistance budget based on projected enrollment. The revised net appropriation for Adoption Services is \$44.3 million.

19 Child Welfare Federal Program Improvement Plan

Fund Code: 1110, 1160, 1331

Provides additional resources to implement the Program Improvement Plan as a result of the recent Child and Family Services Review (CFSR). The plan will establish professional development opportunities and ongoing specific training regarding child welfare issues. Training for supervisors and leaders who support the field social workers will be provided. Additionally, 3 positions are provided to analyze program performance data. In-Home services are expanded to support children's safety while keeping families together and reducing the likelihood of children entering into foster care. The revised net appropriation from all actions in this report for Fund 1110, Service Support is \$6.1 million. The revised net appropriation from all actions in this report for Fund 1160, Child Welfare Training, is \$2.8 million. The revised net appropriation for Fund 1331, Family Preservation and Support is \$8.1 million.

\$167,083 R
\$8,432,917 NR
3.00

20 County Child Welfare Services Oversight and Accountability

Fund Code: 1160, 1430, 1532

Provides funding to enhance the State's capacity to ensure a competent and well-trained county-based child welfare workforce by increasing the availability of localized, mobile training tailored to specific needs. Additional positions are authorized to provide technical assistance to counties in the development and implementation of their performance improvement plan, track and measure these improvements, and quantify county outcomes to ensure consistency across counties. The positions will also develop a statewide recruitment plan for foster care parents and work to improve the foster care licensing process. The revised net appropriation from all actions in this report for Fund 1160, Child Welfare Training, is \$2.8 million. The revised net appropriation from all actions in this report for Fund 1430, Child Home Support - Child Protective Services is \$21 million. The revised net appropriation for Fund 1532, Child Support - Foster Care is \$43.8 million.

\$691,965 R
\$11,614 NR
15.00

21 Child Fatality Reviews

Fund Code: 1430

Funds 3 additional positions to ensure timely review of child fatalities in accordance with G.S.143B.150-20. These positions will also develop the system capacity to effectively utilize the results and implement the recommendations as a result of the reviews. The revised net appropriation from all actions in this report for Fund 1430, Child Home Support- Child Protective Services is \$21 million.

\$59,150 R
\$750 NR
3.00

22 Child Advocacy Centers

Fund Code: 1331

Provides funding for Child Advocacy Centers to provide evidence-based services to sexually and physically abused children and their families. The revised net appropriation for Child Advocacy Centers is \$593,000.

\$200,000 NR

23 Food and Nutrition Services Outreach for Medicaid/Medicare Dual Eligibles

Fund Code: 1372

\$600,000 NR

Provides funds for the Department to establish a pilot program to increase access to Food and Nutrition Services benefits for individuals who are dually eligible for Medicare and Medicaid through outreach and assistance with completion of the Food and Nutrition Services applications. The total requirements for the Food and Nutrition Services Outreach Pilot program are \$1.2 million and the revised net appropriation is \$600,000.

24 County Department of Social Services Improve Medicaid Timeliness

\$156,785 R

Fund Code: 1110

4.00

Provides funding for 4 Human Services Evaluator/Planner positions to assist county department of social services offices in using the Client Services Data Warehouse(CSDW) to analyze NC FAST eligibility data for Medicaid and other economic services programs. These staff will develop internal queries and reports to assist DHHS with monitoring county DSS office performance, and provide CSDW training to county DSS offices and develop NC FAST or other data queries for use by the counties. The revised net appropriation from all actions in this report for Fund 1110 Service Support is \$6.1 million.

25 Temporary Assistance for Needy Families Block Grant

Fund Code: N/A

Budgets additional Temporary Assistance for Needy Families (TANF) block grant federal receipts in the amount of \$772,128. The revised TANF block grant federal receipts for the Division are \$164.8 million.

26 TANF Contingency Block Grant

Fund Code: N/A

Budgets TANF Contingency block grant federal receipts in the amount of \$1,003,580. The revised TANF Contingency block grant federal receipts for the Division are \$1 million.

27 Social Services Block Grant

Fund Code: N/A

Budgets additional Social Services block grant (SSBG) federal receipts in the amount of \$1,089,066. The revised SSBG block grant federal receipts for the Division are \$33.4 million.

28 Low Income Energy Assistance Program

Fund Code: N/A

Reduces Low Income Energy Assistance Program (LIEAP) federal receipts in the amount of \$5,694,917. The revised LIEAP block grant federal receipts for the Division are \$98.6 million.

29 Child Care Development Fund Block Grant

Fund Code: N/A

Budgets additional CCDF federal receipts in the amount of \$1,133,656. The revised CCDF block grant federal receipts for the Division are \$17 million.

30 Community Services Block Grant

Fund Code: N/A

Reduces the Community Services Block Grant (CSBG) federal receipts in the amount of \$2,909,991. The revised CSBG block grant federal receipts for the Division are \$23.8 million.

Total Legislative Changes	(\$893,114)	R
	\$9,245,281	
Total Position Changes		25.00
Revised Budget	\$193,885,430	

**Public Health
Budget Code 14430**

General Fund Budget

FY 2016-17

Enacted Budget

Requirements	\$837,742,111
Receipts	\$689,443,683
<hr/> Net Appropriation	<hr/> \$148,298,428

Legislative Changes

Requirements	\$4,384,985
Receipts	\$2,688,619
<hr/> Net Appropriation	<hr/> \$1,696,366

Revised Budget

Requirements	\$842,127,096
Receipts	\$692,132,302
<hr/> Net Appropriation	<hr/> \$149,994,794

General Fund FTE

Enacted Budget	1,916.11
Legislative Changes	5.00
<hr/> Revised Budget	<hr/> 1,921.11

**Summary of General Fund Appropriations
Fiscal Year 2016-17
2016 Legislative Session**

Public Health Budget Code 14430		Enacted Budget			Legislative Changes			Revised Budget		
Fund Code	Fund Name	Requirements	Receipts	Net Appropriation	Requirements	Receipts	Net Appropriation	Requirements	Receipts	Net Appropriation
1110	Service Support	18,905,855	9,907,433	8,998,422	-	-	-	18,905,855	9,907,433	8,998,422
1151	Forensic Tests for Alcohol	3,363,551	3,362,183	1,368	-	-	-	3,363,551	3,362,183	1,368
1152	Asbestos and Lead-based Paint - Hazard Mgmt	1,945,190	1,684,452	260,738	-	-	-	1,945,190	1,684,452	260,738
1153	Environmental Health Regulation	7,728,522	4,460,559	3,267,963	177,500	-	177,500	7,906,022	4,460,559	3,445,463
1161	Public Health - Capacity Building	14,733,037	1,692,635	13,040,402	-	-	-	14,733,037	1,692,635	13,040,402
1171	State Center for Health Statistics	5,388,639	2,603,972	2,784,667	-	-	-	5,388,639	2,603,972	2,784,667
1172	Office of Chief Medical Examiner	15,626,668	2,698,676	12,927,992	-	-	-	15,626,668	2,698,676	12,927,992
1173	Vital Records	5,847,760	3,405,752	2,442,008	-	-	-	5,847,760	3,405,752	2,442,008
1174	Public Health - Lab	24,116,316	20,743,824	3,372,492	2,511,130	1,400,000	1,111,130	26,627,446	22,143,824	4,483,622
1175	Public Health - Surveillance	8,997,387	7,029,506	1,967,881	188,870	-	188,870	9,186,257	7,029,506	2,156,751
1261	Public Health - Promotion	10,045,042	9,034,861	1,010,181	-	-	-	10,045,042	9,034,861	1,010,181
1262	Health Disparities	3,299,576	155,468	3,144,108	-	-	-	3,299,576	155,468	3,144,108
1264	Public Health - Preparedness and Response	10,606,362	8,497,854	2,108,508	-	-	-	10,606,362	8,497,854	2,108,508
126C	Access Outreach - Chronic Disease	2,358,947	1,520,126	838,821	-	-	-	2,358,947	1,520,126	838,821
1271	Children and Adult Health Prevention	28,192,906	19,123,767	9,069,139	255,825	555,825	(300,000)	28,448,731	19,679,592	8,769,139
1272	Child and Adult Nutrition Services	98,416,088	98,415,781	307	-	-	-	98,416,088	98,415,781	307
1273	Race to the Top - Early Learning Challenge	2,458,334	2,458,334	-	-	-	-	2,458,334	2,458,334	-
1311	HIV/STD Prevention Activities	19,601,354	15,552,678	4,048,676	-	-	-	19,601,354	15,552,678	4,048,676
1312	Medical Evaluation and Risk Assessment	1,143,785	554,356	589,429	-	-	-	1,143,785	554,356	589,429
1313	Wisewoman	1,137,191	1,137,191	-	-	-	-	1,137,191	1,137,191	-
1320	Breast and Cervical Cancer Control	4,756,984	3,149,626	1,607,358	-	-	-	4,756,984	3,149,626	1,607,358
1331	Immunization	8,535,912	7,403,221	1,132,691	-	-	-	8,535,912	7,403,221	1,132,691
1332	Children's Health Services	26,263,397	8,160,793	18,102,604	-	-	-	26,263,397	8,160,793	18,102,604
1370	Refugee Health Assessment	373,718	373,718	-	-	-	-	373,718	373,718	-
13A1	Maternal and Infant Health	53,799,323	41,358,120	12,441,203	441,772	41,772	400,000	54,241,095	41,399,892	12,841,203
13A2	Women, Infants and Children (WIC)	296,330,121	295,972,660	357,461	-	-	-	296,330,121	295,972,660	357,461
13B0	Oral Health Preventive Services	4,540,573	1,508,658	3,031,915	-	-	-	4,540,573	1,508,658	3,031,915
1421	Sickle Cell Adult Treatment	1,594,827	545,678	1,049,149	-	-	-	1,594,827	545,678	1,049,149
1441	Early Intervention	67,563,697	46,446,740	21,116,957	-	-	-	67,563,697	46,446,740	21,116,957
1460	Communicable Disease (HIV/AIDS and TB)	77,403,768	60,423,621	16,980,147	-	-	-	77,403,768	60,423,621	16,980,147
14A0	Sickle Cell Support - Children	2,949,658	343,817	2,605,841	-	-	-	2,949,658	343,817	2,605,841
1910	Reserves and Transfers	-	-	-	-	-	-	-	-	-
1991	Federal Indirect Reserve	2,280,159	2,280,159	-	-	-	-	2,280,159	2,280,159	-
1992	Prior Year - Earned Revenue	7,437,464	7,437,464	-	-	-	-	7,437,464	7,437,464	-
Division-wide Items										
N/A	Preventative Health Block Grant	-	-	-	44,477	44,477	-	44,477	44,477	-
N/A	Maternal Health Block Grant	-	-	-	646,545	646,545	-	646,545	646,545	-
N/A	Reserve for Retirement Contributions	-	-	-	118,866	N/A	118,866	118,866	N/A	118,866
Total		\$837,742,111	\$689,443,683	\$148,298,428	\$4,384,985	\$2,688,619	\$1,696,366	\$842,127,096	\$692,132,302	\$149,994,794

Summary of General Fund Total Requirement FTE
Fiscal Year 2016-17
2016 Legislative Session

Public Health					
Budget Code 14430		<u>Enacted</u>	<u>Legislative Changes</u>		<u>Revised</u>
Fund Code	Fund Name	Total Requirements	Net Appropriation	Receipts	Total Requirements
1110	Service Support	124.00	-	-	124.00
1151	Forensic Tests for Alcohol	29.00	-	-	29.00
1152	Asbestos and Lead-based Paint - Hazard Mgmt	23.00	-	-	23.00
1153	Environmental Health Regulation	57.00	-	-	57.00
1161	Public Health - Capacity Building	27.00	-	-	27.00
1171	State Center for Health Statistics	56.50	-	-	56.50
1172	Office of Chief Medical Examiner	52.50	-	-	52.50
1173	Vital Records	71.00	-	-	71.00
1174	Public Health - Lab	219.00	1.00	-	220.00
1175	Public Health - Surveillance	33.00	2.00	-	35.00
1261	Public Health - Promotion	14.00	-	-	14.00
1262	Health Disparities	5.50	-	-	5.50
1264	Public Health - Preparedness and Response	36.00	-	-	36.00
126C	Access Outreach - Chronic Disease	14.90	-	-	14.90
1271	Children and Adult Health Prevention	55.75	-	1.00	56.75
1272	Child and Adult Nutrition Services	27.00	-	-	27.00
1273	Race to the Top - Early Learning Challenge	-	-	-	-
1311	HIV/STD Prevention Activities	117.00	-	-	117.00
1312	Medical Evaluation and Risk Assessment	11.00	-	-	11.00
1313	Wisewoman	5.01	-	-	5.01
1320	Breast and Cervical Cancer Control	10.01	-	-	10.01
1331	Immunization	50.00	-	-	50.00
1332	Children's Health Services	35.87	-	-	35.87
1370	Refugee Health Assessment	1.00	-	-	1.00
13A1	Maternal and Infant Health	38.00	-	1.00	39.00
13A2	Women, Infants and Children (WIC)	44.00	-	-	44.00
13B0	Oral Health Preventive Services	36.00	-	-	36.00
1421	Sickle Cell Adult Treatment	3.00	-	-	3.00
1441	Early Intervention	669.08	-	-	669.08
1460	Communicable Disease (HIV/AIDS and TB)	42.00	-	-	42.00
14A0	Sickle Cell Support - Children	9.00	-	-	9.00
1910	Reserves and Transfers	-	-	-	-
1991	Federal Indirect Reserve	-	-	-	-
1992	Prior Year - Earned Revenue	-	-	-	-
Total FTE		1,916.11	3.00	2.00	1,921.11



Health and Human Services

GENERAL FUND

Total Budget Enacted 2015 Session

FY 16-17
\$148,298,428

Legislative Changes

(5.0) Division of Public Health

31 State Retirement Contributions \$118,866 R

Fund Code: N/A

Increases the State's contribution for members of the Teachers' and State Employees' Retirement System (TSERS) to fund the actuarially determined contribution.

For all net appropriation supported State-funded positions, across all sections of the Committee Report, the approximate revised net appropriation for members of TSERS is \$1.5 billion, an increase of \$31.6 million for FY 2016-17.

32 Quitline Receipts (\$500,000)

Fund Code: 1271

Budgets overrealized receipts for the Quitline, a smoking cessation intervention. The FY 2016-17 base budget includes \$551,470 in receipts for the Quitline. Actual Quitline receipts are higher than budgeted. The revised net appropriation for Children and Adult Health Prevention is \$7.6 million.

33 State Public Health Laboratory \$1,000,000 R

Fund Code: 1174

Provides funds to the State Public Health Laboratory to partially offset decreasing Medicaid receipts. The revised net appropriation for the State Public Health Laboratory is \$4.3 million.

34 Newborn Screening Fees -

Fund Code: 1174

Budgets increased requirements and receipts associated with newborn screening tests performed by the State Public Health Laboratory. New requirements increased the screening cost from \$19 to \$44 per infant. The newborn screening fee increases from \$24 to \$44, generating \$2.4 million to offset those increased costs. The revised net appropriation for the State Public Health Laboratory remains unchanged at \$3.3 million.



35 Nurse Family Partnership Program

Fund Code: 13A1

\$400,000 NR

Provides funds to expand the Nurse Family Partnership Program home visiting services in the State. The revised net appropriation for the Nurse Family Partnership Program is \$1.3 million.

36 Zika Prevention and Detection

Fund Code: 1153, 1174, 1175

\$477,500 R

3.00

Provides funds to develop an infrastructure to detect, prevent, control and respond to the Zika virus and other vector-borne illnesses. The Division of Public Health (DPH) will use the funds to establish 3 positions and to provide \$177,500 aid to counties statewide. The revised net appropriation for the Zika infrastructure is \$477,500.

37 You Quit Two Quit Smoking Cessation Program

Fund Code: 1271

\$200,000 NR

Provides funds for You Quit Two Quit, a smoking prevention and cessation program for pregnant and postpartum women and mothers. The revised net appropriation for Children and Adult Health Prevention is \$8.3 million.

38 Infant Mortality

Fund Code: 1271, 13A1

Establishes 2 receipt-supported positions to support efforts to reduce infant mortality. This action has no impact on the net appropriation for maternal and infant health activities.

Fund 1271: Epidemiologist, PG 73 \$75,000
 Fund 13A1: PH Program Manager, PG 76 \$55,000

39 Preventive Health Services Block Grant

Fund Code: N/A

Budgets additional federal Preventative Health Services Block Grant (PHSBG) receipts in the amount of \$44,477. The revised federal PHSBG receipts for DPH are \$5.0 million.

40 Maternal and Child Health Block Grant

Fund Code: N/A

Budgets additional federal Maternal and Child Health Block Grant (MCHBG) receipts in the amount of \$646,545. The revised federal MCHBG receipts for DPH are \$18.6 million.



Total Legislative Changes	\$1,596,366	R
	\$100,000	NR
Total Position Changes	3.00	
Revised Budget	\$149,994,794	.



**Mental Health/Developmental Disabilities/Substance Abuse Services
Budget Code 14460**

General Fund Budget

FY 2016-17

Enacted Budget	
Requirements	\$1,266,437,595
- Receipts	\$728,576,287
<hr/>	
Net Appropriation	\$537,861,308
Legislative Changes	
Requirements	(\$3,561,025)
Receipts	(\$651,612)
<hr/>	
Net Appropriation	(\$2,909,413)
Revised Budget	
Requirements	\$1,262,876,570
Receipts	\$727,924,675
<hr/>	
Net Appropriation	\$534,951,895

General Fund FTE

Enacted Budget	11,330.58
Legislative Changes	(38.66)
<hr/>	
Revised Budget	11,291.92

**Summary of General Fund Appropriations
Fiscal Year 2016-17
2016 Legislative Session**

Mental Health/Developmental Disabilities/Substance Abuse Services Budget Code 14460		Enacted Budget			Legislative Changes			Revised Budget		
Fund Code	Fund Name	Requirements	Receipts	Net Appropriation	Requirements	Receipts	Net Appropriation	Requirements	Receipts	Net Appropriation
1110	Service Support	24,160,243	10,248,243	13,912,000	1,628,400	-	1,628,400	25,788,643	10,248,243	15,540,400
1160	MH/DD/SA Workforce Development	1,373,541	1,308,196	65,345	-	-	-	1,373,541	1,308,196	65,345
1262	Enforce Underage Drinking Laws	598,099	598,099	-	-	-	-	598,099	598,099	-
1271	General SA Prevention - Quality Improvement	8,099,502	8,099,502	-	-	-	-	8,099,502	8,099,502	-
1332	Targeted Substance Abuse Prevention	362,809	362,809	-	-	-	-	362,809	362,809	-
1422	Community Services - Single Stream Funding	217,703,924	-	217,703,924	-	-	-	217,703,924	-	217,703,924
1442	Community Substance Abuse Services - Child	5,741,428	5,741,428	-	-	-	-	5,741,428	5,741,428	-
1443	Community Services - Riddle Center - FIPP	1,850,684	1,846,176	4,508	-	-	-	1,850,684	1,846,176	4,508
1444	Community Mental Health Services - Child	6,661,091	4,314,734	2,346,357	-	-	-	6,661,091	4,314,734	2,346,357
1445	Community Developmental Disability Services - Child	205,034	-	205,034	-	-	-	205,034	-	205,034
1451	Community Services - Traumatic Brain Injury	570,420	211,202	359,218	-	-	-	570,420	211,202	359,218
1452	Path Homelessness	1,134,000	1,134,000	-	-	-	-	1,134,000	1,134,000	-
1461	Community Mental Health Services - Adult	13,643,207	13,279,515	363,692	-	-	-	13,643,207	13,279,515	363,692
1462	Community Developmental Disability Services - Adult	2,232,173	1,461,980	770,193	-	-	-	2,232,173	1,461,980	770,193
1463	Community Substance Abuse Services - Adult	36,428,966	33,897,176	2,531,790	-	-	-	36,428,966	33,897,176	2,531,790
1464	Community Crisis Services	40,585,394	-	40,585,394	-	-	-	40,585,394	-	40,585,394
1541	Broughton Hospital - Child	4,930,691	373,361	4,557,330	-	-	-	4,930,691	373,361	4,557,330
1542	Cherry Hospital - Child	3,783,839	401,922	3,381,917	-	-	-	3,783,839	401,922	3,381,917
1543	Central Regional Hospital - Child	13,489,097	2,094,356	11,394,741	-	-	-	13,489,097	2,094,356	11,394,741
1545	Murdoch Developmental Center - Child	7,870,101	7,865,189	4,912	-	-	-	7,870,101	7,865,189	4,912
1546	Wright School - Child	2,843,237	14,078	2,829,159	(2,132,428)	(10,559)	(2,121,869)	710,809	3,520	707,290
1561	Broughton Hospital - Adult	126,582,055	66,503,678	60,078,377	-	-	-	126,582,055	66,503,678	60,078,377
1562	Cherry Hospital - Adult	137,565,329	64,334,960	73,230,369	(4,235,495)	(1,235,495)	(3,000,000)	133,329,834	63,099,465	70,230,369
1563	Central Regional Hospital - Adult	208,284,481	114,754,445	93,530,036	-	-	-	208,284,481	114,754,445	93,530,036
1565	Caswell Developmental Center - Adult	88,197,188	87,088,168	1,109,020	-	-	-	88,197,188	87,088,168	1,109,020
1566	Murdoch Developmental Center - Adult	91,441,557	90,209,358	1,232,199	-	-	-	91,441,557	90,209,358	1,232,199
1567	J Iverson Riddle Developmental Center - Adult	58,478,640	57,335,156	1,143,484	-	-	-	58,478,640	57,335,156	1,143,484
156A	Longleaf Neuro-Medical Treatment Center - Adult	33,304,780	29,562,465	3,742,315	-	-	-	33,304,780	29,562,465	3,742,315
156B	Black Mountain Neuro-Medical Treatment Center - Adult	26,546,183	25,337,529	1,208,654	-	-	-	26,546,183	25,337,529	1,208,654
156C	O'Berry Neuro-Medical Treatment Center - Adult	54,366,372	53,777,014	589,358	-	-	-	54,366,372	53,777,014	589,358
156D	Julian F Keith ADATC - Adult	15,169,777	15,169,777	-	-	-	-	15,169,777	15,169,777	-
156E	RJ Blackley ADATC - Adult	14,863,927	14,863,927	-	-	-	-	14,863,927	14,863,927	-
156F	Walter B Jones ADATC - Adult	13,138,115	13,138,115	-	-	-	-	13,138,115	13,138,115	-
1910	Reserves and Transfers	4,181,982	3,200,000	981,982	-	-	-	4,181,982	3,200,000	981,982
1992	Prior Year - Earned Revenue	49,729	49,729	-	-	-	-	49,729	49,729	-
Division-wide Items										
N/A	Mental Health Block Grant	-	-	-	(63,715)	(63,715)	-	(63,715)	(63,715)	-
N/A	Substance Abuse Block Grant	-	-	-	658,156	658,156	-	658,156	658,156	-
N/A	Reserve for Retirement Contributions	-	-	-	584,056	N/A	584,056	584,056	N/A	584,056
Total		\$1,266,437,595	\$728,576,287	\$537,861,308	(\$3,561,025)	(\$651,612)	(\$2,909,413)	\$1,262,876,570	\$727,924,675	\$534,951,895

Summary of General Fund Total Requirement FTE
Fiscal Year 2016-17
2016 Legislative Session

Mental Health/Developmental Disabilities/Substance Abuse Services					
Budget Code 14460		<u>Enacted</u>	<u>Legislative Changes</u>		<u>Revised</u>
Fund Code	Fund Name	Total Requirements	Net Appropriation	Receipts	Total Requirements
1110	Service Support	197.00	-	-	197.00
1443	Community Services - Riddle Center - FIPP	25.00	-	-	25.00
1541	Broughton Hospital - Child	90.00	-	-	90.00
1542	Cherry Hospital - Child	61.00	-	-	61.00
1543	Central Regional Hospital - Child	214.00	-	-	214.00
1545	Murdoch Developmental Center - Child	159.00	-	-	159.00
1546	Wright School - Child	38.66	(38.66)	-	-
1561	Broughton Hospital - Adult	1,238.50	-	-	1,238.50
1562	Cherry Hospital - Adult	1,300.60	-	-	1,300.60
1563	Central Regional Hospital - Adult	1,799.12	-	-	1,799.12
1565	Caswell Developmental Center - Adult	1,442.50	-	-	1,442.50
1566	Murdoch Developmental Center - Adult	1,494.00	-	-	1,494.00
1567	J Iverson Riddle Developmental Center - Adult	944.75	-	-	944.75
156A	Longleaf Neuro-Medical Treatment Center - Adult	486.80	-	-	486.80
156B	Black Mountain Neuro-Medical Treatment Center - Ad	449.00	-	-	449.00
156C	O'Berry Neuro-Medical Treatment Center - Adult	881.27	-	-	881.27
156D	Julian F Keith ADATC - Adult	198.88	-	-	198.88
156E	RJ Blackley ADATC - Adult	155.00	-	-	155.00
156F	Walter B Jones ADATC - Adult	155.50	-	-	155.50
1910	Reserves and Transfers	-	-	-	-
1992	Prior Year - Earned Revenue	-	-	-	-
Total FTE		11,330.58	(38.66)	-	11,291.92



Health and Human Services

GENERAL FUND

Total Budget Enacted 2015 Session

FY 16-17
\$537,861,308

Legislative Changes

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

41 State Retirement Contributions \$584,056 R

Fund Code: N/A

Increases the State's contribution for members of the Teachers' and State Employees' Retirement System (TSERS) to fund the actuarially determined contribution.

For all net appropriation supported State-funded positions, across all sections of the Committee Report, the approximate revised net appropriation for members of TSERS is \$1.5 billion, an increase of \$31.6 million for FY 2016-17.

42 Cherry Hospital Operating Costs (\$3,000,000)

Fund Code: 1562

Reduces funding previously budgeted to meet Cherry Hospital's expanded bed capacity. S.L. 2012-142 appropriated \$3.5 million in recurring funds for 373 additional positions to staff the expanded operating capacity at the Cherry Hospital replacement facility originally scheduled to open in April 2013. The FY 2013-14 base budget included \$9.6 million recurring for the annualized General Fund cost of the new positions. Due to construction and other delays, the replacement facility is now scheduled to open in September 2016. Only 25 of the 100 additional beds will go online at that time. The revised net appropriation for Cherry Hospital is \$73.7 million.

43 Wright School (\$2,121,869) R

Fund Code: 1546 -38.66

Eliminates funding for the Wright School and closes it effective October 1, 2016. The revised net appropriation for the Wright School is \$0.



Senate Committee on Health and Human Services

FY 16-17

44 Controlled Substance Reporting System

\$375,000 R
\$1,253,400 NR

Fund Code: 1110

Provides funding for the ongoing maintenance and operation of the Controlled Substance Reporting System (CSRS). In addition, nonrecurring funds are provided to develop software and upgrade the CSRS database to facilitate connectivity with controlled substance reporting systems in surrounding states and with the electronic medical records system. The revised net appropriation for Fund 1110, Service Support, is \$15.5 million.

45 Substance Abuse Prevention and Treatment Block Grant

Fund Code: N/A

Budgets additional federal Substance Abuse Prevention and Treatment Block Grant (SAPTBG) receipts in the amount of \$658,156. The revised federal SAPTBG receipts for the Division are \$45.1 million.

46 Mental Health Block Grant

Fund Code: N/A

Budgets a reduction in federal Mental Health Block Grant (MHBG) receipts in the amount of \$63,715. The revised federal MHBG receipts are \$16.6 million.

Total Legislative Changes	(\$1,162,813)	R
	(\$1,746,600)	NR
Total Position Changes	-38.66	
Revised Budget	\$534,951,895	

DHHS - DMH/DD/SAS - Special

Budget Code: 24460

FY 2016-17

Beginning Unreserved Fund Balance **\$1,000,000**

Recommended Budget

Requirements **\$1,000,000**

Receipts **\$1,000,000**

Positions **1.49**

Legislative Changes

Requirements:

Child Facility-Based Crisis Centers

Provides funds to the Department of Health and Human Services, Budget Code 24460 for start-up costs (renovation or construction) to establish 1 or 2 child facility-based crisis centers, at least 1 of which will be in the south/east/central region. Funds will be awarded on a competitive basis, and will be available across 2 years [because construction and renovation tends to take longer than a year].

\$0 R
\$2,000,000 NR
0.00

Inpatient Behavioral Health Beds

Transfers funds to the Department of Health and Human Services, Budget Code 24460 for the purpose of expanding inpatient capacity, especially in rural areas near counties with limited inpatient capacity relative to their needs through constructing new beds or renovating existing beds to form new inpatient psychiatric units or new facility-based crisis centers, prioritizing rural hospitals in the process.

\$0 R
\$12,000,000 NR
0.00

Subtotal Legislative Changes

\$0 R
\$14,000,000 NR
0.00

Receipts:

FY 2016-17

Child Facility-Based Crisis Centers

Transfers funds from Budget Code 63008 for start-up costs (renovation or construction) to establish 1 or 2 child facility-based crisis centers, at least 1 of which will be in the south/east/central region.

Funds will be awarded on a competitive basis, and will be available across 2 years [because construction and renovation tends to take longer than a year].

\$0 R
\$2,000,000 NR

Inpatient Behavioral Health Beds

Transfers funds from Budget Code 63008 for the purpose of expanding inpatient capacity, especially in rural areas near counties with limited inpatient capacity relative to their needs through constructing new beds or renovating existing beds to form new inpatient psychiatric units or new facility-based crisis centers, prioritizing rural hospitals in the process.

\$0 R
\$12,000,000 NR

Subtotal Legislative Changes

\$0 R
\$14,000,000 NR

Revised Total Requirements

\$15,000,000

Revised Total Receipts

\$15,000,000

Change in Fund Balance

\$0

Total Positions

1.49

Unappropriated Balance Remaining

\$1,000,000

**Vocational Rehabilitation
Budget Code 14480**

General Fund Budget

FY 2016-17

Enacted Budget

Requirements	\$144,461,879
Receipts	\$106,709,747
Net Appropriation	\$37,752,132

Legislative Changes

Requirements	\$39,911
Receipts	\$0
Net Appropriation	\$39,911

Revised Budget

Requirements	\$144,501,790
Receipts	\$106,709,747
Net Appropriation	\$37,792,043

General Fund FTE

Enacted Budget	993.25
Legislative Changes	0.00
Revised Budget	993.25

**Summary of General Fund Appropriations
Fiscal Year 2016-17
2016 Legislative Session**

Vocational Rehabilitation Budget Code 14480		Enacted Budget			Legislative Changes			Revised Budget		
Fund Code	Fund Name	Requirements	Receipts	Net Appropriation	Requirements	Receipts	Net Appropriation	Requirements	Receipts	Net Appropriation
1110	Service Support	9,570,760	7,286,780	2,283,980	-	-	-	9,570,760	7,286,780	2,283,980
1261	Access Outreach - VR and IL Client Advocacy and As	362,271	362,271	-	-	-	-	362,271	362,271	-
1263	Outreach - Service Access Grant	151,846	151,846	-	-	-	-	151,846	151,846	-
1452	Adults Home Support - Independent Living - Rehabilita	16,638,729	3,427,730	13,210,999	-	-	-	16,638,729	3,427,730	13,210,999
1470	Assistive Technology Equipment Loan	1,851,821	900,099	951,722	-	-	-	1,851,821	900,099	951,722
1480	Vocational Rehabilitation - Employment Services	113,963,615	92,658,184	21,305,431	-	-	-	113,963,615	92,658,184	21,305,431
1991	Indirect Reserve	1,864,912	1,864,912	-	-	-	-	1,864,912	1,864,912	-
1992	Prior Year - Earned Revenue	57,925	57,925	-	-	-	-	57,925	57,925	-
Division-wide Items										
N/A	Reserve for Retirement Contributions	-	-	-	39,911	N/A	39,911	39,911	N/A	39,911
Total		\$144,461,879	\$106,709,747	\$37,752,132	\$39,911	\$0	\$39,911	\$144,501,790	\$106,709,747	\$37,792,043

Summary of General Fund Total Requirement FTE
Fiscal Year 2016-17
2016 Legislative Session

Vocational Rehabilitation		Enacted	Legislative Changes		Revised
Budget Code 14480		Total	Net		Total
Fund Code	Fund Name	Requirements	Appropriation	Receipts	Requirements
1110	Service Support	77.00	-	-	77.00
1261	Access Outreach - VR & IL Client Advocacy a& Assistance	4.00	-	-	4.00
1263	Outreach - Service Access Grant	1.00	-	-	1.00
1452	Adults Home Support - Ind Living - Rehabilitation	69.00	-	-	69.00
1470	Assistive Technology Equipment Loan	19.75	-	-	19.75
1480	Vocational Rehabilitation - Employment Services	822.50	-	-	822.50
1991	Indirect Reserve	-	-	-	-
1992	Prior Year - Earned Revenue	-	-	-	-
Total FTE		993.25	-	-	993.25

Health and Human Services

GENERAL FUND

Total Budget Enacted 2015 Session

FY 16-17
\$37,752,132

Legislative Changes

(7.0) Division of Vocational Rehabilitation

47 State Retirement Contributions

\$39,911 R

Fund Code: N/A

Increases the State's contribution for members of the Teachers' and State Employees' Retirement System (TSERS) to fund the actuarially determined contribution.

For all net appropriation supported State-funded positions, across all sections of the Committee Report, the approximate revised net appropriation for members of TSERS is \$1.5 billion, an increase of \$31.6 million for FY 2016-17.

Total Legislative Changes

\$39,911 R

Total Position Changes

Revised Budget

\$37,792,043

**Division of Health Service Regulation
Budget Code 14470**

General Fund Budget

	<u>FY 2016-17</u>
Enacted Budget	
Requirements	\$66,800,892
Receipts	\$50,690,218
Net Appropriation	\$16,110,674
 Legislative Changes	
Requirements	\$46,070
Receipts	\$0
Net Appropriation	\$46,070
 Revised Budget	
Requirements	\$66,846,962
Receipts	\$50,690,218
Net Appropriation	\$16,156,744

General Fund FTE

Enacted Budget	563.50
Legislative Changes	0.00
Revised Budget	563.50

**Summary of General Fund Appropriations
Fiscal Year 2016-17
2016 Legislative Session**

Division of Health Service Regulation		Enacted Budget			Legislative Changes			Revised Budget		
Budget Code 14470										
Fund Code	Fund Name	Requirements	Receipts	Net Appropriation	Requirements	Receipts	Net Appropriation	Requirements	Receipts	Net Appropriation
1110	Service Support	3,441,598	2,122,624	1,318,974	-	-	-	3,441,598	2,122,624	1,318,974
1151	Acute and Home Care Licensure and Certification	4,127,168	3,928,728	198,440	-	-	-	4,127,168	3,928,728	198,440
1152	Nursing Home and Adult Care Licensure and Certification	16,699,750	12,287,623	4,412,127	-	-	-	16,699,750	12,287,623	4,412,127
1153	Construction	5,195,641	3,820,306	1,375,335	-	-	-	5,195,641	3,820,306	1,375,335
1154	Health Care Personnel Registry	4,368,524	3,373,459	995,065	-	-	-	4,368,524	3,373,459	995,065
1155	Jails and Detention Centers Inspections	167,294	-	167,294	-	-	-	167,294	-	167,294
1156	Regulatory - Mental Health Licensure and Certification	6,287,082	4,231,335	2,055,747	-	-	-	6,287,082	4,231,335	2,055,747
1157	Radiation Protection	4,623,787	4,623,787	-	-	-	-	4,623,787	4,623,787	-
1161	Preparedness - Statewide Health Planning	2,510,141	84,597	2,425,544	-	-	-	2,510,141	84,597	2,425,544
1162	Preparedness - Hospital Preparedness	14,182,123	14,182,123	-	-	-	-	14,182,123	14,182,123	-
1163	Preparedness - Local Emergency Medical Services	4,235,519	1,073,371	3,162,148	-	-	-	4,235,519	1,073,371	3,162,148
1991	Indirect Reserve	962,265	962,265	-	-	-	-	962,265	962,265	-
Division-wide Items										
N/A	Reserve for Retirement Contributions	-	-	-	46,070	N/A	46,070	46,070	N/A	46,070
Total		\$66,800,892	\$50,690,218	\$16,110,674	\$46,070	\$0	\$46,070	\$66,846,962	\$50,690,218	\$16,156,744

Summary of General Fund Total Requirement FTE
Fiscal Year 2016-17
2016 Legislative Session

Division of Health Service Regulation		Enacted	Legislative Changes		Revised
Budget Code 14470		Total	Net		Total
Fund Code	Fund Name	Requirements	Appropriation	Receipts	Requirements
1110	Service Support	25.00	-	-	25.00
1151	Acute and Home Care Licensure and Certification	47.00	-	-	47.00
1152	Certification	192.00	-	-	192.00
1153	Construction	55.00	-	-	55.00
1154	Health Care Personnel Registry	50.00	-	-	50.00
1155	Jails and Detention Centers Inspections	2.00	-	-	2.00
1156	Certification	76.00	-	-	76.00
1157	Radiation Protection	48.50	-	-	48.50
1161	Preparedness - Statewide Health Planning	23.00	-	-	23.00
1162	Preparedness - Hospital Preparedness	13.00	-	-	13.00
1163	Preparedness - Local Emergency Medical Services	32.00	-	-	32.00
1991	Indirect Reserve	-	-	-	-
Total FTE		563.50	-	-	563.50

Health and Human Services

GENERAL FUND

Total Budget Enacted 2015 Session

FY 16-17
\$16,110,674

Legislative Changes

(8.0) Division of Health Service Regulation

48 State Retirement Contributions

\$46,070 R

Fund Code: N/A

Increases the State's contribution for members of the Teachers' and State Employees' Retirement System (TSERS) to fund the actuarially determined contribution.

For all net appropriation supported State-funded positions, across all sections of the Committee Report, the approximate revised net appropriation for members of TSERS is \$1.5 billion, an increase of \$31.6 million for FY 2016-17.

Total Legislative Changes

\$46,070 R

Total Position Changes

Revised Budget

\$16,156,744

**Division of Medical Assistance
Budget Code 14445**

General Fund Budget

FY 2016-17

Enacted Budget

Requirements	\$14,896,932,911
Receipts	\$10,980,695,639
Net Appropriation	\$3,916,237,272

Legislative Changes

Requirements	(\$624,270,097)
Receipts	(\$311,002,159)
Net Appropriation	(\$313,267,938)

Revised Budget

Requirements	\$14,272,662,814
Receipts	\$10,669,693,480
Net Appropriation	\$3,602,969,334

General Fund FTE

Enacted Budget	400.51
Legislative Changes	30.00
Revised Budget	430.51

**Summary of General Fund Appropriations
Fiscal Year 2016-17
2016 Legislative Session**

Division of Medical Assistance Budget Code 14445		Enacted Budget			Legislative Changes			Revised Budget		
Fund Code	Fund Name	Requirements	Receipts	Net Appropriation	Requirements	Receipts	Net Appropriation	Requirements	Receipts	Net Appropriation
1101	Medical Assistance Administration	48,804,267	27,531,855	21,272,412	2,760,000	1,380,000	1,380,000	51,564,267	28,911,855	22,652,412
1102	Contracts and Agreements	158,682,757	121,811,679	36,871,078	-	-	-	158,682,757	121,811,679	36,871,078
1103	Health Information Technology	75,381,199	74,843,115	538,084	-	-	-	75,381,199	74,843,115	538,084
1210	Medical Assistance County Administration	120,000	120,000	-	-	-	-	120,000	120,000	-
1310	Medical Assistance Payments	12,889,327,462	8,645,561,730	4,243,765,732	(651,820,436)	(430,505,969)	(221,314,467)	12,237,507,026	8,215,055,761	4,022,451,265
1311	Community Care North Carolina	220,376,327	147,732,318	72,644,009	2,893,859	4,972,983	(2,079,124)	223,270,186	152,705,301	70,564,885
1320	Medical Assistance Cost Settlements	301,906,136	274,120,240	27,785,896	46,155,704	62,939,586	(16,783,882)	348,061,840	337,059,826	11,002,014
1330	Payment Adjustments	(48,824,450)	(37,098,239)	(11,726,211)	(48,671,284)	(34,035,459)	(14,635,825)	(97,495,734)	(71,133,698)	(26,362,036)
1331	Rebates	(1,112,464,180)	(761,931,680)	(350,532,500)	(75,551,790)	(36,223,148)	(39,328,642)	(1,188,015,970)	(798,154,828)	(389,861,142)
1337	Consolidated Supplemental Hospital Payments	2,363,623,393	2,488,004,621	(124,381,228)	99,933,088	120,469,848	(20,536,760)	2,463,556,481	2,608,474,469	(144,917,988)
1340	Undispositioned Refunds	-	-	-	-	-	-	-	-	-
1350	Medicaid Periodic Interim Payments	-	-	-	-	-	-	-	-	-
1810	Revenue Clearing	-	-	-	-	-	-	-	-	-
1910	Reserves and Transfers	-	-	-	-	-	-	-	-	-
1991	Federal Indirect Reserves	-	-	-	-	-	-	-	-	-
1992	Prior Year Earned Revenue	-	-	-	-	-	-	-	-	-
1993	Prior Year Audit and Adjustments	-	-	-	-	-	-	-	-	-
Division-wide Items										
N/A	Reserve for Retirement Contributions	-	-	-	30,762	N/A	30,762	30,762	N/A	30,762
Total		\$14,896,932,911	\$10,980,695,639	\$3,916,237,272	(\$624,270,097)	(\$311,002,159)	(\$313,267,938)	\$14,272,662,814	\$10,669,693,480	\$3,602,969,334

Summary of General Fund Total Requirement FTE
Fiscal Year 2016-17
2016 Legislative Session

Division of Medical Assistance		<u>Enacted</u>	<u>Legislative Changes</u>		<u>Revised</u>
Budget Code 14445					
Fund Code	Fund Name	Total Requirements	Net Appropriation	Receipts	Total Requirements
1101	Medical Assistance Administration	386.51	30.00		416.51
1102	Contracts and Agreements	-	-	-	-
1103	Health Information Technology	14.00	-	-	14.00
1210	Medical Assistance County Administration	-	-	-	-
1310	Medical Assistance Payments	-	-	-	-
1311	Community Care North Carolina	-	-	-	-
1320	Medical Assistance Cost Settlements	-	-	-	-
1330	Payment Adjustments	-	-	-	-
1331	Rebates	-	-	-	-
1337	Consolidated Supplemental Hospital Payments	-	-	-	-
1340	Undispositioned Refunds	-	-	-	-
1350	Medicaid Periodic Interim Payments	-	-	-	-
1810	Revenue Clearing	-	-	-	-
1910	Reserves and Transfers	-	-	-	-
1991	Federal Indirect Reserves	-	-	-	-
1992	Prior Year Earned Revenue	-	-	-	-
1993	Prior Year Audit and Adjustments	-	-	-	-
Total FTE		400.51	30.00	-	430.51

Health and Human Services

GENERAL FUND

Total Budget Enacted 2015 Session

FY 16-17
\$3,916,237,272

Legislative Changes

(9.0) Division of Medical Assistance

49 State Retirement Contributions \$30,762 R

Fund Code: N/A

Increases the State's contribution for members of the Teachers' and State Employees' Retirement System (TSERS) to fund the actuarially determined contribution.

For all net appropriation supported State-funded positions, across all sections of the Committee Report, the approximate revised net appropriation for members of TSERS is \$1.5 billion, an increase of \$31.6 million for FY 2016-17.

50 Medicaid Rebase (\$310,524,345) R
(\$8,056,927) NR

Fund Code: 1310, 1311, 1320, 1330, 1331, 1337

Reduces the Division of Medical Assistance (DMA) base budget for the impact of enrollment, utilization, and pricing based on the Division of Medical Assistance forecasting model and year to date trends in spending and enrollment. The reduction in the Medicaid rebase represents a 7.9% decrease from the enacted budget. The revised net appropriation for DMA is \$3.6 billion after all changes.

51 Support for Alzheimer's Patients \$1,000,000 R

Fund Code: 1310

Expands support for Alzheimer's patients and their families through additional slots for Community Alternative Program for Disabled Adults (CAP-DA). The revised net appropriation for DMA is \$3.6 billion after all changes.

52 Coverage for Adult Optical Eye Exams \$2,143,564 R

Fund Code: 1310

Provides funding to reinstate adult optical eye exams effective January 1, 2017. The revised net appropriation for DMA is \$3.6 billion after all changes.

53 Federal Rural Hospital Designation - Graduate Medical Education

\$759,008 R

Fund Code: 1337

Provides funds to offset the fiscal impact of Cape Fear Valley Hospital being reclassified as a rural hospital by the Centers for Medicare and Medicaid Services as referenced in the Graduate Medical Education item in the Division of Central Management and Support. The reclassification results in access to federal funding for residency programs that will be affiliated with Campbell University Medical School. The reclassification will reduce the rate used to calculate the upper payment limit supplemental payment, and thus reduce the assessment collected and the State's retention amount. The revised net appropriation for DMA will be \$3.6 billion after all changes.

54 Critical Positions

\$1,380,000 R

Fund Code: 1101

30.00

Provides funding for DMA to enhance staffing and operate 3 critical organizational units (Business Information Office, Clinical Policy and Operations). New staff will support automation, data retrieval and analysis. Additionally, the new staff will provide oversight and management of Division of Medical Assistance policy, vendors and stakeholders and to continue provider and recipient service. The revised net appropriation for DMA will be \$3.6 billion after all changes.

Total Legislative Changes

(\$305,211,011) R

(\$8,056,927) NR

Total Position Changes

30.00

Revised Budget

\$3,602,969,334

**NC Health Choice
Budget Code 14446**

General Fund Budget

FY 2016-17

Enacted Budget

Requirements	\$202,808,764
Receipts	\$202,062,006
Net Appropriation	\$746,758

Legislative Changes

Requirements	(\$17,917,042)
Receipts	(\$18,265,376)
Net Appropriation	\$348,334

Revised Budget

Requirements	\$184,891,722
Receipts	\$183,796,630
Net Appropriation	\$1,095,092

General Fund FTE

Enacted Budget	5.00
Legislative Changes	0.00
Revised Budget	5.00

**Summary of General Fund Appropriations
Fiscal Year 2016-17
2016 Legislative Session**

NC Health Choice Budget Code 14446		Enacted Budget			Legislative Changes			Revised Budget		
Fund Code	Fund Name	Requirements	Receipts	Net Appropriation	Requirements	Receipts	Net Appropriation	Requirements	Receipts	Net Appropriation
1101	Health Choice Administration	1,836,009	1,590,035	245,974	-	-	-	1,836,009	1,590,035	245,974
1102	Contracts and Agreements	2,390,056	1,802,369	587,687	-	-	-	2,390,056	1,802,369	587,687
1310	Health Choice Payments	193,118,771	192,714,037	404,734	(18,303,914)	(18,293,423)	(10,491)	174,814,857	174,420,614	394,243
1311	Community Care North Carolina	6,429,966	6,716,721	(286,755)	141,433	(184,872)	306,305	6,571,399	6,551,849	19,550
1330	Payment Adjustments	(143,040)	(144,690)	1,650	12,596	15,570	(2,974)	(130,444)	(129,120)	(1,324)
1331	Rebates	(672,998)	(616,466)	(56,532)	232,571	177,349	55,222	(440,427)	(439,117)	(1,310)
1340	Undispositioned Receipts	(150,000)	-	(150,000)	-	-	-	(150,000)	-	(150,000)
Division-wide Items										
N/A	Reserve for Retirement Contributions	-	-	-	272	N/A	272	272	N/A	272
Total		\$202,808,764	\$202,062,006	\$746,758	(\$17,917,042)	(\$18,265,376)	\$348,334	\$184,891,722	\$183,796,630	\$1,095,092

Summary of General Fund Total Requirement FTE
Fiscal Year 2016-17
2016 Legislative Session

NC Health Choice					
Budget Code 14446		<u>Enacted</u>	<u>Legislative Changes</u>		<u>Revised</u>
Fund Code	Fund Name	Total Requirements	Net Appropriation	Receipts	Total Requirements
1101	Health Choice Administration	5.00	-	-	5.00
1102	Contracts and Agreements	-	-	-	-
1310	Health Choice Payments	-	-	-	-
1311	Community Care North Carolina	-	-	-	-
1330	Payment Adjustments	-	-	-	-
1331	Rebates	-	-	-	-
1340	Undispositioned Receipts	-	-	-	-
Total FTE		5.00	-	-	5.00



Health and Human Services

GENERAL FUND

Total Budget Enacted 2015 Session

FY 16-17
\$746,758

Legislative Changes

(10.0) NC Health Choice

55 State Retirement Contributions

\$272 R

Fund Code: N/A

Increases the State's contribution for members of the Teachers' and State Employees' Retirement System (TSERS) to fund the actuarially determined contribution.

For all net appropriation supported State-funded positions, across all sections of the Committee Report, the approximate revised net appropriation for members of TSERS is \$1.5 billion, an increase of \$31.6 million for FY 2016-17.

56 Health Choice Rebase

(\$4,613,716) R
\$4,961,778

Fund Code: 1310

Provides funding for the Health Choice Rebase. The revised net appropriation for the Health Choice Program is \$1 million.

Total Legislative Changes

(\$4,613,444) R
\$4,961,778 NR

Total Position Changes

Revised Budget

\$1,095,092



**Services for the Blind/Deaf/Hard of Hearing
Budget Code 14450**

General Fund Budget

	<u>FY 2016-17</u>
Enacted Budget	
Requirements	\$33,630,274
Receipts	\$25,457,067
Net Appropriation	\$8,173,207
 Legislative Changes	
Requirements	\$8,200
Receipts	\$0
Net Appropriation	\$8,200
 Revised Budget	
Requirements	\$33,638,474
Receipts	\$25,457,067
Net Appropriation	\$8,181,407

General Fund FTE

Enacted Budget	312.84
Legislative Changes	0.00
Revised Budget	312.84

**Summary of General Fund Appropriations
Fiscal Year 2016-17
2016 Legislative Session**

Services for the Blind/Deaf/Hard of Hearing Budget Code 14450		Enacted Budget			Legislative Changes			Revised Budget		
Fund Code	Fund Name	Requirements	Receipts	Net Appropriation	Requirements	Receipts	Net Appropriation	Requirements	Receipts	Net Appropriation
1110	Service Support	2,017,133	1,524,901	492,232	-	-	-	2,017,133	1,524,901	492,232
1160	Deaf and Hard of Hearing - State Capacity Building	629,729	629,729	-	-	-	-	629,729	629,729	-
1261	Access and Outreach Deaf Community - Local Agency	757,242	757,242	-	-	-	-	757,242	757,242	-
1262	Access and Outreach Deaf Community - Citizens	766,801	766,801	-	-	-	-	766,801	766,801	-
1410	Deaf and Hard of Hearing - Client Services	1,378,419	1,378,419	-	-	-	-	1,378,419	1,378,419	-
1420	Medical Eye Care Services	2,525,184	-	2,525,184	-	-	-	2,525,184	-	2,525,184
1451	Independent Living Services - Chore and Adjustment	5,749,663	4,424,058	1,325,605	-	-	-	5,749,663	4,424,058	1,325,605
1452	Independent Living Rehabilitation Services	1,419,048	779,748	639,300	-	-	-	1,419,048	779,748	639,300
1481	Vocational Rehabilitation - Employment	16,676,125	13,485,539	3,190,586	-	-	-	16,676,125	13,485,539	3,190,586
1482	Small Business Employment Services	934,193	933,893	300	-	-	-	934,193	933,893	300
1991	Federal Indirect Reserve	154,842	154,842	-	-	-	-	154,842	154,842	-
1992	Prior Year - Earned Revenue	621,895	621,895	-	-	-	-	621,895	621,895	-
Division-wide Items										
N/A	Reserve for Retirement Contributions	-	-	-	8,200	N/A	8,200	8,200	N/A	8,200
Total		\$33,630,274	\$25,457,067	\$8,173,207	\$8,200	\$0	\$8,200	\$33,638,474	\$25,457,067	\$8,181,407

Summary of General Fund Total Requirement FTE
Fiscal Year 2016-17
2016 Legislative Session

Services for the Blind/Deaf/Hard of Hearing					
Budget Code 14450		<u>Enacted</u>	<u>Legislative Changes</u>		<u>Revised</u>
Fund Code	Fund Name	Total Requirements	Net Appropriation	Receipts	Total Requirements
1110	Service Support	20.00	-	-	20.00
1160	Deaf and Hard of Hearing - State Capacity Building	5.75	-	-	5.75
1261	Access and Outreach Deaf Community - Local Agenc	10.00	-	-	10.00
1262	Access and Outreach Deaf Community - Citizens	9.00	-	-	9.00
1410	Deaf and Hard of Hearing - Client Services	17.00	-	-	17.00
1420	Medical Eye Care Services	7.00	-	-	7.00
1451	Independent Living Services - Chore and Adjustment	72.58	-	-	72.58
1452	Independent Living Rehabilitation Services	14.00	-	-	14.00
1481	Vocational Rehabilitation - Employment	145.51	-	-	145.51
1482	Small Business Employment Services	12.00	-	-	12.00
1991	Federal Indirect Reserve	-	-	-	-
1992	Prior Year - Earned Revenue	-	-	-	-
Total FTE		312.84	-	-	312.84



Health and Human Services

GENERAL FUND

Total Budget Enacted 2015 Session

FY 16-17
\$8,173,207

Legislative Changes

(11.0) Division of Services for the Blind and Services for the Deaf and Hard of Hearing

57 State Retirement Contributions

\$8,200 R

Fund Code: N/A

Increases the State's contribution for members of the Teachers' and State Employees' Retirement System (TSERS) to fund the actuarially determined contribution.

For all net appropriation supported State-funded positions, across all sections of the Committee Report, the approximate revised net appropriation for members of TSERS is \$1.5 billion, an increase of \$31.6 million for FY 2016-17.

Total Legislative Changes

\$8,200



Total Position Changes

Revised Budget

\$8,181,407



DHHS-BLIND & DEAF/HH-TRUST TELEC

Budget Code: 67425

FY 2016-17

Beginning Unreserved Fund Balance **\$15,566,132**

Recommended Budget

Requirements **\$8,508,549**

Receipts **\$11,875,837**

Positions **28.00**

Legislative Changes

Requirements:

Data Collection and Service Management Information System **\$0 R**

Provides funds to Budget Code 24410 for the implementation of a Data Collection and Service Management Information System to replace the current legacy system used by the Division of Services for the Deaf and Hard of Hearing. The project shall not proceed until the Business Case has been approved by the State Budget Director and the State Chief Information Officer. **\$750,000 NR**
0.00

Subtotal Legislative Changes **\$0 R**

\$750,000 NR
0.00

Receipts:

DHHS - Blind & Deaf/HH - Telecommunications Relay Receipts **\$0 R**

\$0 NR

Subtotal Legislative Changes **\$0 R**

\$0 NR

Revised Total Requirements	\$9,258,549	
Revised Total Receipts	\$11,875,837	
Change in Fund Balance	\$2,617,288	-
Total Positions	28.00	

Unappropriated Balance Remaining	\$18,183,420	
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**Natural and
Economic
Resources
Section H**

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**Department of Agriculture and Consumer Services
Budget Code 13700**

General Fund Budget

FY 2016-17

Enacted Budget

Requirements	\$170,696,152
Receipts	\$53,740,379
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Net Appropriation	\$116,955,773

Legislative Changes

Requirements	\$5,526,533
Receipts	\$180,719
<hr/>	
Net Appropriation	\$5,345,814

Revised Budget

Requirements	\$176,222,685
Receipts	\$53,921,098
<hr/>	
Net Appropriation	\$122,301,587

General Fund FTE

Enacted Budget	1,827.75
Legislative Changes	1.00
<hr/>	
Revised Budget	1,828.75

**Summary of General Fund Appropriations
Fiscal Year 2016-17
2016 Legislative Session**

Department of Agriculture and Consumer Services		Enacted Budget			Legislative Changes			Revised Budget		
Budget Code 13700		Requirements	Receipts	Net Appropriation	Requirements	Receipts	Net Appropriation	Requirements	Receipts	Net Appropriation
1011	General Administration	2,261,512	197,396	2,064,116	-	-	-	2,261,512	197,396	2,064,116
1012	Administrative Services	2,116,173	713,574	1,402,599	-	-	-	2,116,173	713,574	1,402,599
1013	Public Affairs	408,040	-	408,040	-	-	-	408,040	-	408,040
1014	Human Resources	2,052,705	253,127	1,799,578	-	-	-	2,052,705	253,127	1,799,578
1017	Emergency Programs Division	1,835,370	301,761	1,533,609	-	-	-	1,835,370	301,761	1,533,609
1018	Internal Audit	239,742	77,868	161,874	-	-	-	239,742	77,868	161,874
1019	IT Services	2,017,309	272,814	1,744,495	-	-	-	2,017,309	272,814	1,744,495
1020	Markets	10,047,330	1,830,882	8,216,448	680,719	180,719	500,000	10,728,049	2,011,601	8,716,448
1027	Property and Construction	694,404	183,275	511,129	-	-	-	694,404	183,275	511,129
1040	Agronomic Services	4,417,577	1,285,070	3,132,507	-	-	-	4,417,577	1,285,070	3,132,507
1050	Federal - State Agricultural Statistics	1,228,139	368,213	859,926	-	-	-	1,228,139	368,213	859,926
1070	Commercial Feed and Pet Food	1,402,288	1,107,712	294,576	-	-	-	1,402,288	1,107,712	294,576
1080	Commercial Fertilizer Analysis	568,259	-	568,259	-	-	-	568,259	-	568,259
1090	Pesticide Control and Analysis	3,862,430	3,778,184	84,246	-	-	-	3,862,430	3,778,184	84,246
1100	Food, Drug, and Cosmetic Analysis	9,549,679	2,045,543	7,504,136	-	-	-	9,549,679	2,045,543	7,504,136
1120	Structural Pest	1,182,765	676,907	505,858	-	-	-	1,182,765	676,907	505,858
1130	Veterinary Services	11,912,358	1,725,145	10,187,213	(72,647)	-	(72,647)	11,839,711	1,725,145	10,114,566
1140	Meat and Poultry Inspection	8,029,284	4,038,481	3,990,803	-	-	-	8,029,284	4,038,481	3,990,803
1150	Weights and Measures Inspection	1,357,256	367,000	990,256	-	-	-	1,357,256	367,000	990,256
1160	Gasoline and Oil Inspection	5,335,690	5,335,690	-	-	-	-	5,335,690	5,335,690	-
1175	Seed and Fertilizer	1,452,841	789,147	663,694	-	-	-	1,452,841	789,147	663,694
1180	Plant Protection	5,172,605	1,934,073	3,238,532	-	-	-	5,172,605	1,934,073	3,238,532
1190	Research Stations - Operating	14,037,213	2,731,940	11,305,273	-	-	-	14,037,213	2,731,940	11,305,273
11S7	NC Forest Service - Linville Gorge - ARRA	6,345	6,345	-	-	-	-	6,345	6,345	-
1210	Distribution of USDA Donations	3,822,936	1,501,477	2,321,459	-	-	-	3,822,936	1,501,477	2,321,459
1510	NC Forest Service	45,751,540	10,883,122	34,868,418	3,025,000	-	3,025,000	48,776,540	10,883,122	37,893,418
1530	NC Forest Service - Dare Bomb Range	959,974	959,974	-	-	-	-	959,974	959,974	-
1535	NC Forest Service - Young Offenders Program	1,165,365	300	1,165,065	-	-	-	1,165,365	300	1,165,065
1610	NC Forest Service - Federal Grants	4,886,695	4,886,695	-	-	-	-	4,886,695	4,886,695	-
1611	Soil and Water Conservation	15,877,091	4,307,128	11,569,963	500,000	-	500,000	16,377,091	4,307,128	12,069,963
1990	Reserves and Transfers	5,863,701	-	5,863,701	1,300,000	-	1,300,000	7,163,701	-	7,163,701
1991	Indirect Cost - Reserve	1,181,536	1,181,536	-	-	-	-	1,181,536	1,181,536	-
Department-wide Items										
	State Retirement Contributions	-	-	-	193,461	N/A	193,461	193,461	N/A	193,461
Undesignated Items										
		-	-	-	(100,000)	-	(100,000)	(100,000)	-	(100,000)
Total		\$170,696,152	\$53,740,379	\$116,955,773	\$5,526,533	\$180,719	\$5,345,814	\$176,222,685	\$53,921,098	\$122,301,587

**Summary of General Fund Total Requirement FTE
Fiscal Year 2016-17
2016 Legislative Session**

Department of Agriculture and Consumer Services					
Budget Code 13700		Enacted	Legislative Changes		Revised
Fund Code	Fund Name	Total Requirements	Net Appropriation	Receipts	Total Requirements
1011	General Administration	23.80	-	-	23.80
1012	Administrative Services	29.00	-	-	29.00
1013	Public Affairs	4.00	-	-	4.00
1014	Human Resources	14.00	-	-	14.00
1017	Emergency Programs Division	18.00	-	-	18.00
1018	Internal Audit	3.00	-	-	3.00
1019	IT Services	20.00	-	-	20.00
1020	Markets	95.00	-	-	95.00
1027	Property and Construction	8.00	-	-	8.00
1040	Agronomic Services	57.00	-	-	57.00
1050	Federal - State Agricultural Statistics	17.00	-	-	17.00
1070	Commercial Feed and Pet Food	22.00	-	-	22.00
1080	Commercial Fertilizer Analysis	7.00	-	-	7.00
1090	Pesticide Control and Analysis	52.80	-	-	52.80
1100	Food, Drug, and Cosmetic Analysis	116.00	-	-	116.00
1120	Structural Pest	19.00	-	-	19.00
1130	Veterinary Services	138.00	1.00	-	139.00
1140	Meat and Poultry Inspection	119.00	-	-	119.00
1150	Weights and Measures Inspection	18.00	-	-	18.00
1160	Gasoline and Oil Inspection	74.00	-	-	74.00
1175	Seed and Fertilizer	24.00	-	-	24.00
1180	Plant Protection	62.75	-	-	62.75
1190	Research Stations - Operating	167.00	-	-	167.00
11S7	NC Forest Service - Linville Gorge - ARRA	-	-	-	-
1210	Distribution of USDA Donations	47.00	-	-	47.00
1510	NC Forest Service	567.60	-	-	567.60
1530	NC Forest Service - Dare Bomb Range	13.00	-	-	13.00
1535	NC Forest Service - Young Offenders Program	17.00	-	-	17.00
1610	NC Forest Service - Federal Grants	32.60	-	-	32.60
1611	Soil and Water Conservation	42.20	-	-	42.20
1990	Reserves and Transfers	-	-	-	-
1991	Indirect Cost - Reserve	-	-	-	-
Total FTE		1,827.75	1.00	-	1,828.75



Agriculture and Consumer Services

GENERAL FUND

Total Budget Enacted 2015 Session	FY 16-17
	\$116,955,773

Legislative Changes

Reserve for Salaries and Benefits

1 State Retirement Contributions	\$193,461	R
Fund Code: N/A		

Increases the State's contribution for members of the Teachers' and State Employees' Retirement System (TSERS) to fund the actuarially determined contribution.

For all net appropriation supported State-funded positions, across all sections of the Committee Report, the approximate revised net appropriation for members of TSERS is \$1.5 billion, an increase of \$31.6 million for FY 2016-17.

Department-wide

2 Salary Reserve	(\$100,000)	
Fund Code: N/A		

Reduces the salary reserve available to the Department by \$100,000. The revised net appropriation for salaries across the Department is \$62.9 million.

Forest Service

3 Firefighting Equipment	\$3,000,000	NR
Fund Code: 1510		

Provides \$3.0 million in nonrecurring funding to purchase an airplane and heavy equipment to be used for firefighting. The revised net appropriation to the Forest Service in FY 2016-17 is \$39.1 million.

4 Forest Development Fund	\$25,000	NR
Fund Code: 1510		

Provides nonrecurring funds to supplement the Forest Development Fund. These funds are in addition to the funding provided from forest product assessments and will be used for hardwood or soft-hardwood forestation projects. The total funding available in the Forest Development Fund for FY 2016-17 is \$1.7 million. The revised net appropriation to the Fund is \$25,000.



Marketing**5 International Marketing****Fund Code:** 1020

\$500,000 NR

Provides \$500,000 in nonrecurring funds for international marketing of North Carolina agricultural products.

This item also budgets the cash balance of \$180,719 remaining in the Swine Waste fund (23704-2730) to be transferred to the Marketing Division to further support international marketing. The revised net appropriation provided to the Marketing Division is \$8.7 million.

Reserves and Transfers**6 Ag Development and Farmland Preservation Trust Fund - Military Buffers****Fund Code:** 1990

\$1,000,000 NR

Provides \$1.0 million in additional nonrecurring funding to the Trust Fund for military buffers. The revised net appropriation to the Trust Fund in FY 2016-17 is \$3.6 million.

7 Association of Agricultural Fairs**Fund Code:** 1990

\$300,000 NR

Provides a nonrecurring grant to the Association of Agricultural Fairs. The revised net appropriation to the Association is \$300,000.

Soil and Water**8 Agricultural Water Resources Assistance Program (AgWRAP)****Fund Code:** 1611

\$500,000 NR

Provides \$500,000 in nonrecurring funds to supplement existing cost-share funding for AgWRAP. The revised net appropriation provided for AgWRAP in FY 2016-17 is \$1.5 million

Veterinary Services**9 Animal Shelter Support Program****Fund Code:** 1130

(\$150,000) R

Reduces funding for the Animal Shelter Support Fund. The revised net appropriation for the Fund is \$100,000.

10 Animal Welfare Position**Fund Code:** 1130

\$77,353 R

1.00

Provides funding to support 1 new position in the Animal Welfare Section of the Veterinary Services Division. This position will be responsible for providing consultative services to animal shelters regarding their operations. The revised net appropriation to the Veterinary Services Division is \$10.1 million.

Agriculture and Consumer Services



Total Legislative Changes	\$20,814	R
	\$5,325,000	NR
Total Position Changes	1.00	
Revised Budget	\$122,301,587	-



DACS Soil & Water Conservation

Budget Code: 23704

FY 2016-17

Beginning Unreserved Fund Balance **\$15,878,001**

Recommended Budget

Requirements **\$10,105,835**

Receipts **\$9,677,478**

Positions **1.00**

Legislative Changes

Requirements:

Swine Waste (2730)

Transfers all remaining cash balance in the Swine Waste fund to the Marketing Division for international marketing. The fund will be closed following the transfer of the remaining funds in FY 2016-17.

	\$0	R
	\$180,719	NR
	0.00	

Subtotal Legislative Changes

	\$0	R
	\$180,719	NR
	0.00	

Receipts:

Swine Waste (2730)

Transfers all remaining cash balance in the Swine Waste fund to the Marketing Division for international marketing. The fund will be closed following the transfer of the remaining funds in FY 2016-17.

	\$0	R
	\$0	NR

Subtotal Legislative Changes

	\$0	R
	\$0	NR

Revised Total Requirements	\$10,286,554	
Revised Total Receipts	\$9,677,478	
Change in Fund Balance	(\$609,076)	-
Total Positions	1.00	

Unappropriated Balance Remaining	\$15,268,925	
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Department of Labor
Budget Code 13800

General Fund Budget

FY 2016-17

Enacted Budget

Requirements	\$32,285,798
Receipts	\$16,463,563
Net Appropriation	\$15,822,235

Legislative Changes

Requirements	\$215,182
Receipts	(\$60,004)
Net Appropriation	\$275,186

Revised Budget

Requirements	\$32,500,980
Receipts	\$16,403,559
Net Appropriation	\$16,097,421

General Fund FTE

Enacted Budget	383.25
Legislative Changes	(1.00)
Revised Budget	382.25

**Summary of General Fund Appropriations
Fiscal Year 2016-17
2016 Legislative Session**

Department of Labor		Enacted Budget			Legislative Changes			Revised Budget		
Budget Code 13800		Requirements	Receipts	Net Appropriation	Requirements	Receipts	Net Appropriation	Requirements	Receipts	Net Appropriation
1120	Administrative Services	3,300,717	1,793,979	1,506,738	-	-	-	3,300,717	1,793,979	1,506,738
1210	Research and Information Technology	575,962	513,805	62,157	-	-	-	575,962	513,805	62,157
1310	Boiler Inspection Division	2,221,914	2,221,914	-	-	-	-	2,221,914	2,221,914	-
1320	Elevator Inspection Division	4,479,528	4,479,528	-	-	-	-	4,479,528	4,479,528	-
1330	Mine and Quarry Inspection Division	346,492	-	346,492	-	-	-	346,492	-	346,492
1331	Federal Mine Safety and Health Act	150,045	150,045	-	-	-	-	150,045	150,045	-
1340	Wage and Hour Division	2,084,225	-	2,084,225	-	-	-	2,084,225	-	2,084,225
1345	Employment Discrimination Bureau	575,992	-	575,992	-	-	-	575,992	-	575,992
1350	Occupational Health and Safety Administration	7,042,380	3,545,034	3,497,346	(120,008)	(60,004)	(60,004)	6,922,372	3,485,030	3,437,342
1351	Review Commission	252,723	-	252,723	-	-	-	252,723	-	252,723
1352	OSHA - State Funds	7,224,694	-	7,224,694	-	-	-	7,224,694	-	7,224,694
1353	OSHA - Federal Funds	1,246,216	1,246,216	-	-	-	-	1,246,216	1,246,216	-
1358	Bureau of Consultative Services	1,447,420	1,302,678	144,742	-	-	-	1,447,420	1,302,678	144,742
1360	OSHA/BLS Statistical Program	254,253	127,127	127,126	-	-	-	254,253	127,127	127,126
1991	Indirect Costs - Reserve	1,083,237	1,083,237	-	-	-	-	1,083,237	1,083,237	-
Department-wide Items										
	State Retirement Contributions	-	-	-	35,190	N/A	35,190	35,190	N/A	35,190
Undesignated Items		-	-	-	300,000	-	300,000	300,000	-	300,000
Total		\$32,285,798	\$16,463,563	\$15,822,235	\$215,182	(\$60,004)	\$275,186	\$32,500,980	\$16,403,559	\$16,097,421

**Summary of General Fund Total Requirement FTE
Fiscal Year 2016-17
2016 Legislative Session**

Department of Labor					
Budget Code 13800		<u>Enacted</u>	<u>Legislative Changes</u>		<u>Revised</u>
Fund Code	Fund Name	Total Requirements	Net Appropriation	Receipts	Total Requirements
1120	Administrative Services	41.239	-	-	41.239
1210	Research and Information Technology	5.090	-	-	5.090
1310	Boiler Inspection Division	24.000	-	-	24.000
1320	Elevator Inspection Division	46.000	-	-	46.000
1330	Mine and Quarry Inspection Division	4.600	-	-	4.600
1331	Federal Mine Safety and Health Act	1.400	-	-	1.400
1340	Wage and Hour Division	31.000	-	-	31.000
1345	Employment Discrimination Bureau	7.960	-	-	7.960
1350	Occupational Health and Safety Administration	89.517	(1.00)	-	88.517
1351	Review Commission	3.000	-	-	3.000
1352	OSHA - State Funds	96.876	-	-	96.876
1353	OSHA - Federal Funds	9.916	-	-	9.916
1358	Bureau of Consultative Services	18.654	-	-	18.654
1360	OSHA/BLS Statistical Program	4.000	-	-	4.000
1991	Indirect Costs - Reserve	-	-	-	-
Total FTE		383.252	(1.00)	-	382.252

Labor

GENERAL FUND

	FY 16-17
Total Budget Enacted 2015 Session	\$15,822,235

Legislative Changes

Reserve for Salaries and Benefits

11 State Retirement Contributions	\$35,190	R
Fund Code: N/A		

Increases the State's contribution for members of the Teachers' and State Employees' Retirement System (TSERS) to fund the actuarially determined contribution.

For all net appropriation supported State-funded positions, across all sections of the Committee Report, the approximate revised net appropriation for members of TSERS is \$1.5 billion, an increase of \$31.6 million for FY 2016-17.

Department-wide

12 Operating Expenses	\$300,000
Fund Code: N/A	

Provides \$300,000 in recurring funding to the Department of Labor for operating expenses, including information technology expenditures. The revised net appropriation for the Department of Labor is \$16.1 million.

Occupational Safety and Health (OSH) Division

13 Vacant Position Elimination	(\$60,004)	R
Fund Code: 1350		

Eliminates 2 Safety Compliance Officer I positions (60013080 and 60013109) that have been vacant for more than 2 years. Funding for each of these positions is evenly split between net General Fund and federal receipts, so each of these positions is a net appropriation reduction of 0.5 FTE. The revised net appropriation for the OSH Division in FY 2016-17 is \$10.9 million.

Total Legislative Changes	\$275,186	R
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Total Position Changes	-1.00
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Revised Budget	\$16,097,421
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**Department of Environmental Quality
Budget Code 14300**

General Fund Budget

FY 2016-17

Enacted Budget

Requirements	\$158,146,952
Receipts	\$75,717,343
<hr/>	
Net Appropriation	\$82,429,609

Legislative Changes

Requirements	\$457,716
Receipts	\$3,000,000
<hr/>	
Net Appropriation	(\$2,542,284)

Revised Budget

Requirements	\$158,604,668
Receipts	\$78,717,343
<hr/>	
Net Appropriation	\$79,887,325

General Fund FTE

Enacted Budget	1,229.64
Legislative Changes	(3.00)
<hr/>	
Revised Budget	1,226.64

**Summary of General Fund Appropriations
Fiscal Year 2016-17
2016 Legislative Session**

Department of Environmental Quality Budget Code 14300		Enacted Budget			Legislative Changes			Revised Budget		
Fund Code	Fund Name	Requirements	Receipts	Net Appropriation	Requirements	Receipts	Net Appropriation	Requirements	Receipts	Net Appropriation
1125	DENR - Coal Ash Management	1,750,000	1,750,000	-	-	-	-	1,750,000	1,750,000	-
1130	Regional Field Offices Support Services	5,847,251	3,198,801	2,648,450	-	-	-	5,847,251	3,198,801	2,648,450
1140	Administrative Services	9,947,350	3,375,131	6,572,219	(237,861)	-	(237,861)	9,709,489	3,375,131	6,334,358
1315	Marine Fisheries - Administration	4,199,397	1,927,667	2,271,730	-	-	-	4,199,397	1,927,667	2,271,730
1320	Marine Fisheries - Research and Management	10,990,726	3,589,427	7,401,299	549,000	-	549,000	11,539,726	3,589,427	7,950,299
1325	Marine Fisheries - Law Enforcement	6,438,069	2,388,498	4,049,571	-	-	-	6,438,069	2,388,498	4,049,571
1460	WIF - Water Infrastructure	25,606,576	304,861	25,301,715	-	-	-	25,606,576	304,861	25,301,715
1490	Water Supply Protection	5,870,612	5,599,252	271,360	-	-	-	5,870,612	5,599,252	271,360
1495	Shellfish Sanitation	2,037,959	330,812	1,707,147	-	-	-	2,037,959	330,812	1,707,147
1610	LWS - Nat. Res. Planning and Construction	1,624,331	1,363,530	260,801	-	-	-	1,624,331	1,363,530	260,801
1615	Div of Env Assistance and Cust Service (DEACS)	3,101,826	251,551	2,850,275	-	-	-	3,101,826	251,551	2,850,275
1620	Division of Water Resources Water Planning	4,450,002	1,232,269	3,217,733	-	-	-	4,450,002	1,232,269	3,217,733
1625	Coastal Management	6,139,124	4,774,557	1,364,567	-	-	-	6,139,124	4,774,557	1,364,567
1635	Div of Water Res - Lab Serv Water Sciences Sect	2,417,277	706,451	1,710,826	-	-	-	2,417,277	706,451	1,710,826
1660	Groundwater Protection	873,756	873,756	-	-	-	-	873,756	873,756	-
1665	Groundwater Storage Tanks - Leaking	4,248,490	4,248,490	-	-	-	-	4,248,490	4,248,490	-
1671	Underground Storage Tanks - Comp, Inspection	5,275,121	4,275,121	1,000,000	-	-	-	5,275,121	4,275,121	1,000,000
1685	State Revolving Fund	75,274	75,274	-	-	-	-	75,274	75,274	-
1690	Water Resources - Control	14,160,554	7,594,945	6,565,609	-	-	-	14,160,554	7,594,945	6,565,609
1695	Water Resources - Permit Fee	3,921,725	3,921,725	-	-	-	-	3,921,725	3,921,725	-
1705	Water Resources - Albemarle/Pamlico Sounds	1,098,731	1,098,731	-	-	-	-	1,098,731	1,098,731	-
1710	Water Resources - EPA Grant	273,434	273,434	-	-	-	-	273,434	273,434	-
1720	Water Resources - Non-Point Source	4,114,787	4,114,787	-	-	-	-	4,114,787	4,114,787	-
1725	Wetlands-Program Development	468,373	468,373	-	-	-	-	468,373	468,373	-
1730	Land Resources-Administration	362,055	-	362,055	-	-	-	362,055	-	362,055
1735	Geological Survey	1,231,316	232,760	998,556	-	-	-	1,231,316	232,760	998,556
1740	Land Quality	5,492,148	1,414,659	4,077,489	-	-	-	5,492,148	1,414,659	4,077,489
1749	DENR-Energy Office	1,835,276	-	1,835,276	(147,949)	-	(147,949)	1,687,327	-	1,687,327
1760	Solid Waste Management	11,886,783	8,476,480	3,410,303	500,000	3,000,000	(2,500,000)	12,386,783	11,476,480	910,303
1770	Air Quality Control	4,854,105	4,854,105	-	-	-	-	4,854,105	4,854,105	-
1910	Reserves and Transfers	4,552,628	-	4,552,628	-	-	-	4,552,628	-	4,552,628
1940	Federal-Special-Indirect	3,001,896	3,001,896	-	-	-	-	3,001,896	3,001,896	-
Department-wide Items										
	State Retirement Contributions	-	-	-	101,524	N/A	101,524	101,524	N/A	101,524
Undesignated Items										
		-	-	-	(306,998)	-	(306,998)	(306,998)	-	(306,998)
Total		\$158,146,952	\$75,717,343	\$82,429,609	\$457,716	\$3,000,000	(\$2,542,284)	\$158,604,668	\$78,717,343	\$79,887,325

Environmental Quality

GENERAL FUND

Total Budget Enacted 2015 Session	FY 16-17
	\$82,429,609

Legislative Changes

Reserve for Salaries and Benefits

14 State Retirement Contributions	\$101,524	R
Fund Code: N/A		

Increases the State's contribution for members of the Teachers' and State Employees' Retirement System (TSERS) to fund the actuarially determined contribution.

For all net appropriation supported State-funded positions, across all sections of the Committee Report, the approximate revised net appropriation for members of TSERS is \$1.5 billion, an increase of \$31.6 million for FY 2016-17.

Department-wide

15 Salary Reserve	(\$306,998)
Fund Code: N/A	

Reduces the salary reserve available to the Department by \$306,998. The revised net appropriation for salaries across the Department is \$31.7 million.

Administrative Services

16 Public Information Officer (PIO) Positions	(\$150,000)	R
Fund Code: 1140		

Eliminates 2 PIO positions and associated operating costs. The Department has the discretion to identify the 2 PIO positions to eliminate. The revised net appropriation provided to the Department for Administrative Services in FY 2016-17 is \$6.3 million.

-2.00

17 Vacant Position	(\$87,861)	R
Fund Code: 1140		

Eliminates a vacant Attorney II position (60035027). The revised net appropriation to the Administrative Services Division in FY 2016-17 is \$6.3 million.

-1.00

Energy Office

18 Vacant Positions (\$147,949) R

Fund Code: 1749

-2.00

Eliminates a vacant Environmental Senior Specialist position (65017957) and a vacant Engineer position (65020656). The revised net appropriation to the Energy Office is \$1.7 million.

Marine Fisheries

19 Shellfish Positions \$149,000 R

Fund Code: 1320

2.00

Provides additional funding for 2 new positions and associated operating expenses in Marine Fisheries. The positions are provided to accelerate shellfish industry growth in the State and will focus on shellfish production and recycling activities. The revised net appropriation for Marine Fisheries in FY 2016-17 is \$14.2 million.

20 Crab Pot Cleanup

Fund Code: 1320

\$100,000 NR

Provides \$100,000 in nonrecurring funds for a crab pot cleanup pilot project to be managed by North Carolina Sea Grant. The revised net appropriation for crab pot cleanup is \$100,000.

21 Shellfish Rehabilitation

Fund Code: 1320

\$300,000 NR

Provides additional funding for cultch planting. The revised net appropriation for cultch planting in FY 2016-17 is \$1.2 million.

Waste Management

22 Mercury Pollution Cash Balance

Fund Code: 1760

(\$2,500,000) NR

Budgets a nonrecurring transfer of the cash balance in the Mercury Pollution Prevention Account (24300-2119) in FY 2016-17 for the following purposes:

- \$2.5 million to reduce the net appropriation for the Division of Waste Management in FY 2016-17, and
- \$500,000 in requirements and receipts to continue the Mercury Switch Removal program until June 30, 2017.

The revised net appropriation for the Division of Waste Management in FY 2016-17 is \$910,303.

Total Legislative Changes	(\$442,284)	R
	(\$2,100,000)	NR
Total Position Changes	-3.00	
Revised Budget	\$79,887,325	-

DENR - Special

Budget Code: 24300

FY 2016-17

Beginning Unreserved Fund Balance **\$26,347,556**

Recommended Budget

Requirements \$91,809,530

Receipts \$89,744,151

Positions 226.65

Legislative Changes

Requirements:

Inspection and Maintenance Fees (I&M) - Continuation Review Restoration (2338) \$2,000,000 R
 Restores the recurring I&M fee transfer to support the Division of Air Quality following a continuation review. The FY 2016-17 transfer budgeted for the Division is \$2 million. \$0 NR
0.00

Mercury Pollution Prevention Account (2119) \$0 R
 Transfers any remaining cash balance available in the Mercury Pollution Prevention Account to the Division of Waste Management in FY 2016-17. The remaining cash balance is estimated to be \$3.0 million. \$2.5 million of the cash balance is provided to support the Division of Waste Management, with the remaining cash balance provided to continue the Mercury Switch Removal program until June 30, 2017. \$3,000,000 NR
0.00

Subtotal Legislative Changes **\$2,000,000 R**
\$3,000,000 NR
0.00

Receipts:

Inspection and Maintenance Fees (I&M) - Continuation Review Restoration (2338) \$2,000,000 R
 Restores the recurring I&M fee transfer to support the Division of Air Quality following a continuation review. The FY 2016-17 transfer budgeted for the \$0 NR

Division is \$2 million.

Mercury Pollution Prevention Account (2119)

Adopts Department's recommendation to not restore vehicle title fee receipts provided to the program following a continuation review. Therefore, no additional receipts will be deposited in the fund and the fund will be closed effective June 30, 2017.

\$0 R
\$0 NR

Subtotal Legislative Changes

\$2,000,000 R
\$0 NR

Revised Total Requirements

\$96,809,530

Revised Total Receipts

\$91,744,151

Change in Fund Balance

(\$5,065,379)

Total Positions

226.65

Unappropriated Balance Remaining

\$21,282,177

Reserve for Air Quality - Fuel Tax

Budget Code: 24301

FY 2016-17

Beginning Unreserved Fund Balance **\$1,401,900**

Recommended Budget

Requirements **\$2,249,400**

Receipts **\$2,079,445**

Positions **93.70**

Legislative Changes

Requirements:

Water and Air Quality Account - Continuation **\$7,299,805** R
Review Restoration (2334)

Restores the recurring motor fuels tax transfer to the Water and Air Quality Account. The revised requirements for the Division of Air Quality from the motor fuels tax transfer is \$7.3 million. **\$0** NR
0.00

Subtotal Legislative Changes **\$7,299,805** R

\$0 NR
0.00

Receipts:

Water and Air Quality Account - Continuation **\$7,299,805** R
Review Restoration (2334)

Restores the recurring motor fuels tax transfer to the Water and Air Quality Account. The revised receipts for the Division of Air Quality from the motor fuels tax transfer is \$7.3 million. **\$0** NR

Subtotal Legislative Changes **\$7,299,805** R

\$0 NR

Revised Total Requirements	\$9,549,205
Revised Total Receipts	\$9,379,250
Change in Fund Balance	(\$169,955)
Total Positions	93.70

Unappropriated Balance Remaining	\$1,231,945
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DENR - Commercial LUST Cleanup

Budget Code: 64305

FY 2016-17

Beginning Unreserved Fund Balance **\$83,615,036**

Recommended Budget

Requirements **\$45,431,546**

Receipts **\$14,628,396**

Positions **11.20**

Legislative Changes

Requirements:

Commercial Leaking Underground Storage Tank (LUST) Fund - Continuation Review Restoration (6370) **\$16,200,000** R

Restores the recurring motor fuels tax transfer to the Commercial LUST Fund. The amount transferred to the Fund in FY 2016-17 is approximately \$800,000 more than the amount transferred in FY 2015-16. The revised net appropriation remains \$0, but total annual receipts available to the program are approximately \$23.4 million. \$0 NR
0.00

Subtotal Legislative Changes **\$16,200,000** R
\$0 NR
0.00

Receipts:

Commercial Leaking Underground Storage Tank (LUST) Fund - Continuation Review Restoration (6370) **\$16,200,000** R

Restores the recurring motor fuels tax transfer to the Commercial LUST Fund. The amount transferred to the Fund in FY 2016-17 is approximately \$800,000 more than the amount transferred in FY 2015-16. The revised net appropriation remains \$0, but total receipts available to the program in FY 2016-17 are approximately \$23.4 million. \$0 NR

FY 2016-17

Subtotal Legislative Changes

\$16,200,000 R
\$0 NR

Revised Total Requirements

\$61,631,546

Revised Total Receipts

\$30,828,396

Change in Fund Balance

(\$30,803,150)

Total Positions

11.20

Unappropriated Balance Remaining

\$52,811,886

**Wildlife Resources Commission
Budget Code 14350**

General Fund Budget

FY 2016-17

Enacted Budget

Requirements	\$73,137,043
Receipts	\$63,113,547
<hr/>	
Net Appropriation	\$10,023,496

Legislative Changes

Requirements	\$19,922
Receipts	\$0
<hr/>	
Net Appropriation	\$19,922

Revised Budget

Requirements	\$73,156,965
Receipts	\$63,113,547
<hr/>	
Net Appropriation	\$10,043,418

General Fund FTE

Enacted Budget	648.58
Legislative Changes	0.00
<hr/>	
Revised Budget	648.58

**Summary of General Fund Appropriations
Fiscal Year 2016-17
2016 Legislative Session**

Wildlife Resources Commission		Enacted Budget			Legislative Changes			Revised Budget		
Budget Code 14350		Requirements	Receipts	Net	Requirements	Receipts	Net	Requirements	Receipts	Net
Fund Code	Fund Name			Appropriation			Appropriation			Appropriation
1101	Administrative Policy and Regulation	1,150,321	1,154,139	(3,818)	-	-	-	1,150,321	1,154,139	(3,818)
1111	Controller's Office	798,871	717,647	81,224	-	-	-	798,871	717,647	81,224
1112	Customer Support Services	1,728,538	1,688,197	40,341	-	-	-	1,728,538	1,688,197	40,341
1113	Information Technology	2,070,109	1,672,062	398,047	-	-	-	2,070,109	1,672,062	398,047
1114	Watercraft Registration and Titling	1,017,689	951,741	65,948	-	-	-	1,017,689	951,741	65,948
1115	Purchasing and Distribution	502,696	459,982	42,714	-	-	-	502,696	459,982	42,714
1116	Budget, Planning, and Audit	226,407	181,341	45,066	-	-	-	226,407	181,341	45,066
1117	Human Resources	470,654	416,603	54,051	-	-	-	470,654	416,603	54,051
1121	Enforcement	22,469,599	16,874,633	5,594,966	-	-	-	22,469,599	16,874,633	5,594,966
1131	Wildlife Education	516,218	429,622	86,596	-	-	-	516,218	429,622	86,596
1132	Pisgah Education Center	755,703	642,457	113,246	-	-	-	755,703	642,457	113,246
1133	Centennial Education Center	513,914	427,208	86,706	-	-	-	513,914	427,208	86,706
1134	Outer Banks Education Center	805,331	668,276	137,055	-	-	-	805,331	668,276	137,055
1135	Publications	1,082,221	1,225,191	(142,970)	-	-	-	1,082,221	1,225,191	(142,970)
1141	Inland Fisheries	9,114,280	7,701,613	1,412,667	-	-	-	9,114,280	7,701,613	1,412,667
1142	Habitat Conservation and Aquatic NGME	1,069,676	944,309	125,367	-	-	-	1,069,676	944,309	125,367
1151	Wildlife Management	5,542,318	4,886,189	656,129	-	-	-	5,542,318	4,886,189	656,129
1152	Wildlife Diversity Program	1,773,847	1,512,902	260,945	-	-	-	1,773,847	1,512,902	260,945
1154	Waterfowl Program	253,994	239,180	14,814	-	-	-	253,994	239,180	14,814
1161	Engineering Water Access	7,827,741	8,167,133	(339,392)	-	-	-	7,827,741	8,167,133	(339,392)
1162	Engineering and Facilities Management	629,980	541,623	88,357	-	-	-	629,980	541,623	88,357
1166	Gamelands Operations and Maintenance	12,793,440	9,665,369	3,128,071	-	-	-	12,793,440	9,665,369	3,128,071
1171	Wildlife Appropriations	23,496	1,946,130	(1,922,634)	-	-	-	23,496	1,946,130	(1,922,634)
Department-wide Items										
	State Retirement Contributions	-	-	-	19,922	N/A	19,922	19,922	N/A	19,922
Total		\$73,137,043	\$63,113,547	\$10,023,496	\$19,922	\$0	\$19,922	\$73,156,965	\$63,113,547	\$10,043,418

**Summary of General Fund Total Requirement FTE
Fiscal Year 2016-17
2016 Legislative Session**

Wildlife Resources Commission					
Budget Code 14350		Enacted	Legislative Changes		Revised
Fund Code	Fund Name	Total Requirements	Net Appropriation	Receipts	Total Requirements
1101	Administrative Policy and Regulation	8.50	-	-	8.50
1111	Controller's Office	10.00	-	-	10.00
1112	Customer Support Services	15.00	-	-	15.00
1113	Information Technology	19.00	-	-	19.00
1114	Watercraft Registration and Titling	14.00	-	-	14.00
1115	Purchasing and Distribution	7.00	-	-	7.00
1116	Budget, Planning, and Audit	2.00	-	-	2.00
1117	Human Resources	6.00	-	-	6.00
1121	Enforcement	245.00	-	-	245.00
1131	Wildlife Education	5.50	-	-	5.50
1132	Pisgah Education Center	8.00	-	-	8.00
1133	Centennial Education Center	6.00	-	-	6.00
1134	Outer Banks Education Center	9.00	-	-	9.00
1135	Publications	10.00	-	-	10.00
1141	Inland Fisheries	74.00	-	-	74.00
1142	Habitat Conservation and Aquatic NGME	9.00	-	-	9.00
1151	Wildlife Management	43.00	-	-	43.00
1152	Wildlife Diversity Program	17.00	-	-	17.00
1154	Waterfowl Program	1.00	-	-	1.00
1161	Engineering Water Access	58.54	-	-	58.54
1162	Engineering and Facilities Management	6.00	-	-	6.00
1166	Gamelands Operations and Maintenance	75.04	-	-	75.04
1171	Wildlife Appropriations	-	-	-	-
Total FTE		648.58	-	-	648.58

Wildlife Resources Commission

GENERAL FUND

	FY 16-17	
Total Budget Enacted 2015 Session	\$10,023,496	
Legislative Changes		
Reserve for Salaries and Benefits		
23 State Retirement Contributions	\$19,922	R
Fund Code: N/A		
Increases the State's contribution for members of the Teachers' and State Employees' Retirement System (TSERS) to fund the actuarially determined contribution.		
For all net appropriation supported State-funded positions, across all sections of the Committee Report, the approximate revised net appropriation for members of TSERS is \$1.5 billion, an increase of \$31.6 million for FY 2016-17.		
Total Legislative Changes	\$19,922	R
Total Position Changes		
Revised Budget	\$10,043,418	

Motor Boat Interest Bearing

Budget Code: 24352

FY 2016-17

Beginning Unreserved Fund Balance

\$2,964,686

Recommended Budget

Requirements

\$14,598,086

Receipts

\$14,598,086

Positions

0.00

Legislative Changes

Requirements:

Continuation Review Restoration (2371)

Restores the recurring motor fuels tax transfer to the Boating Safety Account to support activities related to boating and water safety, including education and waterway marking, boating access areas, and maintenance of shallow draft inlets. The revised requirements for the Boating Safety Account are \$16.7 million for FY 2016-17.

\$2,085,067 R

\$0 NR

0.00

Subtotal Legislative Changes

\$2,085,067 R

\$0 NR

0.00

Receipts:

Continuation Review Restoration (2371)

Restores the recurring motor fuels tax transfer to the Boating Safety Account to support activities related to boating and water safety, including education and waterway marking, boating access areas, and maintenance of shallow draft inlets. The revised receipts for the Boating Safety Account are \$16.7 million for FY 2016-17.

\$2,085,067 R

\$0 NR

Subtotal Legislative Changes

\$2,085,067 R

\$0 NR

**Summary of General Fund Appropriations
Fiscal Year 2016-17
2016 Legislative Session**

Department of Commerce Budget Code 14600		Enacted Budget			Legislative Changes			Revised Budget		
Fund Code	Fund Name	Requirements	Receipts	Net Appropriation	Requirements	Receipts	Net Appropriation	Requirements	Receipts	Net Appropriation
1111	Administrative Services	3,137,481	1,841,448	1,296,033	334,981	-	334,981	3,472,462	1,841,448	1,631,014
1113	Science and Technology	3,324,164	-	3,324,164	-	-	-	3,324,164	-	3,324,164
1114	Economic Development Partnership	17,994,549	-	17,994,549	156,000	-	156,000	18,150,549	-	18,150,549
1120	Management Information System Division	856,063	-	856,063	-	-	-	856,063	-	856,063
1130	Labor and Economic Analysis	6,627,028	5,781,499	845,529	-	-	-	6,627,028	5,781,499	845,529
1477	NC BRIM - Operating	737,528	737,528	-	-	-	-	737,528	737,528	-
1520	Commerce Graphics	256,053	98,406	157,647	-	-	-	256,053	98,406	157,647
1531	Business and Industry Development	59,007	58,907	100	-	-	-	59,007	58,907	100
1533	NC Business Service Center	350,544	350,544	-	-	-	-	350,544	350,544	-
1534	Rural Economic Development Division	15,231,543	-	15,231,543	-	-	-	15,231,543	-	15,231,543
1541	International Trade Division	17,153	17,153	-	-	-	-	17,153	17,153	-
1551	Travel Inquiry Section	494,634	75,358	419,276	-	-	-	494,634	75,358	419,276
1552	Welcome Centers	2,018,203	3,600	2,014,603	-	-	-	2,018,203	3,600	2,014,603
1561	Wanchese - Marine Industrial Park	534,357	534,357	-	-	-	-	534,357	534,357	-
1581	Industrial Finance Center	8,144,049	-	8,144,049	-	-	-	8,144,049	-	8,144,049
1620	Community Assistance	1,509,208	81,298	1,427,910	-	-	-	1,509,208	81,298	1,427,910
1631	Community Development Block Grants	44,440,959	43,803,459	637,500	-	-	-	44,440,959	43,803,459	637,500
1632	Community Assistance - NSP	589,290	589,290	-	-	-	-	589,290	589,290	-
1831	Industrial Commission Administration	15,532,310	11,135,463	4,396,847	-	-	-	15,532,310	11,135,463	4,396,847
1912	Reserves and Transfers	850,315	-	850,315	6,500,000	-	6,500,000	7,350,315	-	7,350,315
Department-wide Items										
	State Retirement Contributions	-	-	-	31,875	N/A	31,875	31,875	N/A	31,875
Total		\$122,704,438	\$65,108,310	\$57,596,128	\$7,022,856	\$0	\$7,022,856	\$129,727,294	\$65,108,310	\$64,618,984

**Summary of General Fund Total Requirement FTE
Fiscal Year 2016-17
2016 Legislative Session**

Department of Commerce					
Budget Code 14600		Enacted	Legislative Changes		Revised
Fund Code	Fund Name	Total Requirements	Net Appropriation	Receipts	Total Requirements
1111	Administrative Services	39.42	-	-	39.42
1113	Science and Technology	3.00	-	-	3.00
1114	Economic Development Partnership	-	-	-	-
1120	Management Information System Division	6.00	-	-	6.00
1130	Labor and Economic Analysis	75.06	-	-	75.06
1477	NC BRIM - Operating	9.00	-	-	9.00
1520	Commerce Graphics	3.00	-	-	3.00
1531	Business and Industry Development	-	-	-	-
1533	NC Business Service Center	6.00	-	-	6.00
1534	Rural Economic Development Division	3.00	-	-	3.00
1541	International Trade Division	-	-	-	-
1551	Travel Inquiry Section	5.00	-	-	5.00
1552	Welcome Centers	43.75	-	-	43.75
1561	Wanchese - Marine Industrial Park	3.00	-	-	3.00
1581	Industrial Finance Center	5.75	-	-	5.75
1620	Community Assistance	19.00	-	-	19.00
1631	Community Development Block Grants	22.80	-	-	22.80
1632	Community Assistance - NSP	10.20	-	-	10.20
1831	Industrial Commission Administration	159.33	-	-	159.33
1912	Reserves and Transfers	-	-	-	-
Total FTE		413.31	-	-	413.31

**Commerce State-Aid
Budget Code 14601**

General Fund Budget

	<u>FY 2016-17</u>
Enacted Budget	
Requirements	\$18,055,810
Receipts	\$0
Net Appropriation	\$18,055,810
Legislative Changes	
Requirements	(\$2,100,000)
Receipts	\$0
Net Appropriation	(\$2,100,000)
Revised Budget	
Requirements	\$15,955,810
Receipts	\$0
Net Appropriation	\$15,955,810

General Fund FTE

Enacted Budget	0.00
Legislative Changes	0.00
Revised Budget	0.00

**Summary of General Fund Appropriations
Fiscal Year 2016-17
2016 Legislative Session**

Department of Commerce - State Aid		Enacted Budget			Legislative Changes			Revised Budget		
Budget Code 14601		Requirements	Receipts	Net Appropriation	Requirements	Receipts	Net Appropriation	Requirements	Receipts	Net Appropriation
1121	Biotechnology Center	13,600,338	-	13,600,338	-	-	-	13,600,338	-	13,600,338
1913	State Aid to Non-State Entities	4,455,472	-	4,455,472	(2,100,000)	-	(2,100,000)	2,355,472	-	2,355,472
Total		\$18,055,810	\$0	\$18,055,810	(\$2,100,000)	\$0	(\$2,100,000)	\$15,955,810	\$0	\$15,955,810

Summary of General Fund Total Requirement FTE
Fiscal Year 2016-17
2016 Legislative Session

Department of Commerce - State Aid		<u>Enacted</u>		<u>Legislative Changes</u>		<u>Revised</u>	
Budget Code 14601							
Fund Code	Fund Name	Total Requirements	Net Appropriation	Receipts	Total Requirements		
1121	Biotechnology Center	-	-	-	-	-	-
1913	State Aid to Non-State Entities	-	-	-	-	-	-
Total FTE		-	-	-	-	-	-

Senate Committee on Natural and Economic Resources

Commerce - State Aid

GENERAL FUND

	FY 16-17
Total Budget Enacted 2015 Session	\$18,055,810

Legislative Changes

High Point Market Authority

29 High Point Market Authority	\$400,000	R
Fund Code: 1913		

Provides an additional \$400,000 in recurring funds to the High Point Market Authority for marketing efforts, including expansion of the new application with Bluedot technology. The revised net appropriation for the High Point Market Authority is \$1.6 million.

The Support Center

30 The Support Center	(\$2,500,000)	NR
Fund Code: 1913		

Eliminates funding provided to The Support Center for FY 2016-17. The revised net appropriation for The Support Center is \$0.

Total Legislative Changes	\$400,000	R
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	(\$2,500,000)	NR
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Total Position Changes

Revised Budget:	\$15,955,810
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**Department of Natural and Cultural Resources
Budget Code 14800**

General Fund Budget

FY 2016-17

Enacted Budget

Requirements	\$196,635,052
Receipts	\$27,345,649
Net Appropriation	\$169,289,403

Legislative Changes

Requirements	\$5,789,491
Receipts	\$0
Net Appropriation	\$5,789,491

Revised Budget

Requirements	\$202,424,543
Receipts	\$27,345,649
Net Appropriation	\$175,078,894

General Fund FTE

Enacted Budget	1,713.01
Legislative Changes	2.50
Revised Budget	1,715.51

**Summary of General Fund Appropriations
Fiscal Year 2016-17
2016 Legislative Session**

Department of Natural and Cultural Resources		Enacted Budget			Legislative Changes			Revised Budget		
Budget Code 14800		Requirements	Receipts	Net Appropriation	Requirements	Receipts	Net Appropriation	Requirements	Receipts	Net Appropriation
1110	Office of the Secretary	2,196,681	250	2,196,431	-	-	-	2,196,681	250	2,196,431
1115	LWS-CLEAN WATER MANAGEMENT TRUST	13,784,982	-	13,784,982	5,000,000	-	5,000,000	18,784,982	-	18,784,982
1116	NHP-ADMINISTRATION	450,000	-	450,000	-	-	-	450,000	-	450,000
1120	Administrative Services	7,099,276	78,739	7,020,537	-	-	-	7,099,276	78,739	7,020,537
1210	Archives and History - Administration	726,834	130,395	596,439	-	-	-	726,834	130,395	596,439
1220	Historical Publications	243,409	-	243,409	-	-	-	243,409	-	243,409
1230	Archives and Records	3,189,042	265,987	2,923,055	-	-	-	3,189,042	265,987	2,923,055
1241	State Historic Sites	7,148,747	620	7,148,127	-	-	-	7,148,747	620	7,148,127
1242	Tryon Palace - Historic Sites and Gardens	2,981,058	343,255	2,637,803	-	-	-	2,981,058	343,255	2,637,803
1243	State Capitol	341,838	200	341,638	-	-	-	341,838	200	341,638
1245	NC Maritime Museum	1,709,908	-	1,709,908	-	-	-	1,709,908	-	1,709,908
1250	Historic Preservation	1,318,750	81,413	1,237,337	-	-	-	1,318,750	81,413	1,237,337
1255	Historic Preservation - Federal	955,323	955,323	-	-	-	-	955,323	955,323	-
1260	Office of State Archaeology	1,618,983	107,740	1,511,243	169,269	-	169,269	1,788,252	107,740	1,680,512
1290	Western Office	214,595	8,040	206,555	-	-	-	214,595	8,040	206,555
1320	Museum of Art	6,695,142	514,106	6,181,036	-	-	-	6,695,142	514,106	6,181,036
1330	NC Arts Council	7,898,827	-	7,898,827	-	-	-	7,898,827	-	7,898,827
1340	NC Symphony	2,067,250	-	2,067,250	-	-	-	2,067,250	-	2,067,250
1355	NC Arts Council - Federal Funds	928,725	928,725	-	-	-	-	928,725	928,725	-
1410	State Library Services	4,482,960	29,181	4,453,779	200,000	-	200,000	4,682,960	29,181	4,653,779
1480	Statewide Library Programs and Grants	15,678,714	-	15,678,714	-	-	-	15,678,714	-	15,678,714
1495	State Library - Federal	4,406,063	4,406,063	-	-	-	-	4,406,063	4,406,063	-
1500	Museum of History	5,856,009	1,400	5,854,609	-	-	-	5,856,009	1,400	5,854,609
1680	North Carolina Division of Parks and Recreation	61,337,383	7,902,933	53,434,450	-	-	-	61,337,383	7,902,933	53,434,450
1760	North Carolina Museum of Natural Sciences	14,741,137	449,734	14,291,403	-	-	-	14,741,137	449,734	14,291,403
1805	North Carolina Zoological Park	18,487,130	7,953,306	10,533,824	-	-	-	18,487,130	7,953,306	10,533,824
1855	North Carolina Aquariums Fund	9,647,428	2,969,809	6,677,619	(40,000)	-	(40,000)	9,607,428	2,969,809	6,637,619
1991	Indirect Reserve	218,430	218,430	-	-	-	-	218,430	218,430	-
1992	Continuation Reserve	210,428	-	210,428	336,000	-	336,000	546,428	-	546,428
Department-wide Items										
	State Retirement Contributions	-	-	-	186,425	N/A	186,425	186,425	N/A	186,425
Undesignated Items										
		-	-	-	(62,203)	-	(62,203)	(62,203)	-	(62,203)
Total		\$196,635,052	\$27,345,649	\$169,289,403	\$5,789,491	\$0	\$5,789,491	\$202,424,543	\$27,345,649	\$175,078,894

Natural and Cultural Resources

GENERAL FUND

Total Budget Enacted 2015 Session

FY 16-17
\$169,289,403

Legislative Changes

Reserve for Salaries and Benefits

31 State Retirement Contributions \$186,425 R
Fund Code: N/A

Increases the State's contribution for members of the Teachers' and State Employees' Retirement System (TSERS) to fund the actuarially determined contribution.

For all net appropriation supported State-funded positions, across all sections of the Committee Report, the approximate revised net appropriation for members of TSERS is \$1.5 billion, an increase of \$31.6 million for FY 2016-17.

Department-wide

32 Salary Reserve (\$62,203) R
Fund Code: N/A

Reduces salary reserve available to the Department by \$62,203. The revised net appropriation for salaries across the Department is \$65.7 million.

Aquariums

33 Jennette's IPier (\$40,000) R
Fund Code: 1855

-0.50

Eliminates the director position (65010297) for Jennette's Pier. This item also splits the funding for the director of the North Carolina Aquarium on Roanoke Island with receipts that were previously budgeted for the director of Jennette's Pier. A corresponding special provision directs that the director of the North Carolina Aquarium on Roanoke Island also serve as the director of Jennette's Pier. The revised net appropriation for the Aquariums Division is \$6.6 million.



Historical Resources

<p>34 Archaeology Research Center Fund Code: 1260</p> <p>Provides the State Archaeology Research Center with permanent, full-time positions to assist in surveying statewide archaeological resources, reviewing permit applications and construction plans that receive state or federal assistance, and issuing permits to individuals and groups for operations and salvage of land and sea properties in North Carolina. The revised net appropriation for the Office of State Archaeology is \$1.7 million.</p>	<p>\$169,269</p> <p>3.00</p>	<p>R</p> <p>~</p> <p>u</p>
<p>35 Queen Anne's Revenge Fund Code: 1260</p> <p>Provides nonrecurring funds for archaeological work for Queen Anne's Revenge conservation and excavation project. The revised net appropriation for the project in FY 2016-17 is \$336,000.</p>	<p>\$336,000</p>	<p>NR</p>

Land and Water Stewardship

<p>36 Clean Water Management Trust Fund (CWMTF) Fund Code: 1115</p> <p>Provides additional funding for CWMTF. The revised net appropriation for CWMTF is \$18.8 million.</p>	<p>\$5,000,000</p>	<p>NR</p>
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State Library

<p>37 Statewide Children's Digital Library Fund Code:</p> <p>Establishes a statewide children's digital library specifically targeted to children from pre-K through 4th grade. Funding for this project will be used to purchase children's fiction materials including e-audio and e-books that will be accessible to all State-aid eligible public libraries in NC. The revised net appropriation for the State Library is \$20.3 million.</p>	<p>\$200,000</p>	<p>NR</p>
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Total Legislative Changes	\$253,491	R
	\$5,536,000	NR
Total Position Changes	2.50	~
Revised Budget	\$175,078,894	



North Carolina Zoo Fund

Budget Code: 24814

FY 2016-17

Beginning Unreserved Fund Balance **\$936,579**

Recommended Budget

Requirements	\$0
Receipts	\$0
Positions	0.00

Legislative Changes

Requirements:

North Carolina Zoo Fund (2240)	\$405,955	R
Establishes a budget for repair and renovation projects at the North Carolina Zoo. The revised requirements for the Zoo Fund are \$1.5 million.	\$0	NR
	0.00	

Subtotal Legislative Changes	\$405,955	R
	\$0	NR
	0.00	

Receipts:

North Carolina Zoo Fund (2240)	\$1,500,000	R
Establishes a budget for the transfer of funds from the General Fund. The revised receipts for the Zoo Fund are \$1.5 million.	\$0	NR

Subtotal Legislative Changes	\$1,500,000	R
	\$0	NR

Revised Total Requirements	\$405,955
Revised Total Receipts	\$1,500,000
Change in Fund Balance	\$1,094,045
Total Positions	0.00

Unappropriated Balance Remaining	\$2,030,624
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North Carolina Aquariums Fund

Budget Code: 24816

FY 2016-17

Beginning Unreserved Fund Balance **\$5,047,678**

Recommended Budget

Requirements	\$0
Receipts	\$0
Positions	0.00

Legislative Changes

Requirements:

North Carolina Aquarium Fund (2865)	\$2,800,000	R
Establishes a budget for repair and renovation projects at the State aquariums and Jennette's Pier.	\$0	NR
This item also establishes a budget for the aquariums' debt service payment. The revised requirements for the Aquarium Fund are \$2.8 million.	0.00	

Subtotal Legislative Changes	\$2,800,000	R
	\$0	NR
	0.00	

Receipts:

North Carolina Aquariums Fund (2865)	\$2,800,000	R
Establishes a budget for the transfer of funds from the General Fund. The revised receipts for the Aquarium Fund are \$2.8 million.	\$0	NR

Subtotal Legislative Changes	\$2,800,000	R
	\$0	NR

FY 2016-17

Revised Total Requirements	\$2,800,000
Revised Total Receipts	\$2,800,000
Change in Fund Balance	\$0
Total Positions	0.00

Unappropriated Balance Remaining	\$5,047,678
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**Department of Natural and Cultural Resources -
Roanoke Island Commission
Budget Code 14802**

General Fund Budget

	<u>FY 2016-17</u>
Enacted Budget	
Requirements	\$823,384
Receipts	\$300,000
Net Appropriation	\$523,384
 Legislative Changes	
Requirements	\$0
Receipts	\$0
Net Appropriation	\$0
 Revised Budget	
Requirements	\$823,384
Receipts	\$300,000
Net Appropriation	\$523,384

General Fund FTE

Enacted Budget	0.00
Legislative Changes	0.00
Revised Budget	0.00

**Summary of General Fund Appropriations
Fiscal Year 2016-17
2016 Legislative Session**

Department of Natural and Cultural Resources - Roanoke Island Commission		Enacted Budget			Legislative Changes			Revised Budget		
Budget Code 14802		Requirements	Receipts	Net Appropriation	Requirements	Receipts	Net Appropriation	Requirements	Receipts	Net Appropriation
Fund Code	Fund Name									
1584	Roanoke Island Commission	823,384	300,000	523,384	-	-	-	823,384	300,000	523,384
Total		\$823,384	\$300,000	\$523,384	\$0	\$0	\$0	\$823,384	\$300,000	\$523,384

Summary of General Fund Total Requirement FTE
Fiscal Year 2016-17
2016 Legislative Session

Department of Natural and Cultural Resources - Roanoke Island Commission					
Budget Code 14802		<u>Enacted</u>	<u>Legislative Changes</u>		<u>Revised</u>
Fund Code	Fund Name	Total Requirements	Net Appropriation	Receipts	Total Requirements
1584	Roanoke Island Commission	-	-	-	-
Total FTE		-	-	-	-

DNCR - Roanoke Island Commission

GENERAL FUND

Total Budget Enacted 2015 Session

FY 16-17
\$523,384

Legislative Changes

Roanoke Island Festival Park

38 No legislative changes
Fund Code: N/A

Total Legislative Changes

Total Position Changes

Revised Budget

\$523,384

**Justice and Public
Safety
Section I**

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**Department of Public Safety
Budget Code 14550**

General Fund Budget

FY 2016-17

Enacted Budget	
Requirements	\$2,000,925,794
Receipts	\$153,560,168
<hr/>	
Net Appropriation	\$1,847,365,626
Legislative Changes	
Requirements	\$22,361,271
Receipts	\$0
<hr/>	
Net Appropriation	\$22,361,271
Revised Budget	
Requirements	\$2,023,287,065
Receipts	\$153,560,168
<hr/>	
Net Appropriation	\$1,869,726,897

General Fund FTE

Enacted Budget	24,900.45
Legislative Changes	(20.00)
<hr/>	
Revised Budget	24,880.45

**Summary of General Fund Appropriations
Fiscal Year 2016-17
2016 Legislative Session**

Department of Public Safety Budget Code 14550		Enacted Budget			Legislative Changes			Revised Budget		
Fund Code	Fund Name	Requirements	Receipts	Net Appropriation	Requirements	Receipts	Net Appropriation	Requirements	Receipts	Net Appropriation
1100	Division of Administration	64,934,710	138,899	64,795,811	245,654	-	245,654	65,180,364	138,899	65,041,465
1115	Victims Services	9,948,019	3,767,421	6,180,598	-	-	-	9,948,019	3,767,421	6,180,598
1170	Governor's Crime Commission	29,466,131	25,347,073	4,119,058	-	-	-	29,466,131	25,347,073	4,119,058
1210	Youth Detention Center Services	12,967,007	5,853,114	7,113,893	-	-	-	12,967,007	5,853,114	7,113,893
1220	Youth Development Center Services	17,516,531	456,372	17,060,159	-	-	-	17,516,531	456,372	17,060,159
1225	Youth Treatment Services	15,879,568	-	15,879,568	-	-	-	15,879,568	-	15,879,568
1226	Youth Education Services	6,258,629	1,284,938	4,973,691	-	-	-	6,258,629	1,284,938	4,973,691
1230	Community Program Services	20,110,490	298,078	19,812,412	-	-	-	20,110,490	298,078	19,812,412
1240	JCPC Grants Management System	22,745,217	-	22,745,217	-	-	-	22,745,217	-	22,745,217
1250	Juvenile Court Services	33,300,985	146,597	33,154,388	-	-	-	33,300,985	146,597	33,154,388
1260	Safer Schools Initiative	359,132	-	359,132	-	-	-	359,132	-	359,132
1305	Prison Management	12,486,399	58,699	12,427,700	-	-	-	12,486,399	58,699	12,427,700
1307	Inmate Construction Program	1,263,799	-	1,263,799	-	-	-	1,263,799	-	1,263,799
1310	Prison Custody and Security	775,535,274	8,471,996	767,063,278	-	-	-	775,535,274	8,471,996	767,063,278
1314	Prison Road Squad and Litter Crews	9,040,000	9,040,000	-	-	-	-	9,040,000	9,040,000	-
1316	Prison Center for Community Transition	513,072	-	513,072	-	-	-	513,072	-	513,072
1318	Prison Gang Unit Management	437,947	-	437,947	-	-	-	437,947	-	437,947
1320	Prison Food Service and Cleaning	72,815,524	8,625,820	64,189,704	-	-	-	72,815,524	8,625,820	64,189,704
1321	Prison Inmate Clothing and Bedding	17,049,824	-	17,049,824	-	-	-	17,049,824	-	17,049,824
1331	Prison General Health	160,109,955	4,792,710	155,317,245	(189,764)	-	(189,764)	159,920,191	4,792,710	155,127,481
1332	Prison Mental Health	36,851,743	-	36,851,743	-	-	-	36,851,743	-	36,851,743
1333	Prison Dental Health	11,712,752	-	11,712,752	-	-	-	11,712,752	-	11,712,752
1334	Prison Pharmacy Services	38,142,587	515,201	37,627,386	-	-	-	38,142,587	515,201	37,627,386
1340	Prison Inmate Education	10,381,498	1,930,411	8,451,087	-	-	-	10,381,498	1,930,411	8,451,087
1345	Prison Corrective Programs	44,459,459	-	44,459,459	-	-	-	44,459,459	-	44,459,459
1346	SOAR Program	122,752	-	122,752	-	-	-	122,752	-	122,752
1347	Prison Work Release	996,108	-	996,108	(55,890)	-	(55,890)	940,218	-	940,218
1350	ACDP - Administration	493,292	-	493,292	-	-	-	493,292	-	493,292
1352	ACDP - In Prison Treatment	6,521,347	797,000	5,724,347	-	-	-	6,521,347	797,000	5,724,347
1354	ACDP - Community Based Treatment	7,637,084	-	7,637,084	-	-	-	7,637,084	-	7,637,084
1355	DPS Confinement in Response to Violation (CRV)	8,933,220	-	8,933,220	-	-	-	8,933,220	-	8,933,220
1360	Community Corrections - Management	2,642,976	90,628	2,552,348	-	-	-	2,642,976	90,628	2,552,348
1365	Community Corrections - Interstate Compact	729,093	199,845	529,248	-	-	-	729,093	199,845	529,248
1370	Community Corrections - Regular Supervision	156,198,351	109,372	156,088,979	-	-	-	156,198,351	109,372	156,088,979
1375	Community Corrections - Community Supervision	12,409,189	-	12,409,189	-	-	-	12,409,189	-	12,409,189
1377	Community Corrections - Electronic Monitoring	6,853,623	11,704	6,841,919	-	-	-	6,853,623	11,704	6,841,919
1380	Community Corrections - Judicial Services	12,441,828	-	12,441,828	-	-	-	12,441,828	-	12,441,828
1385	Security Services for ACJJ	4,356,945	-	4,356,945	-	-	-	4,356,945	-	4,356,945
1390	Post-Release Supervision and Parole Commission	2,496,316	-	2,496,316	-	-	-	2,496,316	-	2,496,316
1392	Grievance Resolution Board	590,016	-	590,016	-	-	-	590,016	-	590,016
1399	Division Wide Operations	911,859	760,986	150,873	-	-	-	911,859	760,986	150,873
1402	LE - State Capitol Police	4,726,888	2,958,933	1,767,955	-	-	-	4,726,888	2,958,933	1,767,955

**Summary of General Fund Appropriations
Fiscal Year 2016-17
2016 Legislative Session**

Department of Public Safety		Enacted Budget			Legislative Changes			Revised Budget		
Budget Code 14550		Requirements	Receipts	Net Appropriation	Requirements	Receipts	Net Appropriation	Requirements	Receipts	Net Appropriation
Fund Code	Fund Name									
1405	LE - Law Enforcement Support Services	8,920	8,920	-	-	-	-	8,920	8,920	-
1408	LE - SHP Missing Persons Administration	113,032	-	113,032	-	-	-	113,032	-	113,032
1410	LE - SHP Aviation Administration	2,336,053	232,091	2,103,962	-	-	-	2,336,053	232,091	2,103,962
1411	LE - SHP Field Administration	206,089,271	3,988,064	202,101,207	-	-	-	206,089,271	3,988,064	202,101,207
1414	LE - SHP VIPER Administration	13,256,517	-	13,256,517	-	-	-	13,256,517	-	13,256,517
1450	State Bureau of Investigation	54,317,468	13,521,050	40,796,418	-	-	-	54,317,468	13,521,050	40,796,418
1500	EM - EMPG Operations	11,459,238	9,085,482	2,373,756	-	-	-	11,459,238	9,085,482	2,373,756
1501	EM - Planning	2,655,979	2,655,979	-	-	-	-	2,655,979	2,655,979	-
1502	EM - Homeland Security	10,104,465	10,104,465	-	-	-	-	10,104,465	10,104,465	-
1504	EM - Geospatial (GTM)	7,865,098	7,865,098	-	507,784	-	507,784	8,372,882	7,865,098	507,784
1505	EM - Recovery	558,834	558,834	-	-	-	-	558,834	558,834	-
1506	EM - Operations	1,078,600	1,078,600	-	-	-	-	1,078,600	1,078,600	-
1507	EM - CAP	159,211	-	159,211	-	-	-	159,211	-	159,211
1509	EM - Hazard Mitigation - Non-Disaster	387,776	169,204	218,572	-	-	-	387,776	169,204	218,572
1511	Geodetic Survey	1,445,000	607,616	837,384	-	-	-	1,445,000	607,616	837,384
1600	National Guard	5,757,511	1,733,804	4,023,707	-	-	-	5,757,511	1,733,804	4,023,707
1601	National Guard - Armory	20,021,396	18,597,004	1,424,392	-	-	-	20,021,396	18,597,004	1,424,392
1602	National Guard - Air	4,739,906	4,299,960	439,946	-	-	-	4,739,906	4,299,960	439,946
1603	National Guard - Youth Programs	5,224,380	3,398,200	1,826,180	-	-	-	5,224,380	3,398,200	1,826,180
Department-wide Items										
	State Highway Patrol Step Increase				1,840,597	N/A	1,840,597	1,840,597	N/A	1,840,597
	Correctional Officer Custody-Level Based Pay Adj.				16,919,481	N/A	16,919,481	16,919,481	N/A	16,919,481
	State Retirement Contributions				3,093,409	N/A	3,093,409	3,093,409	N/A	3,093,409
Total		\$2,000,925,794	\$153,560,168	\$1,847,365,626	\$22,361,271	\$0	\$22,361,271	\$2,023,287,065	\$153,560,168	\$1,869,726,897

**Summary of General Fund Total Requirement FTE
Fiscal Year 2016-17
2016 Legislative Session**

Department of Public Safety					
Budget Code 14550		Enacted	Legislative Changes		Revised
Fund Code	Fund Name	Total Requirements	Net Appropriation	Receipts	Total Requirements
1100	Division of Administration	703.12	(18.00)	-	685.12
1115	Victims Services	18.50	-	-	18.50
1170	Governor's Crime Commission	25.00	-	-	25.00
1210	Youth Detention Center Services	185.50	-	-	185.50
1220	Youth Development Center Services	252.00	-	-	252.00
1225	Youth Treatment Services	244.00	-	-	244.00
1226	Youth Education Services	72.75	-	-	72.75
1230	Community Program Services	21.00	-	-	21.00
1240	JCPC Grants Management System	-	-	-	-
1250	Juvenile Court Services	537.75	-	-	537.75
1260	Safer Schools Initiative	4.00	-	-	4.00
1305	Prison Management	169.14	-	-	169.14
1307	Inmate Construction Program	4.00	-	-	4.00
1310	Prison Custody and Security	12,604.78	-	-	12,604.78
1314	Prison Road Squad and Litter Crews	183.00	-	-	183.00
1316	Prison Center for Community Transition	-	-	-	-
1318	Prison Gang Unit Management	8.00	-	-	8.00
1320	Prison Food Service and Cleaning	483.00	-	-	483.00
1321	Prison Inmate Clothing and Bedding	-	-	-	-
1331	Prison General Health	1,346.00	(1.00)	-	1,345.00
1332	Prison Mental Health	557.00	-	-	557.00
1333	Prison Dental Health	107.00	-	-	107.00
1334	Prison Pharmacy Services	82.50	-	-	82.50
1340	Prison Inmate Education	60.00	-	-	60.00
1345	Prison Corrective Programs	899.11	-	-	899.11
1346	SOAR Program	2.00	-	-	2.00
1347	Prison Work Release	19.36	(1.00)	-	18.36
1350	ACDP - Administration	4.31	-	-	4.31
1352	ACDP - In Prison Treatment	104.00	-	-	104.00
1354	ACDP - Community Based Treatment	113.00	-	-	113.00
1355	DPS Confinement in Response to Violation (CRV)	86.00	-	-	86.00
1360	Community Corrections - Management	31.70	-	-	31.70
1365	Community Corrections - Interstate Compact	11.00	-	-	11.00
1370	Community Corrections - Regular Supervision	2,415.00	-	-	2,415.00
1375	Community Corrections - Community Supervision	4.50	-	-	4.50
1377	Community Corrections - Electronic Monitoring	7.00	-	-	7.00
1380	Community Corrections - Judicial Services	241.00	-	-	241.00
1385	Security Services for ACJJ	58.10	-	-	58.10
1390	Post-Release Supervision and Parole Commission	32.00	-	-	32.00
1392	Grievance Resolution Board	7.00	-	-	7.00
1399	Division Wide Operations	10.00	-	-	10.00
1402	LE - State Capitol Police	94.00	-	-	94.00
1405	LE - Law Enforcement Support Services	-	-	-	-
1408	LE - SHP Missing Persons Administration	1.00	-	-	1.00
1410	LE - SHP Aviation Administration	13.00	-	-	13.00
1411	LE - SHP Field Administration	2,088.00	-	-	2,088.00
1414	LE - SHP VIPER Administration	52.00	-	-	52.00
1450	State Bureau of Investigation	560.00	-	-	560.00
1500	EM - EMPG Operations	67.86	-	-	67.86
1501	EM - Planning	23.44	-	-	23.44
1502	EM - Homeland Security	17.38	-	-	17.38
1504	EM - Geospatial (GTM)	29.88	-	-	29.88
1505	EM - Recovery	9.55	-	-	9.55
1506	EM - Operations	6.50	-	-	6.50

**Summary of General Fund Total Requirement FTE
Fiscal Year 2016-17
2016 Legislative Session**

Department of Public Safety		<u>Enacted</u>	<u>Legislative Changes</u>		<u>Revised</u>
Budget Code 14550					
Fund Code	Fund Name	Total Requirements	Net Appropriation	Receipts	Total Requirements
1507	EM - CAP	2.00	-	-	2.00
1509	EM - Hazard Mitigation - Non-Disaster	3.00	-	-	3.00
1511	Geodetic Survey	18.22	-	-	18.22
1600	National Guard	26.00	-	-	26.00
1601	National Guard - Armory	57.00	-	-	57.00
1602	National Guard - Air	52.75	-	-	52.75
1603	National Guard - Youth Programs	65.75	-	-	65.75
			-	-	-
Total FTE		24,900.45	(20.00)	-	24,880.45



Public Safety

GENERAL FUND

Total Budget Enacted 2015 Session

FY 16-17
\$1,847,365,626

Legislative Changes

A. Reserve for Salaries and Benefits

1 State Highway Patrol Trooper Step Increase	\$1,840,597	R
Fund Code: N/A		

Provides funds for an experience-based step increase for eligible State Highway Patrol Troopers pursuant to G.S. 20-187.3.

2 Correctional Officer Custody-level Based Pay Adjustment	\$16,919,481	R
Fund Code: N/A		

Provides funds to continue implementation of custody-level pay for Correctional Officers, Custody Supervisors, and Prison Facility Administrators started in FY 2015-16.

3 State Retirement Contributions	\$3,093,409	
Fund Code: N/A		

Increases the State's contribution for members of the Teachers' and State Employees' Retirement System (TSERS) to fund the actuarially determined contribution.

For all net appropriation supported State-funded positions, across all sections of the Committee Report, the approximate revised net appropriation for members of TSERS is \$1.5 billion, an increase of \$31.6 million for FY 2016-17.

C. Emergency Management and National Guard

4 School Risk Management Plans	\$507,784	NR
Fund Code: 1504		

Provides funds for the construction and development of first-generation School Risk Management Plans for 835 public schools in accordance with G.S. 115C-105.49. Federal grant funds were used to complete plans for the other 1,500 schools. The revised net appropriation for Emergency Management - Geospatial (GTM) is \$507,784.



E. Administration

5 Budget Realignment for Medical Claims Processing

(\$1,380,762) R

Fund Code: 1100, 1331, 1347

-20.00

Realigns the administrative budget for the Department to transition to contracted medical claims processing services. An accountant position (60056450, total position cost \$103,847) is eliminated September 1, 2016. The director of medical claims position (60056431, \$97,975) is eliminated October 1, 2016. Two processing assistant V positions (60056424, \$48,828, and 60056433, \$43,952) are eliminated April 1, 2017. Another processing assistant V position (60056449, \$48,828) is eliminated June 1, 2017. In addition, the following vacant positions are eliminated:

Fund	Position	Title	Total Position Cost
1331	60056957	Physician	\$189,764
1100	60000998	Administrative Officer II	\$ 78,254
1100	60056087	Nurse Supervisor	\$ 93,438
1100	60056280	Personnel Assistant IV	\$ 52,814
1100	60084640	Info. Technology Mgr.	\$129,497
1100	60089796	Desktop Services Analyst	\$ 71,754
1100	60090523	Tech. Support Technician	\$ 54,971
1100	60056171	IT Manager- Networking	\$ 98,928
1100	60066134	Personnel Analyst I	\$ 54,206
1100	60070228	Personnel Analyst I	\$ 59,392
1100	65009338	Corr. Training Instructor II	\$ 94,009
1100	60089753	Personnel Technician I	\$ 48,720
1100	60056395	Tech. Support Analyst	\$ 61,761
1100	60000975	Accounting Technician	\$ 50,077
1347	60056439	Accounting Technician	\$ 55,890

The annualized savings in net appropriation from the elimination of these positions will be \$1,536,907 in FY 2017-18.

6 Medical Claims Processing

\$1,380,762 R

Fund Code: 1100

Provides funds for outsourcing medical claims processing. Billing for inmate medical services performed by outside medical providers will be electronic beginning October 1, 2016. The annualized cost for this contract in FY 2017-18 is estimated to be \$1.5 million. The revised net appropriation for this program in FY 2016-17 is \$1,380,762.

Total Legislative Changes	\$2,853,487	R
	\$507,784	NR
Total Position Changes	-20.00	
Revised Budget	\$1,869,726,897	

**Department of Justice
Budget Code 13600**

General Fund Budget

	<u>FY 2016-17</u>
Enacted Budget	
Requirements	\$85,208,440
Receipts	\$32,492,848
Net Appropriation	\$52,715,592
 Legislative Changes	
Requirements	\$4,339,117
Receipts	\$0
Net Appropriation	\$4,339,117
 Revised Budget	
Requirements	\$89,547,557
Receipts	\$32,492,848
Net Appropriation	\$57,054,709

General Fund FTE

Enacted Budget	820.76
Legislative Changes	1.00
Revised Budget	821.76

**Summary of General Fund Appropriations
Fiscal Year 2016-17
2016 Legislative Session**

Department of Justice		Enacted Budget			Legislative Changes			Revised Budget		
Budget Code 13600		Requirements	Receipts	Net Appropriation	Requirements	Receipts	Net Appropriation	Requirements	Receipts	Net Appropriation
Fund Code	Fund Name									
1100	General Administration	2,355,194	-	2,355,194	-	-	-	2,355,194	-	2,355,194
1200	Legal Services	51,996,584	27,867,541	24,129,043	-	-	-	51,996,584	27,867,541	24,129,043
1400	State Crime Laboratory	19,457,635	1,736,138	17,721,497	4,226,193	-	4,226,193	23,683,828	1,736,138	21,947,690
1500	Criminal Justice Training and Standards	11,015,417	2,471,035	8,544,382	-	-	-	11,015,417	2,471,035	8,544,382
1991	Indirect Reserve	383,610	418,134	(34,524)	-	-	-	383,610	418,134	(34,524)
Department-wide Items										
	State Retirement Contributions				112,924	N/A	112,924	112,924	N/A	112,924
Total		\$85,208,440	\$32,492,848	\$52,715,592	\$4,339,117	\$0	\$4,339,117	\$89,547,557	\$32,492,848	\$57,054,709

**Summary of General Fund Total Requirement FTE
Fiscal Year 2016-17
2016 Legislative Session**

Department of Justice		<u>Enacted</u>	<u>Legislative Changes</u>		<u>Revised</u>
Budget Code 13600					
Fund Code	Fund Name	Total Requirements	Net Appropriation	Receipts	Total Requirements
1100	General Administration	24.00	-	-	24.00
1200	Legal Services	442.76	-	-	442.76
1400	State Crime Laboratory	218.00	1.00	-	219.00
1500	Criminal Justice Training and Standards	132.00	-	-	132.00
1991	Indirect Reserve	4.00	-	-	4.00
Total FTE		820.76	1.00	-	821.76

Justice

GENERAL FUND

Total Budget Enacted 2015 Session

FY 16-17
\$52,715,592

Legislative Changes

A. Reserve for Salaries and Benefits

7 State Retirement Contributions \$112,924 R
Fund Code: N/A

Increases the State's contribution for members of the Teachers' and State Employees' Retirement System (TSERS) to fund the actuarially determined contribution.

For all net appropriation supported State-funded positions, across all sections of the Committee Report, the approximate revised net appropriation for members of TSERS is \$1.5 billion, an increase of \$31.6 million for FY 2016-17.

B. State Crime Laboratory

8 Western Crime Lab Funds \$301,276 R
Fund Code: 1400 \$1,087,803 NR
1.00

Provides funds to equip and operate the new Western Crime Lab in Edneyville. Construction of the new 36,000 square foot facility is expected to be completed in February 2017. Funds are provided for an HVAC Technician, effective September 1, 2016 (\$52,867), scientific supplies (\$120,000), and increased maintenance and utility costs (\$128,409). The annualized amount will be \$494,361 beginning July 1, 2017. An additional \$1.1 million is provided to purchase new equipment for the lab. The revised net appropriation for the State Crime Laboratory is \$21,947,690 in FY 2016-17, a 19.2% increase over the certified budget.

9 Crime Lab Equipment \$640,000 NR
Fund Code: 1400

Provides additional funds for equipment needs at State Crime Laboratory facilities in Raleigh and Greensboro. The revised net appropriations for the State Crime Laboratory is \$21,947,690 in FY 2016-17, a 19.2% increase over the certified budget.

10 Outsourcing Funds for Forensic Analysis \$2,197,114 NR
Fund Code: 1400

Provides additional funds for outsourcing forensic analysis services, including toxicology and DNA. The revised net appropriations for the State Crime Laboratory is \$21,947,690 in FY 2016-17, a 19.2% increase over the certified budget.



Total Legislative Changes	\$414,200	R
	\$3,924,917	NR
Total Position Changes	1.00	
Revised Budget	\$57,054,709	



**Office of Indigent Defense Services
Budget Code 12001**

General Fund Budget

FY 2016-17

Enacted Budget	
Requirements	\$126,974,092
Receipts	\$10,344,128
Net Appropriation	\$116,629,964

Legislative Changes	
Requirements	\$5,631,994
Receipts	\$0
Net Appropriation	\$5,631,994

Revised Budget	
Requirements	\$132,606,086
Receipts	\$10,344,128
Net Appropriation	\$122,261,958

General Fund FTE

Enacted Budget	519.35
Legislative Changes	0.00
Revised Budget	519.35

**Summary of General Fund Appropriations
Fiscal Year 2016-17
2016 Legislative Session**

Office of Indigent Defense Services		Enacted Budget			Legislative Changes			Revised Budget		
Budget Code 12001										
Fund Code	Fund Name	Requirements	Receipts	Net Appropriation	Requirements	Receipts	Net Appropriation	Requirements	Receipts	Net Appropriation
1310	Indigent Persons Attorney	76,152,404	10,125,135	66,027,269	3,500,000	-	3,500,000	79,652,404	10,125,135	69,527,269
1320	Public Defender Service	48,473,979	35,664	48,438,315	-	-	-	48,473,979	35,664	48,438,315
1380	Indigent Defense Service	2,347,709	183,329	2,164,380	-	-	-	2,347,709	183,329	2,164,380
Department-wide Items										
	Compensation Reserve				2,000,000	N/A	2,000,000	2,000,000	N/A	2,000,000
	State Retirement Contributions				100,253	N/A	100,253	100,253	N/A	100,253
	Consolidated Judicial Retirement Contrib.				31,741	N/A	31,741	31,741	N/A	31,741
Total		\$126,974,092	\$10,344,128	\$116,629,964	\$5,631,994	\$0	\$5,631,994	\$132,606,086	\$10,344,128	\$122,261,958

**Summary of General Fund Total Requirement FTE
Fiscal Year 2016-17
2016 Legislative Session**

Office of Indigent Defense Services		<u>Enacted</u>	<u>Legislative Changes</u>		<u>Revised</u>
Budget Code 12001					
Fund Code	Fund Name	Total Requirements	Net Appropriation	Receipts	Total Requirements
1310	Indigent Persons Attorney	-	-	-	
1320	Public Defender Service	499.75	-	-	499.75
1380	Indigent Defense Service	19.60	-	-	19.60
			-	-	-
			-	-	-
Total FTE		519.35	-	-	519.35

Judicial - Indigent Defense

GENERAL FUND

Total Budget Enacted 2015 Session

FY 16-17
\$116,629,964

Legislative Changes

A. Reserve for Salaries and Benefits

11 Compensation Increase Reserve - Judicial Branch/ Indigent Defense Services	\$1,000,000	R
Fund Code: N/A	\$1,000,000	NR

Provides \$1 million for salary increases and \$1 million for one-time merit-based bonuses for State employees. The Commission on Indigent Defense Services shall develop policies for the allocation of these salary increases and merit-based bonuses. Merit-based bonuses provided by employing agencies shall not be considered compensation for retirement purposes. Corresponding special provisions provide additional details on these compensation adjustments.

For all net appropriation supported State-funded positions, across all sections of the Committee Report, the approximate revised net appropriation for salaries is \$11.4 billion, an increase of nearly \$394 million in FY 2016-17.

12 State Retirement Contributions	\$100,253	
Fund Code: N/A		

Increases the State's contribution for members of the Teachers' and State Employees' Retirement System (TSERS) to fund the actuarially determined contribution.

For all net appropriation supported State-funded positions, across all sections of the Committee Report, the approximate revised net appropriation for members of TSERS is \$1.5 billion, an increase of \$31.6 million for FY 2016-17.

13 Consolidated Judicial Retirement Contributions	\$31,741	R
Fund Code: N/A		

Increases the State's contribution for members of the Consolidated Judicial Retirement System (CJRS) to fund the actuarially determined contribution.

The revised net appropriation for members of CJRS is approximately \$23.4 million.

Judicial - Indigent Defense

14 Additional Private Assigned Counsel Funds

Fund Code: 1310

\$3,500,000 NR

Allocates nonrecurring funds to pay private counsel assigned to represent indigent defendants, reducing a budget shortfall that has accumulated over several years. This budget shortfall creates a hardship for small business legal firms whose payments are delayed when State funding is exhausted before the end of the fiscal year. The revised net appropriation for Private Assigned Counsel funds in FY 2016-17 is \$69,527,269.

Total Legislative Changes

\$1,131,994 R

Total Position Changes

\$4,500,000 NR

Revised Budget

\$122,261,958

**Administrative Office of the Courts
Budget Code 12000**

General Fund Budget

FY 2016-17

Enacted Budget

Requirements	\$485,407,793
Receipts	\$1,281,472
<hr/>	
Net Appropriation	\$484,126,321

Legislative Changes

Requirements	\$16,893,600
Receipts	\$0
<hr/>	
Net Appropriation	\$16,893,600

Revised Budget

Requirements	\$502,301,393
Receipts	\$1,281,472
<hr/>	
Net Appropriation	\$501,019,921

General Fund FTE

Enacted Budget	5,794.31
Legislative Changes	0.00
<hr/>	
Revised Budget	5,794.31

**Summary of General Fund Appropriations
Fiscal Year 2016-17
2016 Legislative Session**

Administrative Office of the Courts		Enacted Budget						Legislative Changes			Revised Budget		
Budget Code 12000		Enacted Budget			Legislative Changes			Revised Budget					
Fund Code	Fund Name	Requirements	Receipts	Net Appropriation	Requirements	Receipts	Net Appropriation	Requirements	Receipts	Net Appropriation			
1100	Administration and Services	50,772,638	681,041	50,091,597	250,000	-	250,000	51,022,638	681,041	50,341,597			
1200	Appellate Division	13,868,952	-	13,868,952	-	-	-	13,868,952	-	13,868,952			
1300	Trial Court Division	298,536,162	-	298,536,162	-	-	-	298,536,162	-	298,536,162			
1410	Specialty Services and Programs	20,429,106	200,000	20,229,106	-	-	-	20,429,106	200,000	20,229,106			
1600	Office- District Attorney	99,565,686	134,807	99,430,879	-	-	-	99,565,686	134,807	99,430,879			
1700	Independent Commissions	2,235,249	265,624	1,969,625	50,000	-	50,000	2,285,249	265,624	2,019,625			
Department-wide Items													
	Compensation Reserve				10,000,000	N/A	10,000,000	10,000,000	N/A	10,000,000			
	Assistant and Deputy Clerk Step Increase				3,713,393	N/A	3,713,393	3,713,393	N/A	3,713,393			
	Magistrate Step Increase				1,205,761	N/A	1,205,761	1,205,761	N/A	1,205,761			
	State Retirement Contributions				782,187	N/A	782,187	782,187	N/A	782,187			
	Consolidated Judicial Retirement Contrib.				892,259	N/A	892,259	892,259	N/A	892,259			
Total		\$485,407,793	\$1,281,472	\$484,126,321	\$16,893,600	\$0	\$16,893,600	\$502,301,393	\$1,281,472	\$501,019,921			

Judicial

GENERAL FUND

Total Budget Enacted 2015 Session

FY 16-17
\$484,126,321

Legislative Changes

A. Reserve for Salaries and Benefits

15 Compensation Increase Reserve - Judicial Branch/ AOC	\$5,000,000	R
Fund Code: N/A	\$5,000,000	NR

Provides \$5 million for salary increases and \$5 million for one-time merit-based bonuses for State employees. The Administrative Officer of the Courts shall develop policies for the allocation of these salary increases and merit-based bonuses. Merit-based bonuses provided by employing agencies shall not be considered compensation for retirement purposes. Corresponding special provisions provide additional details on these compensation adjustments.

For all net appropriation supported State-funded positions, across all sections of the Committee Report, the approximate revised net appropriation for salaries is \$11.4 billion, an increase of nearly \$394 million in FY 2016-17.

16 Assistant and Deputy Clerk Step Increase	\$3,713,393	R
Fund Code: N/A		

Provides funds for an experience-based step increase for eligible Assistant and Deputy Clerks of Superior Court pursuant to G.S. 7A-102.

17 Magistrate Step Increase	\$1,205,761	R
Fund Code: N/A		

Provides funds for an experience-based step increase for eligible Magistrates pursuant to G.S. 7A-171.11.

18 State Retirement Contributions	\$782,187	R
Fund Code: N/A		

Increases the State's contribution for members of the Teachers' and State Employees' Retirement System (TSERS) to fund the actuarially determined contribution.

For all net appropriation supported State-funded positions, across all sections of the Committee Report, the approximate revised net appropriation for members of TSERS is \$1.5 billion, an increase of \$31.6 million for FY 2016-17.

Senate Committee on Justice and Public Safety

FY 16-17

19 Consolidated Judicial Retirement Contributions

\$892,259 R

Fund Code: N/A

Increases the State's contribution for members of the Consolidated Judicial Retirement System (CJRS) to fund the actuarially determined contribution.

The revised net appropriation for members of CJRS is approximately \$23.4 million.

B. Administration

20 Mental Health Records Database

\$250,000 NR

Fund Code: 1100

Provides funds to digitize mental health records to facilitate clerks' compliance with the requirements of S.L. 2015-195, Amend Firearm Laws. The revised net appropriation for AOC Administration is \$50,341,597.

C. Independent Commissions

21 Access to Civil Justice

\$50,000 NR

Fund Code: 1700

Provides additional funds to the NC State Bar for Pisgah Legal Services for legal aid. The revised net appropriation for Access to Civil Justice is \$50,000 in FY 2016-17. This program also receives approximately \$2.7 million from two court costs that go directly to the NC State Bar.

Total Legislative Changes

\$11,593,600 R

\$5,300,000 NR

Total Position Changes

Revised Budget

\$501,019,921



General Government Section J

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**Department of Military and Veterans Affairs
Budget Code 13050**

General Fund Budget

FY 2016-17

Enacted Budget

Requirements	\$7,806,254
Receipts	\$0
Net Appropriation	\$7,806,254

Legislative Changes

Requirements	\$210,000
Receipts	\$0
Net Appropriation	\$210,000

Revised Budget

Requirements	\$8,026,400
Receipts	\$0
Net Appropriation	\$8,026,400

General Fund FTE

Enacted Budget	77.90
Legislative Changes	4.00
Revised Budget	81.90

**Summary of General Fund Appropriations
Fiscal Year 2016-17
2016 Legislative Session**

Department of Military and Veterans Affairs Budget Code 13050		Enacted Budget			Legislative Changes			Revised Budget		
Fund Code	Fund Name	Requirements	Receipts	Net Appropriation	Requirements	Receipts	Net Appropriation	Requirements	Receipts	Net Appropriation
1100	Administration	7,806,254	-	7,806,254	210,000	-	210,000	8,016,254	-	8,016,254
Department-wide Items										
N/A	Retirement System Contributions	-	-	-	10,146	N/A	10,146	10,146	N/A	10,146
Total		\$7,806,254	\$0	\$7,806,254	\$220,146	\$0	\$220,146	\$8,026,400	\$0	\$8,026,400

**Summary of General Fund Total Requirement FTE
Fiscal Year 2016-17
2016 Legislative Session**

Department of Military and Veterans Affairs		Enacted	Legislative Changes		Revised
Budget Code 13050					
Fund Code	Fund Name	Total Requirements	Net Appropriation	Receipts	Total Requirements
1100	Administration	77.90	4.00	-	81.90
Total FTE		77.90	4.00	-	81.90

Total Budget Enacted 2015 Session

FY 16-17
\$7,806,254

Legislative Changes

Reserve for Salaries and Benefits

1 State Retirement Contributions \$10,146 R
Fund Code: N/A

Increases the State's contribution for members of the Teachers' and State Employees' Retirement System (TSERS) to fund the actuarially determined contribution.

For all net appropriation supported State-funded positions, across all sections of the Committee Report, the approximate revised net appropriation for members of TSERS is \$1.5 billion, an increase of \$31.6 million for FY 2016-17.

Veterans Cemeteries

2 Additional Staff \$200,000 R
Fund Code: 1100 4.00

Provides funding for the creation of 4 additional FTEs to support the North Carolina Veterans Cemeteries. These positions will work in the areas of maintenance and grounds keeping and in addition, help meet the growing burial demands in the State at all four cemeteries. The revised net appropriation for this fund after all changes in this act is \$8.0 million.

Veterans Home Program

3 Rename Black Mountain Veterans Home \$10,000 NR
Fund Code: 1100

Provides funds to effectuate the name change from the Black Mountain Veterans Home to Zebulon Doyle Alley State Veterans Home. The revised net appropriation for this fund after all changes in this act is \$8.0 million.

Total Legislative Changes

\$210,146 R
\$10,000 NR

Total Position Changes

4.00

Revised Budget

\$8,026,400

**Office of Administrative Hearings
Budget Code 18210**

General Fund Budget

	<u>FY 2016-17</u>
Enacted Budget	
Requirements	\$6,925,905
Receipts	\$1,782,492
Net Appropriation	\$5,143,413
 Legislative Changes	
Requirements	\$10,141
Receipts	\$0
Net Appropriation	\$10,141
 Revised Budget	
Requirements	\$6,936,046
Receipts	\$1,782,492
Net Appropriation	\$5,153,554

General Fund FTE

Enacted Budget	45.00
Legislative Changes	0.00
Revised Budget	45.00

**Summary of General Fund Appropriations
Fiscal Year 2016-17
2016 Legislative Session**

Office of Administrative Hearings Budget Code 18210		Enacted Budget			Legislative Changes			Revised Budget		
Fund Code	Fund Name	Requirements	Receipts	Net Appropriation	Requirements	Receipts	Net Appropriation	Requirements	Receipts	Net Appropriation
1100	Administration and Operations	6,925,905	1,782,492	5,143,413	-			6,925,905	1,782,492	5,143,413
Department-wide Items										
N/A	Retirement System Contributions	-	-	-	10,141	N/A	10,141	10,141	N/A	10,141
Total		\$6,925,905	\$1,782,492	\$5,143,413	\$10,141	\$0	\$10,141	\$6,936,046	\$1,782,492	\$5,153,554

**Summary of General Fund Total Requirement FTE
Fiscal Year 2016-17
2016 Legislative Session**

Office of Administrative Hearings		Enacted	Legislative Changes		Revised
Budget Code 18210					
Fund Code	Fund Name	Total Requirements	Net Appropriation	Receipts	Total Requirements
1100	Administration and Operations	45.00	-	-	45.00
Total FTE		45.00	-	-	45.00

(2.0) Office of Administrative Hearings

GENERAL FUND

Total Budget Enacted 2015 Session

FY 16-17
\$5,143,413

Legislative Changes

Reserve for Salaries and Benefits

4 State Retirement Contributions
Fund Code: N/A

\$10,141 **R**

Increases the State's contribution for members of the Teachers' and State Employees' Retirement System (TSERS) to fund the actuarially determined contribution.

For all net appropriation supported State-funded positions, across all sections of the Committee Report, the approximate revised net appropriation for members of TSERS is \$1.5 billion, an increase of \$31.6 million for FY 2016-17.

Total Legislative Changes

\$10,141 **R**

Total Position Changes

Revised Budget

\$5,153,554

**Department of State Treasurer
Budget Code 13410**

General Fund Budget

FY 2016-17

Enacted Budget

Requirements	\$51,609,807
Receipts	\$41,261,423
Net Appropriation	\$10,348,384

Legislative Changes

Requirements	-\$195,735
Receipts	\$0
Net Appropriation	-\$195,735

Revised Budget

Requirements	\$51,414,072
Receipts	\$41,261,423
Net Appropriation	\$10,152,649

General Fund FTE

Enacted Budget	373.75
Legislative Changes	0.00
Revised Budget	373.75

**Summary of General Fund Appropriations
Fiscal Year 2016-17
2016 Legislative Session**

Department of State Treasurer Budget Code 13410		Enacted Budget			Legislative Changes			Revised Budget		
Fund Code	Fund Name	Requirements	Receipts	Net Appropriation	Requirements	Receipts	Net Appropriation	Requirements	Receipts	Net Appropriation
1110	General Administration	1,934,493	1,934,493	-	-	-	-	1,934,493	1,934,493	-
1130	Escheat Fund - Administration	3,515,218	3,515,218	-	-	-	-	3,515,218	3,515,218	-
1150	Information Services	8,479,380	8,479,380	-	-	-	-	8,479,380	8,479,380	-
1210	Investment Management	9,089,958	2,996,563	6,093,395	-	-	-	9,089,958	2,996,563	6,093,395
1310	Local Government - Operations	5,180,471	4,981,607	198,864	(198,864)	-	(198,864)	4,981,607	4,981,607	-
1410	Retirement Operations	17,895,552	17,895,552	-	-	-	-	17,895,552	17,895,552	-
1450	Achieving a Better Life Experience	595,000	-	595,000	-	-	-	595,000	-	595,000
1510	Financial Operations Division	4,919,735	1,458,610	3,461,125	-	-	-	4,919,735	1,458,610	3,461,125
Department-wide Items										
N/A	Retirement System Contributions	-	-	-	3,129	N/A	3,129	3,129	N/A	3,129
Total		\$51,609,807	\$41,261,423	\$10,348,384	-\$195,735	\$0	-\$195,735	\$51,414,072	\$41,261,423	\$10,152,649

**Summary of General Fund Total Requirement FTE
Fiscal Year 2016-17
2016 Legislative Session**

Department of State Treasurer					
Budget Code 13410		<u>Enacted</u>	<u>Legislative Changes</u>		<u>Revised</u>
Fund Code	Fund Name	Total Requirements	Net Appropriation	Receipts	Total Requirements
1110	General Administration	21.20	-	-	21.20
1130	Escheat Fund - Administration	29.70	-	-	29.70
1150	Information Services	48.00	-	-	48.00
1210	Investment Management	37.90	-	-	37.00
1310	Local Government - Operations	37.00	-	-	37.00
1410	Retirement Operations	162.25	-	-	162.25
1450	Achieving a Better Life Experience	4.00	-	-	4.00
1510	Financial Operations Division	33.70	-	-	33.70
Total FTE		373.75	-	-	373.75



(3.0) Treasurer

GENERAL FUND

Total Budget Enacted 2015 Session

FY 16-17
\$10,348,384

Legislative Changes

Reserve for Salaries and Benefits

5 State Retirement Contributions
Fund Code: N/A

\$3,129 R

Increases the State's contribution for members of the Teachers' and State Employees' Retirement System (TSERS) to fund the actuarially determined contribution.

For all net appropriation supported State-funded positions, across all sections of the Committee Report, the approximate revised net appropriation for members of TSERS is \$1.5 billion, an increase of \$31.6 million for FY 2016-17.

Local Government Commission

6 Correction of Receipt-Budgeted Positions
Fund Code: 1310

(\$198,864) R

Corrects the source of funds available to the Local Government Commission (LGC) for 2 positions appropriated in SL 2015-241 and reduces the net appropriations. Those positions became receipt-supported through SL 2015-268 and were to be paid for by receipts received by the LGC (local sales tax revenues). The revised net appropriation for this fund is \$0.

Total Legislative Changes

(\$195,735) R

Total Position Changes

Revised Budget

\$10,152,649



**Fire Rescue National Guard Pensions
Budget Code 13412**

General Fund Budget

FY 2016-17

Enacted Budget

Requirements	\$21,691,299
Receipts	\$0
Net Appropriation	\$21,691,299

Legislative Changes

Requirements	\$5,152,982
Receipts	\$0
Net Appropriation	\$5,152,982

Revised Budget

Requirements	\$26,844,281
Receipts	\$0
Net Appropriation	\$26,844,281

General Fund FTE

Enacted Budget	0.00
Legislative Changes	0.00
Revised Budget	0.00

**Summary of General Fund Appropriations
Fiscal Year 2016-17
2016 Legislative Session**

Fire Rescue National Guard Pensions Budget Code 13412		Enacted Budget			Legislative Changes			Revised Budget		
Fund Code	Fund Name	Requirements	Receipts	Net Appropriation	Requirements	Receipts	Net Appropriation	Requirements	Receipts	Net Appropriation
1414	General Fund Contribution to National Guard	7,066,299	-	7,066,299	1,450,774	-	1,450,774	8,517,073	-	8,517,073
1415	General Fund Contribution to Fire & Rescue Squad	13,900,000	-	13,900,000	3,702,208	-	3,702,208	17,602,208	-	17,602,208
1432	Line of Duty Death Benefits	725,000	-	725,000	-	-	-	725,000	-	725,000
Department-wide Items										
Total		\$21,691,299	\$0	\$21,691,299	\$5,152,982	\$0	\$5,152,982	\$26,844,281	\$0	\$26,844,281

Summary of General Fund Total Requirement FTE
Fiscal Year 2016-17
2016 Legislative Session

Fire Rescue National Guard Pensions					
Budget Code 13412		<u>Enacted</u>	<u>Legislative Changes</u>		<u>Revised</u>
Fund Code	Fund Name	Total Requirements	Net Appropriation	Receipts	Total Requirements
1414	General Fund Contribution to National Guard	-	-		-
1415	General Fund Contribution to Fire and Rescue Squad	-	-	-	-
1432	Line of Duty Death Benefits	-	-	-	-
Total FTE		-	-	-	-



(4.0) Fire Rescue Nat Guard Pensions & LDD Benefits

GENERAL FUND

Total Budget Enacted 2015 Session	FY 16-17	
	\$21,691,299	-

Legislative Changes

Reserve for Salaries and Benefits

7 National Guard Pension Fund	\$1,450,774	R
Fund Code: 1414		

Increases the State's contribution to the National Guard Pension Fund (NGPF) to match the actuarially determined contribution. The revised net appropriation to the NGPF is \$8.5 million.

8 Firefighters' and Rescue Squad Workers' Pension Fund	\$3,702,208	R
Fund Code: 1415		

Increases the State's contribution to the Firefighters' and Rescue Squad Workers' Pension Fund (FRSWPF) to match the actuarially determined contribution. The revised net appropriation to the FRSWPF is \$17.6 million.



Total Legislative Changes	\$5,152,982	R
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Total Position Changes

Revised Budget	\$26,844,281
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**Department of Insurance
Budget Code 13900**

General Fund Budget

FY 2016-17

Enacted Budget

Requirements	\$49,550,287
Receipts	\$11,195,041
Net Appropriation	\$38,355,246

Legislative Changes

Requirements	\$1,877,818
Receipts	\$158,000
Net Appropriation	\$1,719,818

Revised Budget

Requirements	\$51,428,105
Receipts	\$11,353,041
Net Appropriation	\$40,075,064

General Fund FTE

Enacted Budget	422.68
Legislative Changes	0.00
Revised Budget	422.68

**Summary of General Fund Appropriations
Fiscal Year 2016-17
2016 Legislative Session**

Department of Insurance		Enacted Budget			Legislative Changes			Revised Budget		
Budget Code 13900		Requirements	Receipts	Net Appropriation	Requirements	Receipts	Net Appropriation	Requirements	Receipts	Net Appropriation
1100	Administration	7,273,829	117,916	7,155,913	1,500,000	-	1,500,000	8,773,829	117,916	8,655,913
1200	Company Services Group	10,183,922	31,160	10,152,762	146,887	-	146,887	10,330,809	31,160	10,299,649
1400	Producers, Fraud and Products Group	8,778,957	2,919,461	5,859,496	-	-	-	8,778,957	2,919,461	5,859,496
1500	Office of State Fire Marshal	16,206,131	5,258,794	10,947,337	158,000	158,000	-	16,364,131	5,416,794	10,947,337
1600	Consumer Assistance Group	6,420,339	2,867,710	3,552,629	-	-	-	6,420,339	2,867,710	3,552,629
1900	Reserves and Transfers	687,109	-	687,109	-	-	-	687,109	-	687,109
Department-wide Items										
N/A	Retirement System Contributions	-	-	-	72,931	N/A	72,931	72,931	N/A	72,931
Total		\$49,550,287	\$11,195,041	\$38,355,246	\$1,877,818	\$158,000	\$1,719,818	\$51,428,105	\$11,353,041	\$40,075,064

**Summary of General Fund Total Requirement FTE
Fiscal Year 2016-17
2016 Legislative Session**

Department of Insurance		<u>Enacted</u>	<u>Legislative Changes</u>		<u>Revised</u>
Budget Code 13900					
Fund Code	Fund Name	Total Requirements	Net Appropriation	Receipts	Total Requirements
1100	Administration	62.17	-	-	62.17
1200	Company Services Group	102.08	-	-	102.08
1400	Producers, Fraud and Products Group	95.00	-	-	95.00
1500	Office of State Fire Marshal	95.43	-	-	95.43
1600	Consumer Assistance Group	68.00	-	-	68.00
1900	Reserves and Transfers	-			-
Total FTE		422.68	-	-	422.68

(5.0) Insurance

GENERAL FUND

Total Budget Enacted 2015 Session

FY 16-17
\$38,355,246

Legislative Changes

Reserve for Salaries and Benefits

9 State Retirement Contributions \$72,931 R
Fund Code: N/A

Increases the State's contribution for members of the Teachers' and State Employees' Retirement System (TSERS) to fund the actuarially determined contribution.

For all net appropriation supported State-funded positions, across all sections of the Committee Report, the approximate revised net appropriation for members of TSERS is \$1.5 billion, an increase of \$31.6 million for FY 2016-17.

Albemarle Building

10 Equipment \$1,500,000
Fund Code: 1100

Provides funds for equipment and IT Infrastructure for the Albemarle Building. The building is set to open in FY 2016-17. The revised net appropriation for this fund is \$8.7 million.

Captives Insurance Regulation

11 Actuary Funding \$146,887 R
Fund Code: 1200

Provides funds for an actuary position authorized under Session Law 2015-241. This position will provide support for the captives insurance industry and continue to market and promote the industry in North Carolina. The revised net appropriation for this fund is \$10.3 million.

Office of State Fire Marshal

12 State Fire Protection Program
Fund Code: 1500

Transfers \$158,000 in receipts from the Department of Transportation for FY 2016-17 on a nonrecurring basis to support the State Fire Protection grant program. The revised net appropriation for the State Fire Protection program is \$3.8 million.

Total Legislative Changes	\$219,818	R
	\$1,500,000	NR
Total Position Changes		
Revised Budget	\$40,075,064	

Special Fund – Non-Interest Bearing

Budget Code: 23900

	FY 2016-17
Beginning Unreserved Fund Balance	\$2,227,193
Recommended Budget	
Requirements	\$45,571,476
Receipts	\$45,571,476
Positions	2.90

Legislative Changes

Requirements:

Rescue Squad Workers' Relief Fund

Continues the transfer of a portion of vehicle inspection fee from the Department of Transportation, Division of Motor Vehicles to continue support of the State's grant program that provides funding to eligible beneficiaries for FY 2016-17. The revised net appropriation for the Rescue Squad Worker's Relief Fund is \$1.5 million.

	\$0	R
	\$1,456,931	NR
	0.00	

Subtotal Legislative Changes

	\$0	R
	\$1,456,931	NR
	0.00	

Receipts:

Rescue Squad Workers' Relief Fund

	\$0	R
	\$1,456,931	NR

Subtotal Legislative Changes

	\$0	R
	\$1,456,931	NR

Senate Appropriations Committee on General Government and Information Technology

FY 2016-17

Revised Total Requirements	\$47,028,407
Revised Total Receipts	\$47,028,407
Change in Fund Balance	\$0
Total Positions	2.90

Unappropriated Balance Remaining	\$2,227,193
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Special Fund – Non-Interest Bearing

Budget Code: 23901

FY 2016-17

Beginning Unreserved Fund Balance **\$7,922,502**

Recommended Budget

Requirements	\$346,233
Receipts	\$346,233
Positions	3.50

Legislative Changes

Requirements:

Volunteer Rescue/EMS Program

Continues the transfer of a portion of vehicle inspection stickers from the Department of Transportation, Division of Motor Vehicles to continue support of the State's grant program that provides funding to local rescue organizations. This is a nonrecurring transfer of funds. The revised net appropriation for the Rescue Squad Worker's Relief Fund is \$1.0 million.

	\$0 R
	\$957,352 NR
	0.00

Subtotal Legislative Changes

	\$0 R
	\$957,352 NR
	0.00

Receipts:

Volunteer Rescue/EMS Grants

	\$0 R
	\$957,352 NR

Subtotal Legislative Changes

	\$0 R
	\$957,352 NR

Revised Total Requirements	\$1,303,585
Revised Total Receipts	\$1,303,585
Change in Fund Balance	\$0
Total Positions	3.50

Unappropriated Balance Remaining	\$7,922,502
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**State Board of Elections
Budget Code 18025**

General Fund Budget

	<u>FY 2016-17</u>
Enacted Budget	
Requirements	\$6,617,898
Receipts	\$104,535
Net Appropriation	\$6,513,363
 Legislative Changes	
Requirements	\$11,488
Receipts	\$0
Net Appropriation	\$11,488
 Revised Budget	
Requirements	\$6,629,386
Receipts	\$104,535
Net Appropriation	\$6,524,851

General Fund FTE

Enacted Budget	61.00
Legislative Changes	0.00
Revised Budget	61.00

**Summary of General Fund Appropriations
Fiscal Year 2016-17
2016 Legislative Session**

State Board of Elections		Enacted Budget			Legislative Changes			Revised Budget		
Budget Code 18025		Requirements	Receipts	Net Appropriation	Requirements	Receipts	Net Appropriation	Requirements	Receipts	Net Appropriation
1100	Administration	995,627	102,000	893,627	-	-	-	995,627	102,000	893,627
1200	Campaign Reporting	1,400,604	2,535	1,398,069	-	-	-	1,400,604	2,535	1,398,069
1201	Ethics and Campaign Reform	96,945	-	96,945	-	-	-	96,945	-	96,945
1300	Voter Registration and Voting Systems	3,117,696	-	3,117,696	-	-	-	3,117,696	-	3,117,696
1400	Voter Information Verification Act (VIVA)	1,007,026	-	1,007,026	-	-	-	1,007,026	-	1,007,026
Department-wide Items										
N/A	Retirement System Contributions	-	-	-	11,488	N/A	11,488	11,488	N/A	11,488
Total		\$6,617,898	\$104,535	\$6,513,363	\$11,488	\$0	\$11,488	\$6,629,386	\$104,535	\$6,524,851

Summary of General Fund Total Requirement FTE
Fiscal Year 2016-17
2016 Legislative Session

State Board of Elections		<u>Enacted</u>	<u>Legislative Changes</u>		<u>Revised</u>
Budget Code 18025		Total Requirements	Net Appropriation	Receipts	Total Requirements
Fund Code	Fund Name				
1100	Administration	7.00	-	-	7.00
1200	Campaign Reporting	18.00	-	-	18.00
1201	Ethics and Campaign Reform	-	-	-	-
1300	Voter Registration and Voting Systems	29.00	-	-	29.00
1400	Voter Information Verification Act (VIVA)	7.00	-	-	7.00
Total FTE		61.00	-	-	61.00

(6.0) State Board of Elections

GENERAL FUND

Total Budget Enacted 2015 Session

FY 16-17
\$6,513,363

Legislative Changes

Reserve for Salaries and Benefits

13 State Retirement Contributions
Fund Code: N/A

\$11,488 R

Increases the State's contribution for members of the Teachers' and State Employees' Retirement System (TSERS) to fund the actuarially determined contribution.

For all net appropriation supported State-funded positions, across all sections of the Committee Report, the approximate revised net appropriation for members of TSERS is \$1.5 billion, an increase of \$31.6 million for FY 2016-17.

Total Legislative Changes

\$11,488 R

Total Position Changes

Revised Budget

\$6,524,851

**General Assembly
Budget Code 11000**

General Fund Budget

	<u>FY 2016-17</u>
Enacted Budget	
Requirements	\$58,225,706
Receipts	\$1,216,655
Net Appropriation	\$57,009,051
Legislative Changes	
Requirements	\$6,664,500
Receipts	\$0
Net Appropriation	\$6,664,500
Revised Budget	
Requirements	\$63,673,551
Receipts	\$1,216,655
Net Appropriation	\$63,673,551

General Fund FTE

Enacted Budget	315.25
Legislative Changes	0.00
Revised Budget	315.25

**Summary of General Fund Appropriations
Fiscal Year 2016-17
2016 Legislative Session**

General Assembly Budget Code 11000		Enacted Budget			Legislative Changes			Revised Budget		
Fund Code	Fund Name	Requirements	Receipts	Net Appropriation	Requirements	Receipts	Net Appropriation	Requirements	Receipts	Net Appropriation
1110	Senate	9,909,066	-	9,909,066	-	-	-	9,909,066	-	9,909,066
1120	House of Representatives	14,804,645	-	14,804,645	-	-	-	14,804,645	-	14,804,645
1211	Administrative Division	8,791,033	6,000	8,785,033	-	-	-	8,791,033	6,000	8,785,033
1212	Bill Drafting Division	3,026,682	-	3,026,682	-	-	-	3,026,682	-	3,026,682
1213	Legislative Analysis Division	5,206,225	-	5,206,225	-	-	-	5,206,225	-	5,206,225
1214	Fiscal Research Division	4,782,066	-	4,782,066	-	-	-	4,782,066	-	4,782,066
1215	Building Maintenance	2,355,867	-	2,355,867	-	-	-	2,355,867	-	2,355,867
1216	Food Service	1,786,699	1,053,600	733,099	-	-	-	1,786,699	1,053,600	733,099
1217	Information Systems	5,905,342	-	5,905,342	-	-	-	5,905,342	-	5,905,342
1219	Program Evaluation Division	1,466,751	-	1,466,751	-	-	-	1,466,751	-	1,466,751
1900	Committees and Other Reserves	191,330	157,055	34,275	-	-	-	191,330	157,055	34,275
Department-wide Items										
N/A	Budget Additions	-	-	-	4,000,000	N/A	4,000,000	4,000,000	N/A	4,000,000
N/A	Compensation Increases	-	-	-	2,000,000	N/A	2,000,000	2,000,000	N/A	2,000,000
N/A	Legislative Retirement Contributions	-	-	-	112,450	N/A	112,450	112,450	N/A	112,450
N/A	Retirement System Contributions	-	-	-	552,050	N/A	552,050	552,050	N/A	552,050
Total		\$58,225,706	\$1,216,655	\$57,009,051	\$6,664,500	\$0	\$6,664,500	\$63,673,551	\$1,216,655	\$63,673,551

Summary of General Fund Total Requirement FTE
Fiscal Year 2016-17
2016 Legislative Session

General Assembly		<u>Enacted</u>	<u>Legislative Changes</u>		<u>Revised</u>
Budget Code 11000					
Fund Code	Fund Name	Total Requirements	Net Appropriation	Receipts	Total Requirements
1110	Senate	46.00	-	-	46.00
1120	House of Representatives	26.00	-	-	26.00
1211	Administrative Division	41.00	-	-	41.00
1212	Bill Drafting Division	16.00	-	-	16.00
1213	Legislative Analysis Division	48.00	-	-	48.00
1214	Fiscal Research Division	39.00	-	-	39.00
1215	Building Maintenance	24.00	-	-	24.00
1216	Food Service	20.25	-	-	20.25
1217	Information Systems	38.00	-	-	38.00
1219	Program Evaluation Division	15.00	-	-	15.00
1900	Committees and Other Reserves	2.00	-	-	2.00
Total FTE		315.25	-	-	315.25

(7.0) General Assembly

GENERAL FUND

Total Budget Enacted 2015 Session

FY 16-17
\$57,009,051

Legislative Changes

Reserve for Salaries and Benefits

14 Compensation Increase Reserve - Legislative Branch	\$1,000,000	R
Fund Code: N/A	\$1,000,000	NR

Provides \$1 million for salary increases and \$1 million for one-time merit-based bonuses for State employees. The Legislative Services Commission shall develop policies for the allocation of these salary increases and merit-based bonuses. Merit-based bonuses provided by employing agencies shall not be considered compensation for retirement purposes. Corresponding special provisions provide additional details on these compensation adjustments. For all net appropriation supported State-funded positions, across all sections of the Committee Report, the approximate revised net appropriation for salaries is \$11.4 billion, an increase of nearly \$394.0 million in FY 2016-17.

15 State Retirement Contributions	\$112,450	R
Fund Code: N/A		

Increases the State's contribution for members of the Teachers' and State Employees' Retirement System (TSERS) to fund the actuarially determined contribution.

For all net appropriation supported State-funded positions, across all sections of the Committee Report, the approximate revised net appropriation for members of TSERS is \$1.5 billion, an increase of \$31.6 million for FY 2016-17.

16 Legislative Retirement Contributions	\$552,050	R
Fund Code: N/A		

Increases the State's contribution for members of the Legislative Retirement System (LRS) to fund the actuarially determined contribution.

The revised net appropriation for members of LRS is estimated to be \$0.8 million.

Agency Wide

17 Budget Additions

\$3,000,000 R

Fund Code: N/A

\$1,000,000 NR

Provides additional funding for the General Assembly's operations, temporary staffing requirements, and other expenditures associated with the running of session. This recurring funding will realign the General Assembly's structural operating budget to account for differences in expenditures between Short Session and Long Session. This appropriation is offset by a reduction in the special fund account 21000. The revised net appropriation for the General Assembly is \$63.7 million.

Total Legislative Changes

\$4,664,500 R

\$2,000,000 NR

Total Position Changes

Revised Budget

\$63,673,551

Special Fund – Non-Interest Bearing

Budget Code: 21000

FY 2016-17

Beginning Unreserved Fund Balance

\$9,284,152

Recommended Budget

Requirements

\$400,000

Receipts

\$0

Positions

0.00

Legislative Changes

Requirements:

Budget Correction

Eliminates a transfer out of this fund. The revised net appropriation for this fund is \$0.

(\$400,000) R

\$0 NR

0.00

Operations

Transfers funds from the reserve account to general fund availability for the purpose of providing funds for operations.

R

\$3,000,000 NR

0.00

Subtotal Legislative Changes

(\$400,000) R

\$3,000,000 NR

0.00

Receipts:

North Carolina General Assembly

\$0 R

\$0 NR

Subtotal Legislative Changes

\$0 R

\$0 NR

Revised Total Requirements	\$3,000,000
Revised Total Receipts	\$0
Change in Fund Balance	(\$3,000,000)
Total Positions	0.00

Unappropriated Balance Remaining	\$6,284,152
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**Office of the Governor
Budget Code 13000**

General Fund Budget

	<u>FY 2016-17</u>
Enacted Budget	
Requirements	\$6,120,837
Receipts	\$554,663
Net Appropriation	\$5,566,174
 Legislative Changes	
Requirements	\$10,560
Receipts	\$0
Net Appropriation	\$10,560
 Revised Budget	
Requirements	\$6,131,397
Receipts	\$554,663
Net Appropriation	\$5,576,734

General Fund FTE

Enacted Budget	54.20
Legislative Changes	0.00
Revised Budget	54.20

**Summary of General Fund Appropriations
Fiscal Year 2016-17
2016 Legislative Session**

Office of the Governor Budget Code 13000		Enacted Budget			Legislative Changes			Revised Budget		
Fund Code	Fund Name	Requirements	Receipts	Net Appropriation	Requirements	Receipts	Net Appropriation	Requirements	Receipts	Net Appropriation
1110	Administration	5,460,791	436,366	5,024,425	-	-	-	5,460,791	436,366	5,024,425
1631	Raleigh Executive Residence	644,587	111,297	533,290	-	-	-	644,587	111,297	533,290
1632	Western Executive Residence	15,459	7,000	8,459	-	-	-	15,459	7,000	8,459
Department-wide Items										
N/A	Retirement System Contributions	-	-	-	10,560	N/A	10,560	10,560	N/A	10,560
Total		\$6,120,837	\$554,663	\$5,566,174	\$10,560	\$0	\$10,560	\$6,131,397	\$554,663	\$5,576,734

**Summary of General Fund Total Requirement FTE
Fiscal Year 2016-17
2016 Legislative Session**

Office of the Governor		<u>Enacted</u>	<u>Legislative Changes</u>		<u>Revised</u>
Budget Code 13000		Total	Net	Receipts	Total
Fund Code	Fund Name	Requirements	Appropriation		Requirements
1110	Administration	51.20	-	-	51.20
1631	Raleigh Executive Residence	3.00	-	-	3.00
1632	Western Executive Residence	-	-	-	-
Total FTE		54.20	-	-	54.20

(8.0) Governor

GENERAL FUND

Total Budget Enacted 2015 Session

FY 16-17
\$5,566,174

Legislative Changes

Reserve for Salaries and Benefits

18 State Retirement Contributions
Fund Code: N/A

\$10,560 **R**

Increases the State's contribution for members of the Teachers' and State Employees' Retirement System (TSERS) to fund the actuarially determined contribution.

For all net appropriation supported State-funded positions, across all sections of the Committee Report, the approximate revised net appropriation for members of TSERS is \$1.5 billion, an increase of \$31.6 million for FY 2016-17.

Total Legislative Changes

\$10,560 **R**

Total Position Changes

Revised Budget

\$5,576,734

Office of the Governor - Special
Budget Code 13001

General Fund Budget

	<u>FY 2016-17</u>
Enacted Budget	
Requirements	\$2,334,447
Receipts	\$334,447
Net Appropriation	\$2,000,000
Legislative Changes	
Requirements	\$0
Receipts	\$0
Net Appropriation	\$0
Revised Budget	
Requirements	\$2,334,447
Receipts	\$334,447
Net Appropriation	\$2,000,000

General Fund FTE

Enacted Budget	3.39
Legislative Changes	0.00
Revised Budget	3.39

**Summary of General Fund Appropriations
Fiscal Year 2016-17
2016 Legislative Session**

Office of the Governor - Special Budget Code 13001		Enacted Budget			Legislative Changes			Revised Budget		
Fund Code	Fund Name	Requirements	Receipts	Net Appropriation	Requirements	Receipts	Net Appropriation	Requirements	Receipts	Net Appropriation
1A15	Education and Workforce Innovation Program	2,000,000	-	2,000,000	-	-	-	2,000,000	-	2,000,000
1R30	Governor's Special Projects	334,447	334,447	-	-	-	-	334,447	334,447	-
Department-wide Items										
Total		\$2,334,447	\$334,447	\$2,000,000	\$0	\$0	\$0	\$2,334,447	\$334,447	\$2,000,000

**Summary of General Fund Total Requirement FTE
Fiscal Year 2016-17
2016 Legislative Session**

Office of the Governor - Special		<u>Enacted</u>	<u>Legislative Changes</u>		<u>Revised</u>
Budget Code 13001					
Fund Code	Fund Name	Total Requirements	Net Appropriation	Receipts	Total Requirements
1A15	Education and Workforce Innovation Program	0.20	-	-	0.20
1R30	Governor's Special Projects	3.19	-	-	3.19
Total FTE		3.39	-	-	3.39



(9.0) Governor - Special Projects

GENERAL FUND

Total Budget Enacted 2015 Session

FY 16-17
\$2,000,000

Legislative Changes

19 No legislative changes
Fund Code: N/A

Total Legislative Changes

Total Position Changes

Revised Budget

\$2,000,000



**Office of State Budget and Management
Budget Code 13005**

General Fund Budget

FY 2016-17

Enacted Budget

Receipts \$571,883

Legislative Changes

Requirements \$294,160

Receipts \$0

Net Appropriation \$294,160

Revised Budget

Requirements \$8,397,451

Receipts \$571,883

Net Appropriation \$7,825,568

General Fund FTE

Enacted Budget 69.31

Legislative Changes 3.00

Revised Budget 72.31

**Summary of General Fund Appropriations
Fiscal Year 2016-17
2016 Legislative Session**

Office of State Budget and Management Budget Code 13005		Enacted Budget			Legislative Changes			Revised Budget		
Fund Code	Fund Name	Requirements	Receipts	Net Appropriation	Requirements	Receipts	Net Appropriation	Requirements	Receipts	Net Appropriation
1310	Office of State Budget and Management	7,797,082	265,674	7,531,408	278,200	-	278,200	8,075,282	265,674	7,809,608
1322	NC GEAR	306,209	306,209	-	-	-	-	306,209	306,209	-
Department-wide Items										
N/A	Retirement System Contributions	-	-	-	15,960	N/A	15,960	15,960	N/A	15,960
Total		\$8,103,291	\$571,883	\$7,531,408	\$294,160	\$0	\$294,160	\$8,397,451	\$571,883	\$7,825,568

**Summary of General Fund Total Requirement FTE
Fiscal Year 2016-17
2016 Legislative Session**

Office of State Budget and Management					
Budget Code 13005		<u>Enacted</u>	<u>Legislative Changes</u>		<u>Revised</u>
Fund Code	Fund Name	Total Requirements	Net Appropriation	Receipts	Total Requirements
1310	Office of State Budget and Management	65.31	3.00	-	68.31
1322	NC GEAR	4.00	-	-	4.00
Total FTE		69.31	3.00	-	72.31



(10.0) State Budget & Management

GENERAL FUND

Total Budget Enacted 2015 Session

FY 16-17
\$7,531,408

Legislative Changes

Reserve for Salaries and Benefits

20 State Retirement Contributions
Fund Code: N/A

\$15,960 R

Increases the State's contribution for members of the Teachers' and State Employees' Retirement System (TSERS) to fund the actuarially determined contribution.

For all net appropriation supported State-funded positions, across all sections of the Committee Report, the approximate revised net appropriation for members of TSERS is \$1.5 billion, an increase of \$31.6 million for FY 2016-17.

Office of State Budget and Management

21 Connect NC Bond Staff
Fund Code: 1310

\$278,200 R
3.00

Provides funding for 3 staff to assist agencies as needed with Connect NC Bond projects. The revised net appropriation for this fund is \$7.8 million.

Total Legislative Changes

\$294,160 R

Total Position Changes

3.00

Revised Budget

\$7,825,568



Dorothea Dix Land Proceeds

Budget Code: 63008

FY 2016-17

Beginning Unreserved Fund Balance **\$52,102,273**

Recommended Budget

Requirements	\$0
Receipts	\$0
Positions	0.00

Legislative Changes

Requirements:

Child Facility-Based Crisis Centers

Transfers funds to the Department of Health and Human Services, Budget Code 24460 for start-up costs (renovation or construction) to establish 1 or 2 child facility-based crisis centers, at least 1 of which will be in the south/east/central region. Funds will be awarded on a competitive basis, and will be available across 2 years [because construction and renovation tends to take longer than a year].

	\$0	R
	\$2,000,000	NR
	0.00	

Inpatient Behavioral Health Beds

Transfers funds to the Department of Health and Human Services, Budget Code 24460 for the purpose of expanding inpatient capacity, especially in rural areas near counties with limited inpatient capacity relative to their needs through constructing new beds or renovating existing beds to form new inpatient psychiatric units or new facility-based crisis centers, prioritizing rural hospitals in the process.

	\$0	R
	\$12,000,000	NR
	0.00	

Subtotal Legislative Changes

	\$0	R
	\$14,000,000	NR
	0.00	

Receipts:

Senate Appropriations Committee on General Government and Information Technology

FY 2016-17

Dorothea Dix Proceeds	\$0	R
	\$0	NR
Subtotal Legislative Changes	\$0	R
	\$0	NR

Revised Total Requirements	\$14,000,000
Revised Total Receipts	\$0
Change in Fund Balance	(\$14,000,000)
Total Positions	0.00

Unappropriated Balance Remaining	\$38,102,273
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**Office of State Budget and Management - Special
Budget Code 13085**

General Fund Budget

	<u>FY 2016-17</u>
Enacted Budget	
Requirements	\$2,000,000
Receipts	\$0
Net Appropriation	\$2,000,000
Legislative Changes	
Requirements	\$5,050,000
Receipts	\$0
Net Appropriation	\$5,050,000
Revised Budget	
Requirements	\$7,050,000
Receipts	\$0
Net Appropriation	\$7,050,000

General Fund FTE

Enacted Budget	0.00
Legislative Changes	0.00
Revised Budget	0.00

**Summary of General Fund Appropriations
Fiscal Year 2016-17
2016 Legislative Session**

Office of State Budget and Management - Special Budget Code 13085		Enacted Budget			Legislative Changes			Revised Budget		
Fund Code	Fund Name	Requirements	Receipts	Net Appropriation	Requirements	Receipts	Net Appropriation	Requirements	Receipts	Net Appropriation
1022	Special Appropriations	2,000,000	-	2,000,000	5,050,000	-	5,050,000	7,050,000	-	7,050,000
Department-wide Items										
Total		\$2,000,000	\$0	\$2,000,000	\$5,050,000	\$0	\$5,050,000	\$7,050,000	\$0	\$7,050,000

**Summary of General Fund Total Requirement FTE
Fiscal Year 2016-17
2016 Legislative Session**

Office of State Budget and Management - Special					
Budget Code 13085		<u>Enacted</u>	<u>Legislative Changes</u>		<u>Revised</u>
Fund Code	Fund Name	Total Requirements	Net Appropriation	Receipts	Total Requirements
1022	Special Appropriations	-	-		-
Total FTE		-	-	-	-

(11.0) State Budget and Management - Special

GENERAL FUND

Total Budget Enacted 2015 Session

FY 16-17
\$2,000,000

Legislative Changes

22 Career and Technical Education School Renovation Funds

Fund Code: 1022

\$5,000,000 NR

Provides funds to Onslow County to retrofit and purchase equipment for a regional career and technical education center. The revised net appropriation for this project is \$5.0 million.

23 Facility Rehabilitation

Fund Code: 1022

\$50,000 NR

Provides funds to the Andrew Jackson Historical Foundation, Inc. to renovate the Museum of the Waxhaws. The revised net appropriation for the museum is \$50,000.

Total Legislative Changes

\$5,050,000 NR

Total Position Changes

Revised Budget

\$7,050,000

**Office of the State Auditor
Budget Code 13300**

General Fund Budget

FY 2016-17

Enacted Budget

Requirements	\$17,576,536
Receipts	\$5,571,745
Net Appropriation	\$12,004,791

Legislative Changes

Requirements	\$240,714
Receipts	\$0
Net Appropriation	\$240,714

Revised Budget

Requirements	\$17,817,250
Receipts	\$5,571,745
Net Appropriation	\$12,245,505

General Fund FTE

Enacted Budget	168.00
Legislative Changes	0.00
Revised Budget	168.00

**Summary of General Fund Appropriations
Fiscal Year 2016-17
2016 Legislative Session**

Office of the State Auditor Budget Code 13300		Enacted Budget			Legislative Changes			Revised Budget		
Fund Code	Fund Name	Requirements	Receipts	Net Appropriation	Requirements	Receipts	Net Appropriation	Requirements	Receipts	Net Appropriation
1110	Administration	2,567,022	-	2,567,022	-	-	-	2,567,022	-	2,567,022
1210	Field Audit Division	15,009,514	5,571,745	9,437,769	212,371	-	212,371	15,221,885	5,571,745	9,650,140
Department-wide Items										
N/A	Retirement System Contributions	-	-	-	28,343	N/A	28,343	28,343	N/A	28,343
Total		\$17,576,536	\$5,571,745	\$12,004,791	\$240,714	\$0	\$240,714	\$17,817,250	\$5,571,745	\$12,245,505

Summary of General Fund Total Requirement FTE
Fiscal Year 2016-17
2016 Legislative Session

Office of the State Auditor		<u>Enacted</u>	<u>Legislative Changes</u>		<u>Revised</u>
Budget Code 13300					
Fund Code	Fund Name	Total Requirements	Net Appropriation	Receipts	Total Requirements
1110	Administration	23.00	-	-	23.00
1210	Field Audit Division	145.00	-	-	145.00
Total FTE		168.00	-	-	168.00

(12.0) Auditor

GENERAL FUND

Total Budget Enacted 2015 Session

FY 16-17
\$12,004,791

Legislative Changes

Reserve for Salaries and Benefits

24 State Retirement Contributions	\$28,343	R
Fund Code: N/A		

Increases the State's contribution for members of the Teachers' and State Employees' Retirement System (TSERS) to fund the actuarially determined contribution.

For all net appropriation supported State-funded positions, across all sections of the Committee Report, the approximate revised net appropriation for members of TSERS is \$1.5 billion, an increase of \$31.6 million for FY 2016-17.

Field Audit Division

25 Subject Matter Experts	\$150,000	
Fund Code: 1210		

Provides \$150,000 on a nonrecurring basis for the use of subject matter experts during audits. The revised net appropriation for this fund from all actions in this report is \$9.7 million.

26 Security Officer	\$55,065	R
Fund Code: 1210	\$7,306	NR

Provides funding to allow the Office of the State Auditor to contract with the State Capitol Police for 1 full time security officer to be located in the building shared by the Office of the State Auditor, Secretary of State, and Department of Labor. The revised net appropriation for this fund from all actions in this report is \$9.7 million.

Total Legislative Changes	\$83,408	R
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	\$157,306	NR
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Total Position Changes

Revised Budget	\$12,245,505	
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**Housing Finance Agency
Budget Code 13010**

General Fund Budget

	<u>FY 2016-17</u>
Enacted Budget	
Requirements	\$25,660,000
Receipts	\$0
Net Appropriation	\$25,660,000
 Legislative Changes	
Requirements	\$5,519,750
Receipts	\$5,519,750
Net Appropriation	\$0
 Revised Budget	
Requirements	\$31,179,750
Receipts	\$5,519,750
Net Appropriation	\$25,660,000

General Fund FTE

Enacted Budget	0.00
Legislative Changes	0.00
Revised Budget	0.00

**Summary of General Fund Appropriations
Fiscal Year 2016-17
2016 Legislative Session**

Housing Finance Agency		Enacted Budget			Legislative Changes			Revised Budget		
Fund Code	Fund Name	Requirements	Receipts	Net Appropriation	Requirements	Receipts	Net Appropriation	Requirements	Receipts	Net Appropriation
1100	Housing Finance Agency Appropriations	25,660,000	-	25,660,000	5,519,750	5,519,750	-	31,179,750	5,519,750	25,660,000
Department-wide Items										
Total		\$25,660,000	\$0	\$25,660,000	\$5,519,750	\$5,519,750	\$0	\$31,179,750	\$5,519,750	\$25,660,000

Summary of General Fund Total Requirement FTE
Fiscal Year 2016-17
2016 Legislative Session

Housing Finance Agency		<u>Enacted</u>	<u>Legislative Changes</u>		<u>Revised</u>
Budget Code 13010					
Fund Code	Fund Name	Total Requirements	Net Appropriation	Receipts	Total Requirements
1100	Housing Finance Agency Appropriations	-	-	-	-
Total FTE		-	-	-	-

(13.0) Housing Finance Agency

GENERAL FUND

Total Budget Enacted 2015 Session

FY 16-17
\$25,660,000

Legislative Changes

27 Community Living Housing Fund
Fund Code: 1100

Authorizes the Housing Finance Agency to expend receipts transferred from the Department of Health and Human Services for the Community Living Housing Fund (CLHF). These funds increase access to permanent, community-based integrated housing for individuals with disabilities in support of the Olmstead Settlement. Requirements for the CLHF are increased from \$0 to \$5,519,750, as are receipts. The revised net appropriation for CLHF is \$0.

Total Legislative Changes

Total Position Changes

Revised Budget

\$25,660,000

Secretary of State
Budget Code 13200

General Fund Budget

FY 2016-17

Enacted Budget

Requirements	\$11,812,320
Receipts	\$61,625
Net Appropriation	\$11,750,695

Legislative Changes

Requirements	\$656,755
Receipts	\$0
Net Appropriation	\$656,755

Revised Budget

Requirements	\$12,469,075
Receipts	\$61,625
Net Appropriation	\$12,407,450

General Fund FTE

Enacted Budget	169.88
Legislative Changes	6.00
Revised Budget	175.88

**Summary of General Fund Appropriations
Fiscal Year 2016-17
2016 Legislative Session**

Secretary of State Budget Code 13200		Enacted Budget			Legislative Changes			Revised Budget		
Fund Code	Fund Name	Requirements	Receipts	Net Appropriation	Requirements	Receipts	Net Appropriation	Requirements	Receipts	Net Appropriation
1110	General Administration	3,239,053	1,000	3,238,053	-	-	-	3,239,053	1,000	3,238,053
1120	Publications Division	226,352	21,700	204,652	-	-	-	226,352	21,700	204,652
1150	Lobbyist Registration	326,523	-	326,523	-	-	-	326,523	-	326,523
1210	Corporations Division	3,178,785	2,100	3,176,685	-	-	-	3,178,785	2,100	3,176,685
1220	Certification and Filing Division	2,446,347	34,825	2,411,522	-	-	-	2,446,347	34,825	2,411,522
1230	Securities Division	1,682,769	2,000	1,680,769	632,615	-	632,615	2,315,384	2,000	2,313,384
1600	Charitable Fundraising Licensure	712,491	-	712,491	-	-	-	712,491	-	712,491
Department-wide Items										
N/A	Retirement System Contributions	-	-	-	24,140	N/A	24,140	24,140	N/A	24,140
Total		\$11,812,320	\$61,625	\$11,750,695	\$656,755	\$0	\$656,755	\$12,469,075	\$61,625	\$12,407,450

Summary of General Fund Total Requirement FTE
Fiscal Year 2016-17
2016 Legislative Session

Secretary of State					
Budget Code 13200		<u>Enacted</u>	<u>Legislative Changes</u>		<u>Revised</u>
Fund Code	Fund Name	Total Requirements	Net Appropriation	Receipts	Total Requirements
1110	General Administration	34.10	-	-	34.10
1120	Publications Division	2.73	-	-	2.73
1150	Lobbyist Registration	5.00	-	-	5.00
1210	Corporations Division	57.87	-	-	57.87
1220	Certification and Filing Division	40.00	-	-	40.00
1230	Securities Division	20.75	6.00	-	26.75
1600	Charitable Fundraising Licensure	9.43	-	-	9.43
Total FTE		169.88	6.00	-	175.88



(14.0) Secretary of State

GENERAL FUND

Total Budget Enacted 2015 Session

FY 16-17
\$11,750,695

Legislative Changes

Reserve for Salaries and Benefits

28 State Retirement Contributions
Fund Code: N/A

\$24,140 R

Increases the State's contribution for members of the Teachers' and State Employees' Retirement System (TSERS) to fund the actuarially determined contribution.

For all net appropriation supported State-funded positions, across all sections of the Committee Report, the approximate revised net appropriation for members of TSERS is \$1.5 billion, an increase of \$31.6 million for FY 2016-17.

Securities Division

29 Securities Staffing
Fund Code: 1230

\$632,615 R
6.00

Increases staffing levels within the Securities Division to assist with the sale of securities products. The new positions will allow the division to address rising demand due to recent Federal regulatory reforms, which have increased the pool of eligible North Carolina businesses and investors who can purchase and sell securities products. The following positions will be created: 4 Financial Investigators, 1 Attorney III, and 1 Financial Investigating Manager. The revised net appropriation for the Securities Division is \$2.3 million.

Total Legislative Changes

\$656,755 R

Total Position Changes

6.00

Revised Budget

\$12,407,450



**Lieutenant Governor
Budget Code 13100**

General Fund Budget

FY 2016-17

Enacted Budget

Requirements	\$677,972
Receipts	\$0
<hr/>	
Net Appropriation	\$677,972

Legislative Changes

Requirements	\$11,535
Receipts	\$0
<hr/>	
Net Appropriation	\$11,535

Revised Budget

Requirements	\$689,507
Receipts	\$0
<hr/>	
Net Appropriation	\$689,507

General Fund FTE

Enacted Budget	6.00
Legislative Changes	0.00
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Revised Budget	6.00

**Summary of General Fund Appropriations
Fiscal Year 2016-17
2016 Legislative Session**

Lieutenant Governor Budget Code 13100		Enacted Budget			Legislative Changes			Revised Budget		
Fund Code	Fund Name	Requirements	Receipts	Net Appropriation	Requirements	Receipts	Net Appropriation	Requirements	Receipts	Net Appropriation
1110	Administration	677,972	-	677,972	10,000	-	10,000	687,972	-	687,972
Department-wide Items										
N/A	Retirement System Contributions	-	-	-	1,535	N/A	1,535	1,535	N/A	1,535
Total		\$677,972	\$0	\$677,972	\$11,535	\$0	\$11,535	\$689,507	\$0	\$689,507

Summary of General Fund Total Requirement FTE
Fiscal Year 2016-17
2016 Legislative Session

Lieutenant Governor		<u>Enacted</u>	<u>Legislative Changes</u>		<u>Revised</u>
Budget Code 13100					
Fund Code	Fund Name	Total Requirements	Net Appropriation	Receipts	Total Requirements
1110	Administration	6.00	-	-	6.00
Total FTE		6.00	-	-	6.00

Senate Committee on General Government and Information Technology
 (15.0) Lieutenant Governor

GENERAL FUND

Total Budget Enacted 2015 Session	FY 16-17	
	\$677,972	.

Legislative Changes

Reserve for Salaries and Benefits

30 State Retirement Contributions	\$1,535	R
Fund Code: N/A		

Increases the State's contribution for members of the Teachers' and State Employees' Retirement System (TSERS) to fund the actuarially determined contribution.

For all net appropriation supported State-funded positions, across all sections of the Committee Report, the approximate revised net appropriation for members of TSERS is \$1.5 billion, an increase of \$31.6 million for FY 2016-17.

Administration

31 Subscription and Travel	\$10,000	R
Fund Code: 1110		

Funds business-related employee travel and office subscriptions. The revised net appropriation for the Lieutenant Governor from all actions in this report is \$0.7 million.

Total Legislative Changes	\$11,535	R
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Total Position Changes

Revised Budget	\$689,507	
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**Department of Administration
Budget Code 14100**

General Fund Budget

	<u>FY 2016-17</u>
Enacted Budget	
Requirements	\$117,513,117
Receipts	\$58,848,632
Net Appropriation	<u>\$58,664,485</u>
Legislative Changes	
Requirements	\$2,106,856
Receipts	\$0
Net Appropriation	<u>\$2,106,856</u>
Revised Budget	
Requirements	\$119,619,973
Receipts	\$58,848,632
Net Appropriation	<u>\$60,771,341</u>

General Fund FTE

Enacted Budget	445.96
Legislative Changes	13.20
Revised Budget	<u>459.16</u>

**Summary of General Fund Appropriations
Fiscal Year 2016-17
2016 Legislative Session**

Department of Administration Budget Code 14100		Enacted Budget			Legislative Changes			Revised Budget		
Fund Code	Fund Name	Requirements	Receipts	Net Appropriation	Requirements	Receipts	Net Appropriation	Requirements	Receipts	Net Appropriation
1111	Office of the Secretary	1,471,523	120,843	1,350,680	-	-	-	1,471,523	120,843	1,350,680
1121	DOA - Fiscal Management	1,760,027	690,025	1,070,002	-	-	-	1,760,027	690,025	1,070,002
1122	DOA - Personnel	767,226	186,804	580,422	-	-	-	767,226	186,804	580,422
1123	Ofc for Historically Underutilized Business	522,910	1,000	521,910	-	-	-	522,910	1,000	521,910
1230	Non Public Education	442,174	-	442,174	-	-	-	442,174	-	442,174
1241	Management Information Services	1,192,539	375,994	816,545	-	-	-	1,192,539	375,994	816,545
1311	Office of State Personnel (OSHR)	7,974,654	113,506	7,861,148	-	-	-	7,974,654	113,506	7,861,148
1411	State Construction Office	5,935,846	684,911	5,250,935	577,922	-	577,922	6,513,768	684,911	5,828,857
1412	State Property Office	2,138,934	1,207,688	931,246	-	-	-	2,138,934	1,207,688	931,246
1421	Facilities Management Division	31,531,658	4,030,404	27,501,254	-	-	-	31,531,658	4,030,404	27,501,254
1511	Purchase and Contract	3,058,659	1,476,743	1,581,916	-	-	-	3,058,659	1,476,743	1,581,916
1731	Council for Women & Domestic Violence	716,417	-	716,417	475,941	-	475,941	1,192,358	-	1,192,358
1734	Sexual Assault Program	2,894,972	-	2,894,972	-	-	-	2,894,972	-	2,894,972
1741	Human Relations Commission	-	-	-	596,858	-	596,858	596,858	-	596,858
1742	MLK Commission	23,378	-	23,378	-	-	-	23,378	-	23,378
1761	Youth Advocacy and Involvement Office	475,941	-	475,941	(475,941)	-	(475,941)	-	-	-
1772	State Veterans Home Program	45,864,689	45,864,689	-	-	-	-	45,864,689	45,864,689	-
1781	Domestic Violence Program	5,086,099	-	5,086,099	-	-	-	5,086,099	-	5,086,099
1782	Domestic Violence Center	3,913,212	3,913,212	-	-	-	-	3,913,212	3,913,212	-
1810	State Ethics Commission	1,230,025	56,679	1,173,346	870,000	-	870,000	2,100,025	56,679	2,043,346
1851	Pension - Surviving Spouse	12,000	-	12,000	-	-	-	12,000	-	12,000
1861	Commission on Indian Affairs	302,850	-	302,850	-	-	-	302,850	-	302,850
1900	Reserves and Transfers	197,384	126,134	71,250	-	-	-	197,384	126,134	71,250
Department-wide Items										
N/A	Retirement System Contributions	-	-	-	62,076	N/A	62,076	62,076	N/A	62,076
Total		\$117,513,117	\$58,848,632	\$58,664,485	\$2,106,856	\$0	\$2,106,856	\$119,619,972	\$58,848,632	\$60,771,341

**Summary of General Fund Total Requirement FTE
Fiscal Year 2016-17
2016 Legislative Session**

Department of Administration					
Budget Code 14100		<u>Enacted</u>	<u>Legislative Changes</u>		<u>Revised</u>
Fund Code	Fund Name	Total Requirements	Net Appropriation	Receipts	Total Requirements
1111	Office of the Secretary	11.00	-	-	11.00
1121	DOA - Fiscal Management	24.00	-	-	24.00
1122	DOA - Personnel	10.00	-	-	10.00
1123	Ofc for Historically Underutilized Business	8.00	-	-	8.00
1230	Non Public Education	5.75	-	-	5.75
1241	Management Information Services	10.00	-	-	10.00
1311	Office of State Personnel (OSHR)	65.00	-	-	65.00
1411	State Construction Office	55.00	6.00	-	61.00
1412	State Property Office	27.00	-	-	27.00
1421	Facilities Management Division	154.25	-	-	154.25
1511	Purchase and Contract	33.10	-	-	33.10
1731	Council for Women & Domestic Violence	9.00	4.00	-	13.00
1734	Sexual Assault Program	0.36	-	-	0.36
1741	Human Relations Commission	0.04	7.20	-	7.24
1742	MLK Commission	-	-	-	-
1761	Youth Advocacy and Involvement Office	4.00	(4.00)	-	-
1772	State Veterans Home Program	8.77	-	-	8.77
1781	Domestic Violence Program	4.64	-	-	4.64
1782	Domestic Violence Center	-	-	-	-
1810	State Ethics Commission	13.00	-	-	13.00
1851	Pension - Surviving Spouse	-	-	-	-
1861	Commission on Indian Affairs	3.05	-	-	3.05
1900	Reserves and Transfers	-	-	-	-
Total FTE		445.96	13.20	-	459.16



(16.0) Administration

GENERAL FUND

Total Budget Enacted 2015 Session

FY 16-17
\$58,664,485

Legislative Changes

Reserve for Salaries and Benefits

32 State Retirement Contributions \$62,076 R
Fund Code: N/A

Increases the State's contribution for members of the Teachers' and State Employees' Retirement System (TSERS) to fund the actuarially determined contribution.

For all net appropriation supported State-funded positions, across all sections of the Committee Report, the approximate revised net appropriation for members of TSERS is \$1.5 billion, an increase of \$31.6 million for FY 2016-17.

Advocacy Programs

33 Youth Advocacy and Involvement Office Transfer (\$475,941) R
Fund Code: 1761 -4.00

Transfers all funding and all 4 positions from the Youth Advocacy and Involvement Office to the Council for Women. The Council for Women will be renamed the Council for Women and Youth Involvement. The following positions will be transferred:

- 60014064 Advocacy Program Director
- 60014061 Administrative Officer II
- 60014065 Administrative Officer II
- 60014502 Administrative Officer II

The revised net appropriation for the Youth Advocacy and Involvement Office is \$0.

34 Council for Women and Youth Involvement \$475,941 R
Fund Code: 1731 4.00

Expands the Council for Women by receiving a transfer of funding and 4 positions from the Youth Advocacy and Involvement Office. The Council for Women is renamed the Council for Women and Youth Involvement. The following positions will be added:

- 60014064 Advocacy Program Director
- 60014061 Administrative Officer II
- 60014065 Administrative Officer II
- 60014502 Administrative Officer II

The revised net appropriation for this fund is \$1.2 million.



Senate Committee on General Government and Information Technology

FY 16-17

35 Human Relations Commission Restored Funding \$545,407 R
Fund Code: 1741

6.20

Restores \$545,407 of recurring funding and 6.20 positions for the Human Relations Commission, which was funded with a nonrecurring appropriation in FY 2015-16 while it underwent a continuation review. The revised net appropriation for the Human Relations Commission from all actions in this report is \$0.6 million.

36 Human Relations Commission New Position \$51,451 R
Fund Code: 1741

1.00

Provides \$51,451 for the salary and benefits for 1 new Administrative Assistant position. The revised net appropriation for the Human Relations Commission from all actions in this report is \$0.6 million.

State Construction Office

37 Connect NC Bond Administration \$545,747 R
Fund Code: 1411 \$32,175 NR

6.00

Provides funds to the State Construction Office within the Department of Administration due to the increased workload from the Connect NC Bond. The increased funding will pay for new software licenses and 6 positions. The revised net appropriation for the State Construction Office is \$5.8 million.

State Ethics Commission

38 Existing Electronic Application Maintenance \$20,000 R
Fund Code: 1810

Provides funding for continued maintenance and required updates to the State's electronic ethics application. The system accepts, tracks, and reports Statement of Economic Interest (SEI) filings, as well as maintains required ethics trainings for certain State employees and elected officials. The revised net appropriation for the State Ethics Commission from all actions in this report is \$2.0 million.

39 New Electronic Application Development \$850,000 NR
Fund Code: 1810

Funds the development and implementation of a new electronic application system to allow individuals to file and amend SEI electronically and to provide relevant updates to the ethics training modules. The revised net appropriation for the State Ethics Commission from all actions in this report is \$2.0 million.

Total Legislative Changes	\$1,224,681	R
	\$882,175	NR
Total Position Changes		13.20
Revised Budget	\$60,771,341	

**Department of Revenue
Budget Code 14700**

General Fund Budget

FY 2016-17

Enacted Budget

Requirements	\$133,915,718
Receipts	\$53,458,039
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Net Appropriation	\$80,457,679

Legislative Changes

Requirements	\$501,372
Receipts	\$0
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Net Appropriation	\$501,372

Revised Budget

Requirements	\$134,417,090
Receipts	\$53,458,039
<hr/>	
Net Appropriation	\$80,959,051

General Fund FTE

Enacted Budget	1,471.25
Legislative Changes	0.00
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Revised Budget	1,471.25

**Summary of General Fund Appropriations
Fiscal Year 2016-17
2016 Legislative Session**

Department of Revenue Budget Code 14700		Enacted Budget			Legislative Changes			Revised Budget		
Fund Code	Fund Name	Requirements	Receipts	Net Appropriation	Requirements	Receipts	Net Appropriation	Requirements	Receipts	Net Appropriation
1600	Administration	3,618,680		3,618,680	-	-	-	3,618,680	-	3,618,680
1601	Enterprise Project Management Office	780,186		780,186	-	-	-	780,186	-	780,186
1603	Human Resources	1,522,319		1,522,319	-	-	-	1,522,319	-	1,522,319
1605	Information Technology	15,983,036	406,374	15,576,662	-	-	-	15,983,036	406,374	15,576,662
1607	Revenue Research	429,658		429,658	-	-	-	429,658	-	429,658
1609	Criminal Investigations	911,367		911,367	-	-	-	911,367	-	911,367
1624	Income Tax Division	2,079,237		2,079,237	-	-	-	2,079,237	-	2,079,237
1625	Excise Tax Division	200,724		200,724	-	-	-	200,724	-	200,724
1627	Sales and Use Taxes	1,315,833		1,315,833	-	-	-	1,315,833	-	1,315,833
1629	Local Government Division	5,167,717	5,167,717	-	-	-	-	5,167,717	5,167,717	-
1643	Taxpayer Assistance	8,672,798	294,830	8,377,968	-	-	-	8,672,798	294,830	8,377,968
1660	Collection	259,611		259,611	-	-	-	259,611	-	259,611
1661	Project Collect Tax	26,347,464	26,347,464	-	-	-	-	26,347,464	26,347,464	-
1662	Taxpayer Call Center	10,154,241	10,154,241	-	-	-	-	10,154,241	10,154,241	-
1663	Examination	24,414,627		24,414,627	-	-	-	24,414,627	-	24,414,627
1670	Unauthorized Substance Tax	1,520,211		1,520,211	-	-	-	1,520,211	-	1,520,211
1681	Business Operations	8,113,860	47,740	8,066,120	350,000	-	350,000	8,463,860	47,740	8,416,120
1683	Financial Services	836,692		836,692	-	-	-	836,692	-	836,692
1685	Documents Payments Processing	11,568,447	1,206,014	10,362,433	-	-	-	11,568,447	1,206,014	10,362,433
1700	Motor Fuels	4,994,370	4,994,370	-	-	-	-	4,994,370	4,994,370	-
1708	International Registration	229,020	229,020	-	-	-	-	229,020	229,020	-
1710	Fuel Tax Compliance	1,604,094	1,604,094	-	-	-	-	1,604,094	1,604,094	-
1711	Federal Grant - Joint Operations Center	590,791	590,791	-	-	-	-	590,791	590,791	-
1800	White Goods - Disposal Tax	425,000	425,000	-	-	-	-	425,000	425,000	-
1820	Scrap Tire Disposal Tax	425,000	425,000	-	-	-	-	425,000	425,000	-
1830	Public Transit Tax	715,384	715,384	-	-	-	-	715,384	715,384	-
1840	Dry Cleaning Solvent Tax	125,000	125,000	-	-	-	-	125,000	125,000	-
1870	Solid Waste Disposal Tax	225,000	225,000	-	-	-	-	225,000	225,000	-
1880	911 - Service Charge	500,000	500,000	-	-	-	-	500,000	500,000	-
1900	Reserves and Transfers	185,351		185,351	-	-	-	185,351	-	185,351
Department-wide Items										
N/A	Retirement System Contributions	-	-	-	151,372	N/A	151,372	151,372	N/A	151,372
Total		\$133,915,718	\$53,458,039	\$80,457,679	\$501,372	\$0	\$501,372	\$134,417,090	\$53,458,039	\$80,959,051

Summary of General Fund Total Requirement FTE
Fiscal Year 2016-17
2016 Legislative Session

Department of Revenue					
Budget Code 14700		<u>Enacted</u>	<u>Legislative Changes</u>		<u>Revised</u>
Fund Code	Fund Name	Total Requirements	Net Appropriation	Receipts	Total Requirements
1600	Administration	29.00	-	-	29.00
1601	Enterprise Project Management Office	8.00	-	-	8.00
1603	Human Resources	20.00	-	-	20.00
1605	Information Technology	99.25	-	-	99.25
1607	Revenue Research	7.00	-	-	7.00
1609	Criminal Investigations	10.00	-	-	10.00
1624	Income Tax Division	22.00	-	-	22.00
1625	Excise Tax Division	2.00	-	-	2.00
1627	Sales and Use Taxes	14.00	-	-	14.00
1629	Local Government Division	33.00	-	-	33.00
1643	Taxpayer Assistance	144.00	-	-	144.00
1660	Collection	2.00	-	-	2.00
1661	Project Collect Tax	266.00	-	-	266.00
1662	Taxpayer Call Center	137.00	-	-	137.00
1663	Examination	328.00	-	-	328.00
1670	Unauthorized Substance Tax	20.00	-	-	20.00
1681	Business Operations	18.00	-	-	18.00
1683	Financial Services	11.00	-	-	11.00
1685	Documents Payments Processing	202.00	-	-	202.00
1700	Motor Fuels	50.00	-	-	50.00
1708	International Registration	3.00	-	-	3.00
1710	Fuel Tax Compliance	17.00	-	-	17.00
1711	Federal Grant - Joint Operations Center	2.00	-	-	2.00
1800	White Goods - Disposal Tax	6.00	-	-	6.00
1820	Scrap Tire Disposal Tax	6.00	-	-	6.00
1830	Public Transit Tax	8.00	-	-	8.00
1840	Dry Cleaning Solvent Tax		-	-	-
1870	Solid Waste Disposal Tax	1.00	-	-	1.00
1880	911 - Service Charge	6.00	-	-	6.00
1900	Reserves and Transfers		-	-	-
Total FTE		1,471.25	-	-	1,471.25

(17.0) Revenue

GENERAL FUND

Total Budget Enacted 2015 Session

FY 16-17
\$80,457,679

Legislative Changes

Reserve for Salaries and Benefits

40 State Retirement Contributions
Fund Code: N/A

\$151,372 R

Increases the State's contribution for members of the Teachers' and State Employees' Retirement System (TSERS) to fund the actuarially determined contribution.

For all net appropriation supported State-funded positions, across all sections of the Committee Report, the approximate revised net appropriation for members of TSERS is \$1.5 billion, an increase of \$31.6 million for FY 2016-17.

Business Operations

41 Business Functions Optimization
Fund Code: 1681

\$350,000 NR

Provides funds to the Department of Revenue to hire a contractor to identify opportunities to lower operational costs through automation or outsourcing of paper-driven processes. The revised net appropriation for the Business Operations fund is \$8.4 million.

Total Legislative Changes

\$151,372 R
\$350,000 NR

Total Position Changes

Revised Budget

\$80,959,051

Project Collect Tax

Budget Code: 24704

FY 2016-17

Beginning Unreserved Fund Balance

\$63,433,264

Recommended Budget

Requirements

\$37,732,539

Receipts

\$23,013,024

Positions

0.00

Legislative Changes

Requirements:

Tax Fraud Analysis

Provides funds to the Department of Revenue to continue a contract with a vendor to perform tax fraud analysis using the Government Data Analytics Center (GDAC) and to pay for identity theft protection information technology upgrades.

\$0 R
 \$2,000,000 NR
 0.00

Implementation of New Tax Types

Provides funds from the Collection Assistance Fee to pay for programming the insurance and liquid nicotine tax types to enable automated collection.

\$0 R
 \$582,800 NR
 0.00

Subtotal Legislative Changes

\$0 R
\$2,582,800 NR
 0.00

Receipts:

Tax Fraud Analysis

\$0 R
 \$0 NR

Implementation of New Tax Types

\$0 R
 \$0 NR

Subtotal Legislative Changes

\$0 R
\$0 NR

Revised Total Requirements	\$40,315,339
Revised Total Receipts	\$23,013,024
Change in Fund Balance	(\$17,302,315)
Total Positions	0.00

Unappropriated Balance Remaining	\$46,130,949
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ITAS Replacement

Budget Code: 24708

FY 2016-17

Beginning Unreserved Fund Balance

\$22,341,776

Recommended Budget

Requirements

\$2,047,600

Receipts

\$2,047,600

Positions

7.00

Legislative Changes

Requirements:

Operations and Maintenance for Tax Systems

Authorizes the Department of Revenue to spend \$12,000,000 nonrecurring in receipt funding for tax systems. The supported systems are Enterprise Tax Management, Portfolio Warehouse, and Modernize eFile.

\$0 R
 \$12,000,000 NR
 0.00

Subtotal Legislative Changes

\$0 R
 \$12,000,000 NR
 0.00

Receipts:

Operations and Maintenance for Tax Systems

\$0 R
 \$0 NR

Subtotal Legislative Changes

\$0 R
 \$0 NR

Senate Appropriations Committee on General Government and Information Technology

FY 2016-17

Revised Total Requirements	\$14,047,600
Revised Total Receipts	\$2,047,600
Change in Fund Balance	(\$12,000,000)
Total Positions	7.00

Unappropriated Balance Remaining	\$10,341,776
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**Office of the State Controller
Budget Code 14160**

General Fund Budget

	<u>FY 2016-17</u>
Enacted Budget	
Requirements	\$23,158,226
Receipts	\$431,840
Net Appropriation	\$22,726,386
 Legislative Changes	
Requirements	\$532,021
Receipts	\$496,578
Net Appropriation	\$35,443
 Revised Budget	
Requirements	\$23,690,247
Receipts	\$928,418
Net Appropriation	\$22,761,829

General Fund FTE

Enacted Budget	169.00
Legislative Changes	0.00
Revised Budget	169.00

**Summary of General Fund Appropriations
Fiscal Year 2016-17
2016 Legislative Session**

Office of the State Controller Budget Code 14160		Enacted Budget			Legislative Changes			Revised Budget		
Fund Code	Fund Name	Requirements	Receipts	Net Appropriation	Requirements	Receipts	Net Appropriation	Requirements	Receipts	Net Appropriation
1000	Office of State Controller	23,158,226	431,840	22,726,386	496,578	496,578	-	23,654,804	928,418	22,726,386
Department-wide Items										
N/A	Retirement System Contributions	-	-	-	35,443	N/A	35,443	35,443	N/A	35,443
Total		\$23,158,226	\$431,840	\$22,726,386	\$532,021	\$496,578	\$35,443	\$23,690,247	\$928,418	\$22,761,829

Summary of General Fund Total Requirement FTE
Fiscal Year 2016-17
2016 Legislative Session

Office of the State Controller					
Budget Code 14160		<u>Enacted</u>	<u>Legislative Changes</u>		<u>Revised</u>
Fund Code	Fund Name	Total Requirements	Net Appropriation	Receipts	Total Requirements
1000	Office of State Controller	169.00	-	-	169.00
Total FTE		169.00	-	-	169.00

(18.0) State Controller

GENERAL FUND

Total Budget Enacted 2015 Session

FY 16-17
\$22,726,386

Legislative Changes

Reserve for Salaries and Benefits

42 State Retirement Contributions
Fund Code: N/A

\$35,443 R

Increases the State's contribution for members of the Teachers' and State Employees' Retirement System (TSERS) to fund the actuarially determined contribution.

For all net appropriation supported State-funded positions, across all sections of the Committee Report, the approximate revised net appropriation for members of TSERS is \$1.5 billion, an increase of \$31.6 million for FY 2016-17.

State Controller

43 Continuation Review of BEACON Positions
Fund Code: 1000

Restores the transfer of funds from the Department of Transportation to the State Controller for Building Enterprise Access for North Carolina's Core Operation Needs (BEACON) positions under continuation review on a nonrecurring basis for FY 2016-17. The total amount transferred is \$496,578. The revised net appropriation for personnel costs for the State Controller is \$15.5 million.

Total Legislative Changes

\$35,443 R

Total Position Changes

Revised Budget

\$22,761,829

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**Department of Transportation
Budget Code 84210**

Highway Fund Budget ¹

FY 2016-17

Enacted Budget

Requirements	\$7,199,755,488
Receipts	\$5,210,154,339
Net Appropriation	\$1,989,601,149

Legislative Changes

Requirements	\$61,433,462
Receipts	\$2,124,611
Net Appropriation	\$59,308,851

Revised Budget

Requirements	\$7,261,188,950
Receipts	\$5,212,278,950
Net Appropriation	\$2,048,910,000

Highway Fund FTE

Enacted Budget	12,350.00
Legislative Changes	45.00
Revised Budget	12,395.00

¹ Enacted Budget and Revised Budget amounts include duplicate receipt-supported fund codes for field operations, grant programs, and equipment established pursuant to S.L. 2011-145, Sec. 28.2. The revised budget without these fund codes is \$3,202,288,046 for requirements, \$1,153,378,046 for receipts, and \$2,048,910,000 for net appropriation.

Department of Transportation		Enacted Budget			Legislative Changes			Revised Budget		
Budget Code 84210		Requirements	Receipts	Net Appropriation	Requirements	Receipts	Net Appropriation	Requirements	Receipts	Net Appropriation
Fund Code	Fund Name									
0001	Board of Transportation	61,834	-	61,834	-	-	-	61,834	-	61,834
0002	Communications	1,805,282	-	1,805,282	-	-	-	1,805,282	-	1,805,282
0006	Legal - Attorney General Staff	1,487,928	-	1,487,928	-	-	-	1,487,928	-	1,487,928
0007	Administration - Secretary	3,275,617	261,774	3,013,843	-	-	-	3,275,617	261,774	3,013,843
0177	Computer Systems	389,663	389,663	-	-	-	-	389,663	389,663	-
1096	Strategic Planning - Office of Transportation - Admini	177,973	-	177,973	-	-	-	177,973	-	177,973
1104	Governance Office - Admin	632,053	-	632,053	-	-	-	632,053	-	632,053
7011	Inspector General	2,424,025	675,096	1,748,929	-	-	-	2,424,025	675,096	1,748,929
7015	Human Resources	4,476,225	-	4,476,225	-	-	-	4,476,225	-	4,476,225
7020	Financial	9,472,574	4,054,093	5,418,481	78,616	78,616	-	9,551,190	4,132,709	5,418,481
7025	Information Technology	58,134,239	6,492,880	51,641,359	-	-	-	58,134,239	6,492,880	51,641,359
7030	Facilities Management and Support Services	23,251,622	3,607,721	19,643,901	-	-	-	23,251,622	3,607,721	19,643,901
	DOT ADMINISTRATION	105,589,035	15,481,227	90,107,808	78,616	78,616	-	105,667,651	15,559,843	90,107,808
0055	Chief Engineer	661,136	-	661,136	-	-	-	661,136	-	661,136
0056	Deputy Chief Engineer of Operations	854,057	-	854,057	-	-	-	854,057	-	854,057
0064	Director of Preconstruction	33,103	33,103	-	-	-	-	33,103	33,103	-
0149	Transportation Mobility and Safety	5,353,414	5,353,414	-	-	-	-	5,353,414	5,353,414	-
0178	Project Development and Environmental Analysis	883,378	883,378	-	-	-	-	883,378	883,378	-
1018	Director of Construction	245,178	245,178	-	-	-	-	245,178	245,178	-
1065	Utilities Unit - Administration	298,461	298,461	-	-	-	-	298,461	298,461	-
1067	Materials and Tests Unit	1,054,087	1,054,087	-	-	-	-	1,054,087	1,054,087	-
1069	Roadside Environmental Unit	2,306,740	-	2,306,740	-	-	-	2,306,740	-	2,306,740
1070	Construction Unit	632,908	632,908	-	-	-	-	632,908	632,908	-
1078	Office of Equal Opportunity and Workforce Services	334,084	334,084	-	-	-	-	334,084	334,084	-
1129	Office of Equal Opportunity and Workforce Services	365,487	365,487	-	-	-	-	365,487	365,487	-
1130	Office of Equal Opportunity and Workforce Services	676,974	-	676,974	-	-	-	676,974	-	676,974
1186	Structure Management	459,276	459,276	-	-	-	-	459,276	459,276	-
7070	Transportation Planning Program	174,731	174,731	-	-	-	-	174,731	174,731	-
1201	Division 1 - Right of Way Administration	46,294	46,294	-	-	-	-	46,294	46,294	-
1202	Division 2 - Right of Way Administration	47,814	47,814	-	-	-	-	47,814	47,814	-
1203	Division 3 - Right of Way Administration	57,497	57,497	-	-	-	-	57,497	57,497	-
1204	Division 4 - Right of Way Administration	49,054	49,054	-	-	-	-	49,054	49,054	-
1205	Division 5 - Right of Way Administration	61,596	61,596	-	-	-	-	61,596	61,596	-
1206	Division 6 - Right of Way Administration	51,112	51,112	-	-	-	-	51,112	51,112	-
1207	Division 7 - Right of Way Administration	43,820	43,820	-	-	-	-	43,820	43,820	-
1208	Division 8 - Right of Way Administration	45,419	45,419	-	-	-	-	45,419	45,419	-
1209	Division 9 - Right of Way Administration	102,390	102,390	-	-	-	-	102,390	102,390	-
1210	Division 10 - Right of Way Administration	44,304	44,304	-	-	-	-	44,304	44,304	-
1211	Division 11 - Right of Way Administration	48,872	48,872	-	-	-	-	48,872	48,872	-
1212	Division 12 - Right of Way Administration	39,749	39,749	-	-	-	-	39,749	39,749	-
1213	Division 13 - Right of Way Administration	43,966	43,966	-	-	-	-	43,966	43,966	-
1214	Division 14 - Right of Way Administration	48,967	48,967	-	-	-	-	48,967	48,967	-
1256	Program Development - Administration	1,533,247	1,533,247	-	-	-	-	1,533,247	1,533,247	-
7080	Division 1	1,591,841	-	1,591,841	-	-	-	1,591,841	-	1,591,841
7085	Division 2	1,774,325	-	1,774,325	-	-	-	1,774,325	-	1,774,325
7090	Division 3	1,709,132	-	1,709,132	-	-	-	1,709,132	-	1,709,132
7095	Division 4	1,616,684	-	1,616,684	-	-	-	1,616,684	-	1,616,684
7100	Division 5	1,822,335	-	1,822,335	-	-	-	1,822,335	-	1,822,335
7105	Division 6	1,737,242	-	1,737,242	-	-	-	1,737,242	-	1,737,242
7110	Division 7	1,820,648	-	1,820,648	-	-	-	1,820,648	-	1,820,648
7115	Division 8	1,533,066	-	1,533,066	-	-	-	1,533,066	-	1,533,066
7120	Division 9	1,608,235	-	1,608,235	-	-	-	1,608,235	-	1,608,235
7125	Division 10	2,063,088	-	2,063,088	-	-	-	2,063,088	-	2,063,088

Department of Transportation		Enacted Budget			Legislative Changes			Revised Budget		
Budget Code 84210		Requirements	Receipts	Net Appropriation	Requirements	Receipts	Net Appropriation	Requirements	Receipts	Net Appropriation
Fund Code	Fund Name									
7130	Division 11	1,465,762	-	1,465,762	-	-	-	1,465,762	-	1,465,762
7135	Division 12	1,516,666	-	1,516,666	-	-	-	1,516,666	-	1,516,666
7140	Division 13	1,413,375	-	1,413,375	-	-	-	1,413,375	-	1,413,375
7145	Division 14	1,752,340	-	1,752,340	-	-	-	1,752,340	-	1,752,340
7150	Preconstruction Design Administration	1,555,873	1,555,873	-	-	-	-	1,555,873	1,555,873	-
7153	Technical Services - Administration	5,081,352	4,688,009	393,343	-	-	-	5,081,352	4,688,009	393,343
7175	Field Operations Support	1,001,747	-	1,001,747	-	-	-	1,001,747	-	1,001,747
7176	State Asset Management	1,594,752	40,000	1,554,752	-	-	-	1,594,752	40,000	1,554,752
7185	Safety	3,159,051	580,517	2,578,534	-	-	-	3,159,051	580,517	2,578,534
7190	Right of Way - Administration	2,447,890	2,447,890	-	-	-	-	2,447,890	2,447,890	-
	DOH ADMINISTRATION	54,862,519	21,410,497	33,452,022	-	-	-	54,862,519	21,410,497	33,452,022
7812	Construction - Secondary	12,000,000	-	12,000,000	-	-	-	12,000,000	-	12,000,000
7814	Construction - Public Service Roads	1,723,707	-	1,723,707	-	-	-	1,723,707	-	1,723,707
7817	Spot Safety	12,100,000	-	12,100,000	-	-	-	12,100,000	-	12,100,000
7818	Construction - Contingency	12,000,000	-	12,000,000	-	-	-	12,000,000	-	12,000,000
7837	Division of Small Urban Construction	-	-	-	2,500,000	-	2,500,000	2,500,000	-	2,500,000
7838	Economic Development	4,731,171	-	4,731,171	-	-	-	4,731,171	-	4,731,171
	CONSTRUCTION	42,554,878	-	42,554,878	2,500,000	-	2,500,000	45,054,878	-	45,054,878
0934	Reserve - General Maintenance	45,560,850	-	45,560,850	439,809,059	-	439,809,059	485,369,909	-	485,369,909
7821	Maintenance - Primary	135,479,149	-	135,479,149	(135,479,149)	-	(135,479,149)	-	-	-
7822	Maintenance - Secondary	285,289,910	-	285,289,910	(285,289,910)	-	(285,289,910)	-	-	-
7824	Contract Resurfacing	497,946,495	-	497,946,495	-	-	-	497,946,495	-	497,946,495
7841	Pavement Preservation	85,045,024	-	85,045,024	-	-	-	85,045,024	-	85,045,024
7839	Bridge Program	242,074,444	-	242,074,444	300,000	-	300,000	242,374,444	-	242,374,444
	MAINTENANCE	1,291,395,872	-	1,291,395,872	19,340,000	-	19,340,000	1,310,735,872	-	1,310,735,872
7827	FHWA Construction	876,621,600	876,621,600	-	-	-	-	876,621,600	876,621,600	-
	PLANNING & RESEARCH	876,621,600	876,621,600	-	-	-	-	876,621,600	876,621,600	-
7832	OSHA Program	358,030	-	358,030	-	-	-	358,030	-	358,030
	OSHA	358,030	-	358,030	-	-	-	358,030	-	358,030
7836	State Aid - Highway Fund for WBS	147,500,000	-	147,500,000	-	-	-	147,500,000	-	147,500,000
	STATE AID TO MUNICIPALITIES	147,500,000	-	147,500,000	-	-	-	147,500,000	-	147,500,000
0041	Aeronautics	2,264,669	203,717	2,060,952	-	-	-	2,264,669	203,717	2,060,952
7830	Airports Program	51,700,000	20,000,000	31,700,000	14,817,417	-	14,817,417	66,517,417	20,000,000	46,517,417
0036	Public Transportation	330,350	-	330,350	-	-	-	330,350	-	330,350
7831	Public Transportation - Highway Fund	122,576,052	34,732,983	87,843,069	4,000,000	-	4,000,000	126,576,052	34,732,983	91,843,069
0037	Rail Division	603,869	-	603,869	-	-	-	603,869	-	603,869
7829	Railroad Program	73,273,725	50,225,920	23,047,805	13,750,000	-	13,750,000	87,023,725	50,225,920	36,797,805
0035	Bicycle Program	726,895	-	726,895	-	-	-	726,895	-	726,895
7040	Ferry Administration	1,281,490	-	1,281,490	-	-	-	1,281,490	-	1,281,490
7825	Ferry Operations	44,318,905	5,000,000	39,318,905	-	-	-	44,318,905	5,000,000	39,318,905
	MULTI-MODAL	297,075,955	110,162,620	186,913,335	32,567,417	-	32,567,417	329,643,372	110,162,620	219,480,752
0042	Governor's Highway Safety Program	502,482	251,241	251,241	-	-	-	502,482	251,241	251,241
7828	Governor's Highway Safety Program	13,500,000	13,500,000	-	-	-	-	13,500,000	13,500,000	-
	GOVERNOR'S HIGHWAY SAFETY PROGRAM	14,002,482	13,751,241	251,241	-	-	-	14,002,482	13,751,241	251,241
0049	Driver Licensing	50,577,557	180,400	50,397,157	3,160,541	-	3,160,541	53,738,098	180,400	53,557,698
0054	Motor Vehicle Exhaust Emissions	12,077,863	-	12,077,863	-	-	-	12,077,863	-	12,077,863
7050	DMV - Commissioner's Office	9,085,196	11,000	9,074,196	1,812,636	-	1,812,636	10,887,832	11,000	10,886,832

Summary of Highway Fund Total Requirement FTE
Fiscal Year 2016-17
2016 Legislative Session

Department of Transportation					
Budget Code 84210		<u>Enacted</u>	<u>Legislative Changes</u>		<u>Revised</u>
Fund Code	Fund Name	Total Requirements	Net Appropriation	Receipts	Total Requirements
0002	Communications	17.00	-	-	17.00
0006	Legal - Attorney General Staff	18.00	-	-	18.00
0007	Administration - Secretary	27.00	-	-	27.00
0035	Bicycle Program	3.00	-	-	3.00
0036	Public Transportation	3.00	-	-	3.00
0037	Rail Division	7.00	-	-	7.00
0041	Aeronautics	16.00	-	-	16.00
0042	Governor's Highway Safety Program	5.00	-	-	5.00
0049	Driver Licensing	706.00	-	-	706.00
0054	Motor Vehicle Exhaust Emissions	123.00	-	-	123.00
0055	Chief Engineer	5.00	-	-	5.00
0056	Deputy Chief Engineer of Operations	5.00	-	-	5.00
0149	Transportation Mobility and Safety	49.00	-	-	49.00
0177	Computer Systems	3.00	-	-	3.00
0178	Project Development and Environmental Analysis	7.00	-	-	7.00
0704	Legal - Field	45.00	-	-	45.00
0714	Engineer Trainee Program	44.00	-	-	44.00
0720	Governor's Highway Safety Program	7.00	-	-	7.00
1017	Director of Preconstruction - Field	1.00	-	-	1.00
1018	Director of Construction	2.00	-	-	2.00
1020	Utilities Unit - Engineering and Encroachments	21.00	-	-	21.00
1065	Utilities Unit - Administration	4.00	-	-	4.00
1066	Utilities Unit - Field	17.00	-	-	17.00
1067	Materials and Tests Unit	16.00	-	-	16.00
1068	Materials and Tests - Field	138.00	-	-	138.00
1069	Roadside Environmental Unit	21.00	-	-	21.00
1070	Construction Unit	6.00	-	-	6.00
1071	Construction Unit - Field	23.00	-	-	23.00
1078	Office of Equal Opportunity and Workforce Services	3.00	-	-	3.00
1080	Roadside Environmental Unit - SW Field	37.00	-	-	37.00
1081	Equal Opportunity and Workforce Services - Field	24.00	-	-	24.00
1087	Safe Routes to School - Field	1.00	-	-	1.00
1088	Public Information - Field	7.00	-	-	7.00
1096	SPOT - Administration	1.00	-	-	1.00
1097	SPOT - Field	2.00	-	-	2.00
1098	HR Talent Management - Field	1.00	-	-	1.00
1099	Governance Office - Field	8.00	-	-	8.00
1104	Governance Office - Admin	6.00	-	-	6.00
1112	State Road Maintenance - Field	17.00	-	-	17.00
1129	Office of Equal Opportunity and Workforce Services	4.00	-	-	4.00
1130	Office of Equal Opportunity and Workforce Services	7.00	-	-	7.00
1136	State Road Maintenance - Field	3.00	-	-	3.00
1186	Structure Management	4.00	-	-	4.00
1201	Division 1 - Right of Way Administration	1.00	-	-	1.00
1202	Division 2 - Right of Way Administration	1.00	-	-	1.00
1203	Division 3 - Right of Way Administration	1.00	-	-	1.00
1204	Division 4 - Right of Way Administration	1.00	-	-	1.00
1205	Division 5 - Right of Way Administration	1.00	-	-	1.00
1206	Division 6 - Right of Way Administration	1.00	-	-	1.00
1207	Division 7 - Right of Way Administration	1.00	-	-	1.00
1208	Division 8 - Right of Way Administration	1.00	-	-	1.00
1209	Division 9 - Right of Way Administration	2.00	-	-	2.00
1210	Division 10 - Right of Way Administration	1.00	-	-	1.00
1211	Division 11 - Right of Way Administration	1.00	-	-	1.00
1212	Division 12 - Right of Way Administration	1.00	-	-	1.00
1213	Division 13 - Right of Way Administration	1.00	-	-	1.00

Summary of Highway Fund Total Requirement FTE
Fiscal Year 2016-17
2016 Legislative Session

Department of Transportation						
Budget Code 84210		<u>Enacted</u>	<u>Legislative Changes</u>		<u>Revised</u>	
<u>Fund Code</u>	<u>Fund Name</u>	<u>Total Requirements</u>	<u>Net Appropriation</u>	<u>Receipts</u>	<u>Total Requirements</u>	
1214	Division 14 - Right of Way Administration	1.00	-	-	1.00	
1255	Performance Metrics Management	2.00	-	-	2.00	
1256	Program Development - Administration	16.00	-	-	16.00	
1258	Program Development - Field	14.00	-	-	14.00	
7011	Inspector General	25.00	-	-	25.00	
7015	Human Resources	56.00	-	-	56.00	
7020	Financial	111.00	-	1.00	112.00	
7025	Information Technology	124.00	-	-	124.00	
7030	Facilities Management and Support Services	48.00	-	-	48.00	
7040	Ferry Administration	13.00	-	-	13.00	
7050	DMV - Commissioner's Office	123.00	-	-	123.00	
7055	Vehicle Registration	414.00	-	44.00	458.00	
7060	License and Theft Bureau	147.00	-	-	147.00	
7070	Transportation Planning Program	3.00	-	-	3.00	
7080	Division 1	18.00	-	-	18.00	
7085	Division 2	19.00	-	-	19.00	
7090	Division 3	19.00	-	-	19.00	
7095	Division 4	17.00	-	-	17.00	
7100	Division 5	20.00	-	-	20.00	
7105	Division 6	19.00	-	-	19.00	
7110	Division 7	20.00	-	-	20.00	
7115	Division 8	17.00	-	-	17.00	
7120	Division 9	18.00	-	-	18.00	
7125	Division 10	24.00	-	-	24.00	
7130	Division 11	14.00	-	-	14.00	
7135	Division 12	16.00	-	-	16.00	
7140	Division 13	14.00	-	-	14.00	
7145	Division 14	19.00	-	-	19.00	
7150	Preconstruction Design Administration	14.00	-	-	14.00	
7153	Technical Services - Administration	49.00	-	-	49.00	
7175	Field Operations Support	10.00	-	-	10.00	
7176	State Asset Management	18.00	-	-	18.00	
7185	Safety	15.00	-	-	15.00	
7190	Right of Way - Administration	30.00	-	-	30.00	
7200	01 Field	420.00	-	-	420.00	
7235	02 Field	381.00	-	-	381.00	
7265	03 Field	376.00	-	-	376.00	
7295	04 Field	398.00	-	-	398.00	
7325	05 Field	450.00	-	-	450.00	
7355	06 Field	374.00	-	-	374.00	
7385	07 Field	339.00	-	-	339.00	
7415	08 Field	383.00	-	-	383.00	
7445	09 Field	313.00	-	-	313.00	
7470	10 Field	361.00	-	-	361.00	
7500	11 Field	469.00	-	-	469.00	
7530	12 Field	336.00	-	-	336.00	
7555	13 Field	387.00	-	-	387.00	
7580	14 Field	441.00	-	-	441.00	
7610	IT - Field	131.00	-	-	131.00	
7615	Ferry	452.00	-	-	452.00	
7620	Facilities Management and Operations Support	9.00	-	-	9.00	
7625	Preconstruction Design - Field	262.00	-	-	262.00	
7626	Technical Services - Field	282.00	-	-	282.00	
7627	Structure Management - Field	196.00	-	-	196.00	
7671	Traffic Mobility and Safety	165.00	-	-	165.00	
7675	Right of Way - Field	63.00	-	-	63.00	

Summary of Highway Fund Total Requirement FTE
Fiscal Year 2016-17
2016 Legislative Session

Department of Transportation					
Budget Code 84210		<u>Enacted</u>	<u>Legislative Changes</u>		<u>Revised</u>
Fund Code	Fund Name	Total Requirements	Net Appropriation	Receipts	Total Requirements
7685	Transportation Planning Program - Field	109.00	-	-	109.00
7690	IT Group	66.00	-	-	66.00
7695	PDEA - Field	121.00	-	-	121.00
7700	Construction and Maintenance - Field	1,097.00	-	-	1,097.00
7705	Grants - Field	71.00	-	-	71.00
7710	Equipment and Inventory Unit	933.00	-	-	933.00
Total FTE		12,350.00	-	45.00	12,395.00

Highway Fund

HIGHWAY FUND

Total Budget Enacted 2015 Session

FY 16-17
\$1,989,601,149

Legislative Changes

Administration

- 1 Tag and Tax Together Program
Fund Code: 7020

Continues funding for a time-limited accountant position to support the Tag and Tax Together Program, increasing budgeted receipts by \$78,616 from the administrative fee authorized in G.S. 105-330.5(b).

Construction

- 2 Small Urban Construction \$2,500,000 R
Fund Code: 7837

Continues funding for the Small Urban Construction Fund. The revised net appropriation for Small Urban Construction is \$2,500,000 in FY 2016-17.

Division of Motor Vehicles

- 3 Military Commercial Driver License Training \$258,885 R
Fund Code: 0049

Provides funding to continue a training initiative to assist military personnel in obtaining a Commercial Driver License (CDL). The revised net appropriation for this initiative is \$258,885 in FY 2016-17.

- 4 DMV Modernization Promotion \$500,000 NR
Fund Code: 7050

Increases funding for advertising/marketing by \$500,000 nonrecurring for a multi-channel public outreach campaign to promote DMV modernization initiatives and the availability of online services. The revised net appropriation for advertising/marketing is \$561,600 in FY 2016-17.

- 5 Driver License Examiner Staff Augmentation \$2,901,656 R
Fund Code: 0049

Provides funding for contracted driver license examiners to augment existing staffing and implement a 60-hour business week model in Districts 3 and 6. The revised net appropriation for professional fees is \$3,294,841 in FY 2016-17.

**Department of Transportation
Budget Code 84290**

Highway Trust Fund Budget

FY 2016-17

Enacted Budget

Requirements	\$1,339,235,000
Receipts	\$0
<hr/>	
Net Appropriation	\$1,339,235,000

Legislative Changes

Requirements	\$32,045,000
Receipts	\$0
<hr/>	
Net Appropriation	\$32,045,000

Revised Budget

Requirements	\$1,371,280,000
Receipts	\$0
<hr/>	
Net Appropriation	\$1,371,280,000

Highway Trust Fund FTE

Enacted Budget	0.00
Legislative Changes	0.00
<hr/>	
Revised Budget	0.00

**Summary of Highway Trust Fund Appropriations
Fiscal Year 2016-17
2016 Legislative Session**

Department of Transportation Budget Code 84290		Enacted Budget			Legislative Changes			Revised Budget		
Fund Code	Fund Name	Requirements	Receipts	Net Appropriation	Requirements	Receipts	Net Appropriation	Requirements	Receipts	Net Appropriation
6002	Program Administration	35,064,813	-	35,064,813	-	-	-	35,064,813	-	35,064,813
6005	Bond Redemption	51,785,964	-	51,785,964	-	-	-	51,785,964	-	51,785,964
6006	Bond Interest	9,226,265	-	9,226,265	-	-	-	9,226,265	-	9,226,265
6008	Turnpike Authority	49,000,000	-	49,000,000	-	-	-	49,000,000	-	49,000,000
6012	Transfer to Visitor Center	400,000	-	400,000	-	-	-	400,000	-	400,000
9075	Strategic Prioritization	1,193,757,958	-	1,193,757,958	32,045,000	-	32,045,000	1,225,802,958	-	1,225,802,958
Total		\$1,339,235,000	\$0	\$1,339,235,000	\$32,045,000	\$0	\$32,045,000	\$1,371,280,000	\$0	\$1,371,280,000

Highway Trust Fund

HIGHWAY TRUST FUND

	FY 16-17
Total Budget Enacted 2015 Session	\$1,339,235,000

Legislative Changes

Construction

23 Strategic Transportation Investments	\$32,045,000	R
Fund Code: 9075		

Modifies funding to the Strategic Transportation Investments Program. The revised net appropriation is \$1,225,802,958 in FY 2016-17.

Revenue Availability

24 Certificate of Title Fees
Fund Code: N/A

Eliminates the transfer of \$0.50 of the fee collected per certificate of title transaction to the Mercury Switch Removal Account in the Department of Environmental Quality, increasing Highway Trust Fund revenue by \$1.2 million.

Total Legislative Changes	\$32,045,000	R
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Total Position Changes

Revised Budget	\$1,371,280,000
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**Reserves,
Debt Service,
and Other
Adjustments
Section L**

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**Statewide Reserves
Budget Code Multiple**

General Fund Budget

FY 2016-17

Enacted Budget

Requirements	\$1,129,696,961
Receipts	\$0
<hr/>	
Net Appropriation	\$1,129,696,961

Legislative Changes

Requirements	(\$11,433,757)
Receipts	\$0
<hr/>	
Net Appropriation	(\$11,433,757)

Revised Budget

Requirements	\$1,118,263,204
Receipts	\$0
<hr/>	
Net Appropriation	\$1,118,263,204

General Fund FTE

Enacted Budget	0.00
Legislative Changes	0.00
<hr/>	
Revised Budget	0.00

**Summary of General Fund Appropriations
Fiscal Year 2016-17
2016 Legislative Session**

Statewide Reserves		Enacted Budget			Legislative Changes			Revised Budget		
Budget Code Multiple		Requirements	Receipts	Net Appropriation	Requirements	Receipts	Net Appropriation	Requirements	Receipts	Net Appropriation
Budget Code	Budget Name	Requirements	Receipts	Net Appropriation	Requirements	Receipts	Net Appropriation	Requirements	Receipts	Net Appropriation
N/A	Lottery Reserve	-	-	-	50,000,000	-	50,000,000	50,000,000	-	50,000,000
N/A	Mental Health Task Force Reserve	-	-	-	10,000,000	-	10,000,000	10,000,000	-	10,000,000
19001	Contingency and Emergency	5,000,000	-	5,000,000	-	-	-	5,000,000	-	5,000,000
19003	Compensation Increase Reserve	-	-	-	78,533,800	-	78,533,800	78,533,800	-	78,533,800
19004	Salary Adjustment Fund	25,000,000	-	25,000,000	-	-	-	25,000,000	-	25,000,000
19005	OSHR Minimum Market Adjustments	12,000,000	-	12,000,000	(7,000,000)	-	(7,000,000)	5,000,000	-	5,000,000
19013	Job Development Grant Fund (JDIG)	71,728,126	-	71,728,126	(10,000,000)	-	(10,000,000)	61,728,126	-	61,728,126
19044	Information Technology Fund & Reserve	43,002,697	-	43,002,697	(43,002,697)	-	(43,002,697)	-	-	-
19048	Workers Compensation Reserve	21,500,543	-	21,500,543	-	-	-	21,500,543	-	21,500,543
19063	One North Carolina Fund	9,000,000	-	9,000,000	(417,883)	-	(417,883)	8,582,117	-	8,582,117
19068	Pending Legislation	-	-	-	200,000	-	200,000	200,000	-	200,000
19064	Reserve for Future Benefit Needs	71,000,000	-	71,000,000	-	-	-	71,000,000	-	71,000,000
19080	UNC System Enrollment Growth Reserve	31,000,000	-	31,000,000	(31,000,000)	-	(31,000,000)	-	-	-
19081	Public Schools ADM	107,000,000	-	107,000,000	(107,000,000)	-	(107,000,000)	-	-	-
19082	Film and Entertainment Grant Fund	30,000,000	-	30,000,000	-	-	-	30,000,000	-	30,000,000
19930	State Emergency & Disaster Relief Fund	-	-	-	10,000,000	-	10,000,000	10,000,000	-	10,000,000
19420	Debt Service - General Fund	701,849,215	-	701,849,215	1,253,023	-	1,253,023	703,102,238	-	703,102,238
19425	Debt Service - Federal	1,616,380	-	1,616,380	37,000,000	-	37,000,000	38,616,380	-	38,616,380
Total		1,129,696,961	-	1,129,696,961	(11,433,757)	-	(11,433,757)	1,118,263,204	-	1,118,263,204

**Summary of General Fund Total Requirement FTE
Fiscal Year 2016-17
2016 Legislative Session**

Statewide Reserves					
Budget Code Multiple		Enacted	Legislative Changes		Revised
Budget Code	Budget Name	Total Requirements	Net Appropriation	Receipts	Total Requirements
N/A	Lottery Reserve	-	-	-	-
19001	Contingency and Emergency	-	-	-	-
19003	Compensation Increase Reserve	-	-	-	-
19004	Salary Adjustment Fund	-	-	-	-
19005	OSHR Minimum Market Adjustments	-	-	-	-
19013	Job Development Grant Fund (JDIG)	-	-	-	-
19044	Information Technology Fund & Reserve	-	-	-	-
19048	Workers Compensation Reserve	-	-	-	-
19063	One North Carolina Fund	-	-	-	-
19068	Pending Legislation	-	-	-	-
19064	Reserve for Future Benefit Needs	-	-	-	-
19080	UNC System Enrollment Growth Reserve	-	-	-	-
19081	Public Schools ADM	-	-	-	-
19082	Film and Entertainment Grant Fund	-	-	-	-
19930	State Emergency & Disaster Relief Fund	-	-	-	-
19420	Debt Service - General Fund	-	-	-	-
19425	Debt Service - Federal	-	-	-	-
Total		-	-	-	-

Statewide Reserves

GENERAL FUND

Total Budget Enacted 2015 Session

FY 16-17

\$1,129,696,961

Legislative Changes

A. Base Budget Adjustments

- 1 **Public Schools Average Daily Membership (ADM)** (\$107,000,000) R
Budget Code: 19081

Eliminates the ADM Reserve. Funding for increased ADM in FY 2016-17 is provided in the Department of Public Instruction budget in the Education section of the Committee Report. The revised net appropriation for the Public Schools ADM Reserve is \$0 for FY 2016-17.

- 2 **University of North Carolina (UNC) System Enrollment Growth Reserve** (\$31,000,000) R
Budget Code: 19080

Eliminates the UNC System Enrollment Growth Reserve. Funding for projected enrollment growth is provided in the UNC System budget in the Education section of the Committee Report. The revised net appropriation for the UNC System Enrollment Growth Reserve is \$0 for FY 2016-17.

B. Employee Salaries and Benefits

- 3 **Compensation Increase Reserve - Executive Branch** \$31,000,000 R
Budget Code: 19003 \$46,000,000 NR

Provides \$31 million for salary increases and \$46 million for one-time merit-based bonuses for State employees. The Office of State Human Resources shall develop policies for the allocation of these salary increases and merit-based bonuses. Merit-based bonuses provided by employing agencies shall not be considered compensation for retirement purposes. Corresponding special provisions provide additional details on these compensation adjustments.

For all net appropriation supported State-funded positions, across all sections of the Committee Report, the approximate revised net appropriation for salaries is \$11.4 billion, an increase of nearly \$394 million in FY 2016-17.

4 Compensation Increase Reserve - State Agency Teachers

\$1,533,800 R

Budget Code: 19003

Funds salary increases for State agency teachers within the Departments of Health and Human Services, Public Instruction, Public Safety, and the North Carolina School of Science and Math that are paid in accordance with the Statewide teacher salary schedule. Also funds an experience-based step increase for educators earning a year of creditable experience. Together, these increases provide, on average, a 6.5% increase for educators.

The changes to the teacher salary schedule provide annual salary increases for educators earning a year of creditable service for the first 15 years of experience. The salary schedule retains the tier-based system for educators with 16 or more years of creditable service. A corresponding special provision provides additional details on the changes to the teacher salary schedule.

For all net appropriation supported State-funded positions, across all sections of the Committee Report, the approximate revised net appropriation for salaries is \$11.4 billion, an increase of nearly \$394 million in FY 2016-17.

5 Minimum of Market Reserve

(\$7,000,000) NR

Budget Code: 19005

Reduces the Minimum of Market reserve to reflect an implementation date of February 2017. The revised net appropriation for Minimum of Market funding is \$5 million in FY 2016-17.

C. Other Reserves**6 Mental Health Task Force Reserve**

\$10,000,000 NR

Budget Code: N/A

Provides a reserve in anticipation of legislation pending the results of the Governor's Task Force on Mental Health and Substance Use. The revised net appropriation for the Reserve is \$10 million.

7 Lottery Reserve

\$50,000,000 NR

Budget Code: N/A

Provides funds to the Lottery Reserve to be used for school construction needs pending the outcome of the study in Sec. 25.1. The revised net appropriation for the Lottery Reserve from this action is \$50 million.

8 Pending Legislation

\$200,000 NR

Budget Code: 19068

Provides funds for pending legislation such as S.B. 124, Modernize Assumed Business Name Statutes. The revised net appropriation for the Pending Legislation Reserve is \$200,000.

Senate Committee on Appropriations/Base Budget

FY 16-17

9 State Emergency Response and Disaster Relief Fund

Budget Code: 19930

\$10,000,000 NR

Provides funds for emergencies and disasters as specified in G.S. 166A-19.42. The revised net appropriation for the State Emergency Response and Disaster Relief Fund in FY 2016-17 is \$10 million.

10 Job Development Incentive Grants (JDIG) Reserve

Budget Code: 19013

(\$10,000,000) NR

Adjusts funding in the JDIG Reserve to reflect projected spending needs based on anticipated payouts of awarded grants. The revised net appropriation for JDIG in FY 2016-17 is \$61,728,126.

11 One North Carolina Fund

Budget Code: 19063

(\$417,883) NR

Adjusts funding to reflect projected spending needs based on anticipated performance of grantees. The revised net appropriation for the One North Carolina Fund in FY 2016-17 is \$8,582,117.

12 Information Technology (IT) Fund Transfer

Budget Code: 19044

(\$21,681,854) R

Eliminates the IT Fund and transfers the funds traditionally appropriated to the IT Fund to the Department of Information Technology's (DIT) General Fund budget code 14660. The revised net appropriation for the IT Fund in Statewide Reserves in FY 2016-17 is \$0.

13 Information Technology (IT) Reserve Transfer

Budget Code: 19044

(\$21,320,843) R

Eliminates the IT Reserve and transfers the funds traditionally appropriated to the IT Reserve to the DIT General Fund budget code 14660. The revised net appropriation for the IT Fund previously budgeted in Statewide Reserves is \$0 for FY 2016-17.

D. Debt Service

14 Federal Reimbursement Adjustment

Budget Code: 19425

\$37,000,000 NR

Provides funds to repay in its entirety the debt owed to the federal government for the Wilmington Harbor Navigation 96 Act Project. The revised net appropriation for this debt in FY 2016-17 is \$37 million.

15 Debt Service Adjustment

Budget Code: 19420

\$1,253,023 R

Increases General Fund debt service funding to pay increased costs anticipated for the Connect NC bond. The revised net appropriation for debt service in FY 2016-17 is \$703,102,238.

Total Legislative Changes

(\$147,215,874) R

\$135,782,117 NR

Total Position Changes

Revised Budget

\$1,118,263,204

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Capital Section M

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**General Fund Supported Capital Improvements
Budget Code 19600**

Capital Fund Budget

FY 2016-17

Enacted Budget

Requirements	\$12,175,000
Receipts	\$6,087,500
<hr/> Net Appropriation	<hr/> \$6,087,500

Legislative Changes

Requirements	\$136,679,182
Receipts	\$53,552,000
<hr/> Net Appropriation	<hr/> \$83,127,182

Revised Budget

Requirements	\$148,854,182
Receipts	\$59,639,500
<hr/> Net Appropriation	<hr/> \$89,214,682

Capital Fund FTE

Enacted Budget	0.00
Legislative Changes	0.00
<hr/> Revised Budget	<hr/> 0.00

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**Department of Information Technology
Budget Code 14660**

General Fund Budget

	<u>FY 2016-17</u>
Enacted Budget	
Requirements	\$0
Receipts	\$0
Net Appropriation	\$0
 Legislative Changes	
Requirements	\$43,031,353
Receipts	\$0
Net Appropriation	\$43,031,353
 Revised Budget	
Requirements	\$43,031,353
Receipts	\$0
Net Appropriation	\$43,031,353

General Fund FTE

Enacted Budget	0.00
Legislative Changes	92.75
Revised Budget	92.75

IT/IT Reserve Fund

Budget Code: 24667

FY 2016-17

Beginning Unreserved Fund Balance	\$32,128,653
Recommended Budget	
Requirements	\$43,002,697
Receipts	\$43,002,697
Positions	118.75

Legislative Changes

Requirements:

IT Fund Budget Transfer	(\$21,681,854) R
Eliminates the special fund budget for the IT Fund. The IT Fund budget will be itemized in 14660, DIT's General Fund budget code.	\$0 NR
	-95.75
IT Reserve Budget Adjustment	(\$757,739) R
Adjusts the IT Reserve budget to reflect changes in net appropriations made to the IT Reserve in budget code 14660. The revised net appropriation for the IT Reserve that will be transferred to the 24667 special fund is \$20,063,104.	(\$500,000) NR
	-1.50
Rate and Subscription Fee Credit	\$0 R
Uses \$7 million of the DIT's cash balance to provide credits to certain State agencies associated with increased charges resulting from telephone and computer rate increases and subscription fee increases in FY 2015-16. A corresponding special provision provides additional information on the credit and affected State agencies.	\$7,047,237 NR
	0.00
SAS Memex Data Analysis Tool	\$0 R
Provides nonrecurring funds for the SBI's fusion center access to SAS's Memex data analysis and case management tool.	\$100,000 NR
	0.00
Security Risk Management Tool	\$0 R
Provides \$400,000 from DIT's cash balance to fund non-recurring needs associated with the development of an enterprise security risk management tool.	\$400,000 NR
	0.00

FY 2016-17

Enterprise Resource Planning (ERP) System Planning and Design

\$0 R

Authorizes DIT to use \$500,000 of existing cash balance to begin the planning of an ERP system. With these funds, DIT, in coordination with other State agencies, will begin a review of business processes to understand the State's ERP needs.

\$500,000 NR

0.00

Subtotal Legislative Changes

(\$22,439,593) R

\$7,547,237 NR

-97.25

Receipts:

IT Fund Budget Transfer

(\$21,681,854) R

Eliminates the special fund budget for the IT Fund. The IT Fund budget will be itemized in 14660, DIT's General Fund budget code.

\$0 NR

IT Reserve Budget Adjustment

(\$757,739) R

Adjusts the IT Reserve budget to reflect changes in net appropriations made to the IT Reserve in budget code 14660. The revised net appropriation for the IT Reserve that will be transferred to the 24667 special fund is \$20,063,104.

(\$500,000) NR

Subtotal Legislative Changes

(\$22,439,593) R

(\$500,000) NR

Revised Total Requirements

\$28,110,341

Revised Total Receipts

\$20,063,104

Change in Fund Balance

(\$8,047,237)

Total Positions

21.50

Ending Unreserved Fund Balance

\$24,081,416



1
2



3
4



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. Amendments that adjust funds from the "Compensation Increase Reserve" or "State Retirement Contributions" money items are not allowed.
 9. Since this is a meeting of Full Appropriations, amendments that address finance portions of the bill will not be heard.
 10. Amendments must be in writing, the original signed, with 100 copies available for distribution.
 11. To be considered, a proposed amendment must have been logged in by the committee clerk in room 643 by 10:30 a.m. on Wednesday, June 1, 2016.
-



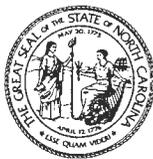
AMENDMENT LOG: HB 1030
SENATE APPROPRIATIONS BASE BUDGET COMMITTEE

Date: June 1, 2016

Deadline: 9:00AM-10:30AM

#	TIME	DRAFT NUMBER	SPONSOR	SHORT TITLE
1	10:08	AMH-85 [v.1]	BROWN	Amend bill on page 82, line 9
2	10:25	AMR-56 [v.3]	J. Davis	Improve Budgeting Transparency of Office of State Treasurer
3	10:27	AMC-150 [v.1]	BROWN	Amend bill on page 19, line 22
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				





NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
House Bill 1030

H1030-AML-85 [v.1]

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

Page 1 of 1

Amends Title [NO]
PCS

Date _____, 2016

Senator Brown

- 1 Moves to amend the bill on page 82, line 9, by deleting "(a)" and substituting "(b)".

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____



* H 1 0 3 0 - A M L - 8 5 - V - 1 *

10:08





NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
House Bill 1030

H1030-AMC-150 [v.1]

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

Page 1 of 1

Amends Title [NO]
H1030-PCS40636-MCxf-18

Date _____, 2016

Senator Brown

1 moves to amend the bill on page on page 19, line 22, by inserting before "with" the word "duties";
2
3 and on page 19, line 18, by deleting the space before "Center".

SIGNED [Signature]
Amendment Sponsor

SIGNED [Signature]
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____



* H 1 0 3 0 - A M C - 1 5 0 - V - 1 *

10:26
3





NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
House Bill 1030

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

H1030-AMR-56 [v.3]

Page 1 of 2

Amends Title [NO]
H1030-PCS40636-MDxf-18

Date _____, 2016

Senator J. Davis

1 moves to amend the PCS on page 135 by deleting Section 27.1 on lines 15 through lines 38;
2
3 and on page 135, lines 10-11, by inserting the following new section to read:

4
5 **"IMPROVE BUDGETING TRANSPARENCY/OFFICE OF STATE TREASURER**

6 **SECTION 25.2.(a)** There is established the Joint Legislative Study Committee on
7 Office of State Treasurer Funding and Budgeting (Committee). The Committee shall consist of
8 two members of the Senate appointed by the President Pro Tempore of the Senate, two members
9 of the House of Representatives appointed by the Speaker of the House of Representatives, the
10 Director of the Office of State Budget and Management or his or her designee, and the State
11 Treasurer or his or her designee. The President Pro Tempore and the Speaker of the House of
12 Representatives shall each appoint a cochair of the Committee from among its membership.
13 Members shall serve at the pleasure of the appointing officer.

14 **SECTION 25.2.(b)** The Committee shall study the feasibility of converting the
15 following Funds within Budget Code 13410, Department of the State Treasurer, from
16 receipt-supported to General Fund-supported: 1110 General Administration, 1130 Escheat Fund,
17 1150 Information Services, 1210 Investment Management Division, 1310 Local Government,
18 1410 Retirement Operations Division Fund, and 1510 Financial Operations Division. The
19 Committee shall develop a proposed plan and schedule to adjust the Base Budget as follows:

- 20 (1) Show that receipts from the Funds listed in this subsection are used to offset
21 General Fund appropriations.
22 (2) Reflect that receipts generated from the Investment Management Division, the
23 Escheat Fund, and the Local Government Operations Division Fund and any
24 interest earnings be deposited as nontax revenue.
25 (3) Eliminate all transfers used to pay for administration in Funds 1110, 1150, and
26 1510 from Funds 1130, 1210, 1310, and 1410.
27 (4) Identify any amendments to current law needed to implement the proposed
28 plan.
29 (5) Require the Department of the State Treasurer's expenditures be recorded in the
30 North Carolina Accounting System in the appropriate budget code, fund code,
31 and account code and not be charged directly to the Investment Asset Classes.
32



* H 1 0 3 0 - A M R - 5 6 - V - 3 *

**NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
House Bill 1030**

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

H1030-AMR-56 [v.3]

Page 2 of 2

1 **SECTION 25.2.(c)** The Committee shall meet upon the call of its cochaurs. A quorum
2 of the Committee is a majority of its members. No action may be taken except by a majority vote
3 at a meeting at which a quorum is present. The Committee, while in the discharge of its official
4 duties, may exercise all powers provided for under G.S. 120-19 and Article 5A of Chapter 120 of
5 the General Statutes. The Committee may contract for professional, clerical, or consultant
6 services, as provided by G.S. 120-32.02. Members of the Committee shall receive per diem,
7 subsistence, and travel allowance as provided in G.S. 120-3.1. The expenses of the Committee
8 shall be considered expenses incurred for the joint operation of the General Assembly.

9 **SECTION 25.2.(d)** The Legislative Services Officer shall assign professional and
10 clerical staff to assist the Committee in its work. The Director of Legislative Assistants of the
11 House of Representatives and the Director of Legislative Assistants of the Senate shall assign
12 clerical support staff to the Committee.

13 **SECTION 25.2.(e)** The Committee shall submit a final report on the results of its
14 study, including any proposed legislation, to the Joint Legislative Oversight Committee on
15 General Government on or before December 1, 2016. The Committee shall terminate on
16 December 31, 2016, or upon the filing of its final report, whichever occurs first. The Office of
17 State Budget and Management (OSBM) shall not make any changes to the presentation of the
18 Treasurer's budget until the General Assembly enacts legislation directing OSBM to make
19 changes.”.

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

withdrawn

VISITOR REGISTRATION SHEET

SENATE APPROPRIATIONS/BASE BUDGET

June 1, 2016

Name of Committee

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

Sarah Jacobson	American Heart Association
Math Gross	NC PC
NICHOLE KAKIM	NAMI NC
Sherry & Andrew	DHHS
Lamara Pfister	CHS NC
Rod Davis	DHHS
Chris Wall	PG
Jonathan Yeomans	OSBM
Kevin Rich	OSBM
LACY PATE	DMVA
Jaime King Fogarty	NCEL



VISITOR REGISTRATION SHEET

SENATE APPROPRIATIONS/BASE BUDGET

June 1, 2016

Name of Committee

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

Hayden Baugness	FSP
J.W. JOVNER	NEW FRAME
Ann Rodriguez	NC Council of Comm. Programs
Paulel Beali	NCDPI
Mia Bailey	Electricity
Johnny Tillet	MWC
Johnny W...	Mise
R Rogers	NCRGEA
Pam Deardorff	NCRSP
Beth Doster	UNC Charlotte
SSA	NISU



VISITOR REGISTRATION SHEET

SENATE APPROPRIATIONS/BASE BUDGET

June 1, 2016

Name of Committee

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

Jul Wilder	Earth Seal Corp
Josh Solheim	WFSOM - NAPP
DANIEL JORDAN	WCAFA
Kris Nordstrom	NCJK
Rebecca Eskola	LESA
Bre Hager	NCEL
Teri Riddle	NCEL
Pierce Copening	Gov't office
Madeline Hurley	Ward and Smith, PA
Donna Horth	TSS
Morgan Gramann	NC Alliance for Health



VISITOR REGISTRATION SHEET

SENATE APPROPRIATIONS/BASE BUDGET

June 1, 2016

Name of Committee

Date

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NAME

FIRM OR AGENCY AND ADDRESS

Scott Laster	SSGNC
Sarah McQuillan	SSATJC
Meghan Cook	NCDIT
Martina Jenkins	NC DNCR
John Burch	NC SEC/DOJ
Chris Aguer	NC DOT
NELS ROSELAND	NC DOS
Audy Brandon	NC DPS
STARLET JOHNSON	NC AH
Reg Derr	Conf of DAs
Kimberly Robb	Pitt County DA



VISITOR REGISTRATION SHEET

SENATE APPROPRIATIONS/BASE BUDGET

June 1, 2016

Name of Committee

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Mom BRADWICK	STATE HEALTH PLAN
Sam WARR	NC Dept of Social Services
Mary Shuping	NCCCS
Mildred Spearman	NCAOC
Marsha Overby	NC SHP
Bill Grey	NC SHP
Jake Sipe	NCFPC
Edgar Starny	OST
Solori	OST
Dale Gribbin	Ltr ofc of NHC
Robb Jansen	State Bd. of Ed.



VISITOR REGISTRATION SHEET

SENATE APPROPRIATIONS/BASE BUDGET

June 1, 2016

Name of Committee

Date

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NAME

FIRM OR AGENCY AND ADDRESS

TRAY COLWARD	Adet
Ben Agsten	CTNC
DAVID POWERS	WCSR
Mark Lanier	UNCW
Tom West	NCICA
Sue Ann Forrest	NCTOU
Bruce Midworf	NCSBA
Andrea Poole	UNCGA
Lindsay McLollum	UNCGA
Kevin Howell	INCSU
Drew March	UNCG



VISITOR REGISTRATION SHEET

SENATE APPROPRIATIONS/BASE BUDGET

June 1, 2016

Name of Committee

Date

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NAME

FIRM OR AGENCY AND ADDRESS

Lea P. Taekath	HECANE
Ray Riordan	AES CAN
Andy Chase	KMA
Jennifer Mansfield	NCDOT
Susan Bell	NCDOT
Rachel Wilson	NCDOT
Wendy Ann	York Power
Aubrey Temple	Self
Sarah Baker	Zulawski ASSOCIATES
Alex Holbrook	NCDOT
Christy Z	NCAHID



VISITOR REGISTRATION SHEET

SENATE APPROPRIATIONS/BASE BUDGET

June 1, 2016

Name of Committee

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

TJ Bugbee	NP
Paul Bon	Bon Asso,
Allen HARDISON	NC SWAATA
Doug L...	NCITA
Tim Martin	NC HBA
Katherine Joyce	NCASA
Adam Pidemore	NCASA
Mark Ezzell	ADW/C
Emily Dolph	NC PAPA
Dana Harv	NC DTSEA
Emman	Duke Emman



VISITOR REGISTRATION SHEET

SENATE APPROPRIATIONS/BASE BUDGET

June 1, 2016

Name of Committee

Date

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NAME

FIRM OR AGENCY AND ADDRESS

Kara Weishaar	SA
Paul Sherman	NCFB
Catherine Harward	NCFB
Angy Elle	INCRUM
Elizabeth Brown	NCFB
Marghan Lewis	NCC
Daniel VanLiere	VOANT
Ryan Blackledge	Com Health
Heather Englehart	Benchmark Inc
Nelson Freeman	DOR
Rehelle Sparks	CFSH



VISITOR REGISTRATION SHEET

SENATE APPROPRIATIONS/BASE BUDGET

June 1, 2016

Name of Committee

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

NAME	FIRM OR AGENCY AND ADDRESS
John Rustie	NCFPC
SOAN Cooper	CCS
Peter Danifi	CCS
JACKSON STANIL	CCS
CADY THOMAS	FOWS
Isabel Villa-Garcia	NLAR
Katy Kingsbury	BP
MIKE McARTHUR	ADMIN. OFFICE OF THE COURTS CSC
Jim Mixson	Clerk of Superior Court Fredell Co AOC
Barbara Moore	NLAR
Louisa C. Suggs	AOC - Martin Co. Clerk



VISITOR REGISTRATION SHEET

SENATE APPROPRIATIONS/BASE BUDGET

June 1, 2016

Name of Committee

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

Rob Schiller	NC Symphony
Heather Horton	NC Dept of Commerce
Ashley Jones	" " " " "
Chris Broughton	MVC
Margaret Duke	ORHP / DMVA
Chris Jones	Governors office
Ryan Bayce	NCDOT
Stan Williams	NCS
Carl Gilmore	NCS
JOE LANIER	TSS
Vicki Boyer	Schools On Parkland-Desorme



VISITOR REGISTRATION SHEET

SENATE APPROPRIATIONS/BASE BUDGET

June 1, 2016

Name of Committee

Date

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NAME

FIRM OR AGENCY AND ADDRESS

Joy Hides	NCDACCS
Aaron Oxenline	NCDACCS
Allison Pitts	NCDACCS
Mark D... ..	RM
Shy Parker	Reckinson Law
BERRY JENKIN	CAROLINA AGE
Rian Mewald	WM
Jayce Peters	CSS
Tammy	MWH
Cameron Hanly	MWH
Harry Progal	McGrady





**Senate Committee on Appropriations/Base Budget
Friday, June 24, 2016 at 1:30 PM
Room 643 of the Legislative Office Building**

MINUTES

The Senate Committee on Appropriations/Base Budget met at 1:30 PM on June 24, 2016 in Room 643 of the Legislative Office Building. Fourteen members were present.

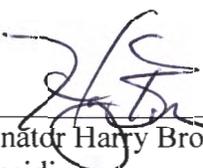
Senator Harry Brown, Chair, presided.

Senator Brown called the meeting to order at 1:34 PM and recognized the Sergeant-at-Arms staff: Becky Myrick, Matt Urben, Steve Wilson, and Senate Pages.

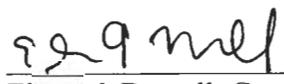
Senator Brown then recognized Senator Norman Sanderson to present **HB 100 Local Government Immigration Compliance. (Representative Cleveland)**. Senator Sanderson asked that Mr. Ben Stanley, Committee Counsel, walk through the appropriations portions of the bill.

After some discussion, Senator Jerry Tillman moved for a favorable report on the bill. The motion carried.

The meeting adjourned at 2:14 PM.



Senator Harry Brown, Chair
Presiding



Elise McDowell, Committee Clerk

Attachments (7)

- 1. Committee Notice
- 2. Agenda
- 3. Committee Report
- ~~4. Minutes~~
- 5. HB 100
- 6. HB 100 Summary
- 7. Visitor Registration



Principal Clerk _____
Reading Clerk _____

SENATE
NOTICE OF COMMITTEE MEETING
AND
BILL SPONSOR NOTICE

The Senate Committee on Appropriations/Base Budget will meet at the following time:

DAY	DATE	TIME	ROOM
Friday	June 24, 2016	1:30 PM	643 LOB

The following will be considered:

BILL NO.	SHORT TITLE	SPONSOR
HB 100	Local Government Immigration Compliance.	Representative Cleveland

Senator Harry Brown, Co-Chair
Senator Kathy Harrington, Co-Chair
Senator Brent Jackson, Co-Chair



**Senate Committee on Appropriations/Base Budget
Friday, June 24, 2016, 1:30 PM
643 Legislative Office Building**

AGENDA

Welcome and Opening Remarks

Introduction of Pages

Bills

BILL NO.	SHORT TITLE	SPONSOR
HB 100	Local Government Immigration Compliance.	Representative Cleveland

Adjournment



NORTH CAROLINA GENERAL ASSEMBLY
SENATE

APPROPRIATIONS/BASE BUDGET COMMITTEE REPORT

Senator Brown, Co-Chair
Senator Harrington, Co-Chair
Senator B. Jackson, Co-Chair

Friday, June 24, 2016

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

FAVORABLE

HB 100 (SCS#2)	Local Government Immigration Compliance.
	Draft Number: None
	Sequential Referral: None
	Recommended Referral: None
	Long Title Amended: No

TOTAL REPORTED: 1

Senator Norman W. Sanderson will handle HB 100



* C M R 7 9 8 - V - 1 *



GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2015

H

5

HOUSE BILL 100
Committee Substitute Favorable 4/28/15
Third Edition Engrossed 4/29/15
Senate Judiciary II Committee Substitute Adopted 6/4/15
Senate Judiciary II Committee Substitute Adopted 6/21/16

Short Title: Local Government Immigration Compliance.

(Public)

Sponsors:

Referred to:

February 24, 2015

1 A BILL TO BE ENTITLED
2 AN ACT TO PROVIDE THAT THE NAMES AND ADDRESSES OF PERSONS
3 REQUESTING TO BE EXCUSED FROM JURY DUTY BASED ON DISQUALIFICATION
4 SHALL BE RETAINED BY THE CLERK OF SUPERIOR COURT FOR NOT LESS THAN
5 TWO YEARS; TO RECODIFY THE STATUTE THAT PROHIBITS THE USE OF
6 CERTAIN FORMS OF IDENTIFICATION BY STATE AND LOCAL OFFICIALS; TO
7 REPEAL A STATUTORY EXCEPTION TO THAT STATUTE; AND TO CREATE
8 ADDITIONAL INCENTIVES FOR LOCAL GOVERNMENTS TO COMPLY WITH
9 STATE LAWS RELATED TO IMMIGRATION.

10 The General Assembly of North Carolina enacts:

11

12 PART I. PROVIDE THAT THE NAMES AND ADDRESSES OF PERSONS
13 REQUESTING TO BE EXCUSED FROM JURY DUTY BASED ON
14 DISQUALIFICATION SHALL BE RETAINED BY THE CLERK OF SUPERIOR COURT
15 FOR NOT LESS THAN TWO YEARS

16 SECTION 1.(a) Article 1 of Chapter 9 of the General Statutes is amended by adding a
17 new section to read:

18 "**§ 9-6.2. Records of excusals from jury duty based on disqualification.**

19 (a) The name and address of each person who requests to be excused from jury duty on the
20 basis that he or she is not qualified to serve as a juror under G.S. 9-3, along with the reason for
21 that request, shall be retained by the clerk of superior court for not less than two years from the
22 date of excusal. The records retained by the clerk are not public records under G.S. 132-1.

23 (b) If a person is excused from jury duty for any reason relating to qualifications under
24 G.S. 163-55, the record of his or her name, address, reason for excusal, and the date of excusal
25 shall be a public record under G.S. 132-1 and shall be provided by the clerk of superior court to
26 the State Board of Elections for the purposes listed in G.S. 163-82.14."

27 SECTION 1.(b) G.S. 9-6(e) reads as rewritten:

28 "(e) The judge shall inform the clerk of superior court of persons excused under this
29 section, and the clerk shall keep a record of excuses separate from the master jury ~~list~~ list in
30 accordance with G.S. 9-6.2."

31 SECTION 1.(c) The Administrative Office of the Courts shall amend the Rules of
32 Recordkeeping to include procedures to implement the provisions of G.S. 9-6.2, as enacted by this
33 section.



* H 1 0 0 - V - 5 *

1
2 **PART II. RECODIFICATION OF STATUTE AND REPEAL OF STATUTORY**
3 **EXCEPTION**

4 **SECTION 2.(a)** G.S. 15A-311 is recodified as G.S. 64-6 under Article 1 of Chapter
5 64 of the General Statutes.

6 **SECTION 2.(b)** G.S. 15A-311, as recodified by subsection (a) of this section, reads as
7 rewritten:

8 **"§ 64-6. ~~Consulate~~ Certain documents not acceptable as identification.**

9 (a) The following documents are not acceptable for use in determining a person's actual
10 identity or residency by a justice, judge, clerk, magistrate, law enforcement officer, or other
11 government official:

12 (1) A matricula consular or other similar document, other than a valid passport,
13 issued by a consulate or embassy of another country.

14 (2) An identity document issued or created by any person, organization, county,
15 city, or other local authority, except where expressly authorized to be used for
16 this purpose by the General Assembly.

17 (b) No local government or law enforcement agency may establish, by policy or ordinance,
18 the acceptability of any of the documents described in subsection (a) of this section as a form of
19 identification to be used to determine the identity or residency of any person. Any local
20 government policy or ordinance that contradicts this section is hereby repealed.

21 ~~(e) Notwithstanding subsection (a) of this section, documents described in subdivision (2)~~
22 ~~of subsection (a) of this section may be used by a law enforcement officer to assist in determining~~
23 ~~the identity or residency of a person when they are the only documents providing an indication of~~
24 ~~identity or residency available to the law enforcement officer at the time."~~

25
26 **PART III. CREATION OF ADDITIONAL INCENTIVES FOR LOCAL GOVERNMENTS**
27 **TO COMPLY WITH STATE LAWS RELATED TO IMMIGRATION**

28 **SECTION 3.(a)** Chapter 64 of the General Statutes is amended by adding a new
29 Article to read:

30 "Article 3.

31 "Local Government Noncompliance with State Laws Related to Immigration.

32 **"§ 64-49. Findings.**

33 The General Assembly finds the following:

34 (1) That the policy objectives it seeks to further by enacting State laws applicable
35 to cities, counties, and law enforcement agencies are frustrated when those
36 entities do not uniformly comply with State law.

37 (2) That Section 7(1) of Article V and other sections of the North Carolina
38 Constitution grant the General Assembly supreme power and complete
39 discretion over the appropriation of State funds.

40 (3) That the General Assembly's power over the appropriation of State funds can be
41 used to create additional incentives for cities, counties, and law enforcement
42 agencies to comply with duly enacted laws.

43 (4) That statutorily setting forth the manner in which the General Assembly elects
44 to exercise its discretion with respect to appropriations provides cities, counties,
45 and law enforcement agencies with a measure of predictability that can be
46 useful to those entities in planning and carrying out their functions and duties.

47 **"§ 64-50. Definitions.**

48 The following definitions apply in this Article:

49 (1) Affected local government. – Any of the following:

50 a. A municipality found to be not in compliance with a State law related to
51 immigration.

1 **b.** A municipality in which a municipal law enforcement agency has been
2 found to be not in compliance with a State law related to immigration.

3 **c.** A county found to be not in compliance with a State law related to
4 immigration.

5 **d.** A county in which a county law enforcement agency has been found to
6 be not in compliance with a State law related to immigration.

7 (2) Law enforcement agency. – A municipal police department, a county police
8 department, or a sheriff's office.

9 (3) State law related to immigration. – G.S. 64-6(b), 153A-145.5, or 160A-205.2.

10 **"§ 64-51. Attorney General to prepare form.**

11 **(a)** Preparation of Form. – The Attorney General shall prescribe a form for a person to
12 allege that a city, county, or law enforcement agency is not in compliance with a State law related
13 to immigration. The form shall clearly state that completed forms shall be sent to the Attorney
14 General and the form shall be made available to the public on the Attorney General's Web site.

15 **(b)** Certain Information Not Required. – A person shall not be required to list the person's
16 Social Security number on the complaint form or to have the form notarized.

17 **"§ 64-52. Filing of statement alleging noncompliance with a State law related to**
18 immigration.

19 Any person with a good-faith belief that a city, county, or law enforcement agency is not in
20 compliance with a State law related to immigration may file a statement with the Attorney General
21 setting forth the basis for that belief. The statement may be on a form prescribed by the Attorney
22 General pursuant to G.S. 64-51 or may be made in any other form that gives the Attorney General
23 information sufficient to proceed with an investigation pursuant to G.S. 64-53. Nothing in this
24 section shall be construed to prohibit the filing of anonymous statements that are not submitted on
25 a prescribed form.

26 **"§ 64-53. Investigation.**

27 **(a)** Investigation. – Within 45 days of receipt of a statement filed in accordance with
28 G.S. 64-52, the Attorney General shall commence an investigation of whether the city, county, or
29 law enforcement agency is in fact not in compliance with a State law related to immigration. The
30 Attorney General shall make a determination and conclude an investigation commenced pursuant
31 to this subsection within 60 days of the investigation's commencement.

32 **(b)** Assistance by Law Enforcement. – The Attorney General may request that the State
33 Bureau of Investigation assist in an investigation under this section, and the State Bureau of
34 Investigation shall assist in the investigation when it receives such a request.

35 **(c)** Production of Documents. – A local government shall produce records or documents
36 related to alleged noncompliance with a State law related to immigration within 10 business days
37 of a request by the Attorney General to do so.

38 **(d)** Confidentiality. – Statements filed with the Attorney General pursuant to G.S. 64-52
39 and reports and other investigative documents and records of the Attorney General connected to an
40 investigation under this section shall be confidential and not matters of public record, except when
41 the local government under investigation requests in writing that these documents be made public.
42 Once an investigation under this section is complete, or once 60 days have elapsed since the
43 investigation was commenced, whichever is earlier, the statement and all other reports and other
44 investigative documents and records of the Attorney General connected to an investigation under
45 this section, not otherwise privileged or confidential under law, shall be public records.

46 **"§ 64-54. Consequences of noncompliance with a State law related to immigration.**

47 **(a)** Consequences of Noncompliance Generally. – If, after an investigation pursuant to
48 G.S. 64-53, the Attorney General determines that a city, county, or law enforcement agency is not
49 in compliance with a State law related to immigration:

50 (1) All affected local governments shall be ineligible to receive distributions under
51 G.S. 115C-546.2 and G.S. 136-41.1 for the fiscal year following the first date of

- 1 noncompliance with the State law related to immigration. If within 60 days of
2 the Attorney General's determination, the city, county, or law enforcement
3 agency fails to demonstrate to the Attorney General's satisfaction that the city,
4 county, or law enforcement agency is in compliance with all State laws related
5 to immigration, the period of ineligibility shall be extended for an additional
6 fiscal year.
- 7 (2) The Attorney General shall notify the following entities of the Attorney
8 General's determination that the city, county, or law enforcement agency is not
9 in compliance with a State law related to immigration and of the duration of the
10 period of ineligibility to receive funds determined pursuant to subdivision (1) of
11 this subsection:
- 12 a. Affected local governments.
13 b. The chairs of the Appropriations Committees of the Senate and House
14 of Representatives.
15 c. The chairs of the Joint Legislative Commission on Governmental
16 Operations.
17 d. The Office of State Budget and Management.
- 18 (3) The Office of State Budget and Management shall notify the Departments of
19 Public Instruction and Transportation and the State Controller of affected local
20 governments' ineligibility to receive the funds described in subdivision (1) of
21 this section. The Departments of Public Instruction and Transportation and the
22 State Controller shall ensure that these funds are not distributed to affected
23 local governments and that they are instead distributed to other local
24 governments that are eligible for distributions pursuant to the relevant statute.
- 25 (b) Consequences of Noncompliance with E-Verify Statutes. – When the Attorney General
26 receives a notification from the Commissioner of Labor pursuant to G.S. 64-33.1(b), the Attorney
27 General, the Office of State Budget and Management, the State Controller, and the Departments of
28 Public Instruction and Transportation shall take all of the actions described in subsection (a) of
29 this section except that those actions shall be taken with respect to only the following entities, as
30 applicable:
- 31 (1) A municipality found by the Commissioner of Labor to have violated
32 G.S. 143-133.3.
33 (2) A municipality in which all or part of a local school administrative unit
34 governed by a local board, as those terms are defined in G.S. 115C-5, found by
35 the Commissioner of Labor to have violated G.S. 143-133.3 is located.
36 (3) A county found by the Commissioner of Labor to have violated G.S. 143-133.3.
37 (4) A county in which all or part of a local school administrative unit governed by a
38 local board, as those terms are defined in G.S. 115C-5, found by the
39 Commissioner of Labor to have violated G.S. 143-133.3 is located.
- 40 (c) Exceptions. – No enactment by the General Assembly shall be construed as an
41 exception to this section unless it specifically mentions this section.
- 42 **"§ 64-55. Attorney General to maintain copies of orders; reporting.**
- 43 (a) Database. – The Attorney General shall maintain a database of the local governments
44 and law enforcement agencies that are ineligible to receive the funds described in G.S. 64-54(a)(1)
45 and shall make the database accessible to the public through the Attorney General's Web site.
- 46 (b) Reporting. – The Attorney General shall report quarterly to the Joint Legislative
47 Commission on Governmental Operations on all of the following:
- 48 (1) The number of statements received by the Attorney General pursuant to
49 G.S. 64-52.
50 (2) The number of investigations performed pursuant to G.S. 64-53.

1 (3) The number of times consequences for noncompliance with a State law related
2 to immigration were imposed pursuant to G.S. 64-54.

3 (4) The names of cities, counties, and law enforcement agencies found not to be in
4 compliance with a State law related to immigration.

5 **"§ 64-56. Appeal.**

6 A determination made by the Attorney General under this Article may be appealed only to the
7 extent and in the manner required by the United States and North Carolina Constitutions. The
8 imposition of consequences for noncompliance with a State law related to immigration pursuant to
9 G.S. 64-54 shall not occur until an appeal made under this section is complete. However, if an
10 appeal under this section is unsuccessful, the length of the period during which an affected local
11 government shall be ineligible to receive the funds described in G.S. 64-54(a)(1) shall be the same
12 as it would have been had no appeal been made, regardless of which fiscal year or years the
13 resulting period of ineligibility shall occur.

14 **"§ 64-57. Attorney General may designate appointed official to carry out duties.**

15 The Attorney General may designate a person to carry out the Attorney General's duties under
16 this Article. The designee shall be an individual appointed by the Attorney General and shall not
17 be a member of the Council of State or any other elected official.

18 **"§ 64-58. Rules.**

19 The Attorney General shall adopt rules needed to implement this Article.

20 **"§ 64-59. Article does not require action that is contrary to federal or State law.**

21 This Article shall not be construed to require a local government or law enforcement agency to
22 take any action that the local government or law enforcement agency believes in good faith would
23 violate federal or State law.

24 **"§ 64-60. Private enforcement.**

25 In addition to any other remedies at law or in equity, any person who resides within the
26 jurisdiction of a city, county, or law enforcement agency that the person believes is not in
27 compliance with a State law related to immigration may bring an action for declaratory and
28 injunctive relief. Such an action shall be filed in the Superior Court of Wake County. The court
29 shall award the prevailing party in an action brought under this section reasonable attorneys' fees
30 and court costs as authorized by law."

31 **SECTION 3.(b)** G.S. 64-33.1 reads as rewritten:

32 **"§ 64-33.1 Consequences of violation of G.S. 143-133.3.**

33 (a) All Violations. – For any violation of G.S. 143-133.3, the Commissioner shall notify
34 the board or governing body of the State, or of any institution of the State government, or of any
35 political subdivision of the State, found to have committed the violation that the board or
36 governing body of the State, or of any institution of the State government, or of any political
37 subdivision of the State, is in violation of the applicable statute. The Department of Labor shall
38 maintain a list of any boards or governing bodies of the State, or of any institutions of the State
39 government, or of any political subdivisions of the State, issued notices pursuant to this section
40 and shall make that list available on its Web site.

41 (b) Violations by Certain Local Entities. – For a violation of G.S. 143-133.3 by a political
42 subdivision of the State, the Commissioner shall immediately notify the Attorney General of the
43 violation so that the Attorney General can take action in accordance with G.S. 64-54(b).
44 Additionally, the Commissioner shall notify the Attorney General if within 60 days of the
45 Commissioner's determination that there has been a violation, the political subdivision fails to
46 demonstrate to the Commissioner's satisfaction that the political subdivision is in compliance with
47 G.S. 143-133.3. The Commissioner may hold additional hearings as needed to implement this
48 subsection."

49 **SECTION 3.(c)** The Attorney General's Office, in conjunction with the Departments
50 of Transportation and Public Instruction, shall take reasonable steps to notify local governments of

1 the provisions of this act so that the local governments can take appropriate steps to comply with
2 this act's requirements.

3 **SECTION 3.(d)** G.S. 115C-546.2 is amended by adding a new subsection to read:

4 "(f) No county may receive any allocation under this section for any period during which it
5 is ineligible to receive those funds under G.S. 64-54."

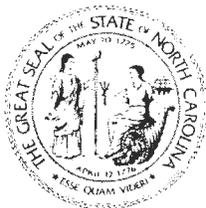
6 **SECTION 3.(e)** G.S. 136-41.1 is amended by adding a new subsection to read:

7 "(e) No city or town shall receive any allocation under this section for any period during
8 which it is ineligible to receive those funds under G.S. 64-54."

9

10 **PART IV. EFFECTIVE DATE**

11 **SECTION 4.** Section 1 of this act becomes effective January 1, 2017. The remainder
12 of this act becomes effective August 1, 2016.



HOUSE BILL 100: Local Government Immigration Compliance.

2016-2017 General Assembly

Committee:	Senate Appropriations/Base Budget	Date:	June 24, 2016
Introduced by:	Rep. Cleveland	Prepared by:	Ben Stanley
Analysis of:	Fifth Edition		Staff Attorney

SUMMARY: *House Bill 100 would provide that the names and addresses of persons requesting to be excused from jury duty based on disqualification under the applicable statute must be retained by the clerk of superiors court for not less than two years; would require the reporting of information about certain disqualified jurors to the State Board of Elections; would make various changes to the statute that prohibits the use of certain forms of identification by State and local officials; and would create a process to make local governments that are not in compliance with State laws related to immigration ineligible to receive certain funds.*

CURRENT LAW: G.S. 15A-311 prohibits the acceptance by State and local officials of forms of identification not specifically authorized to be used for that purpose by the General Assembly. Subsection (c) of that section, however, creates an exception to this prohibition for law enforcement officers when the prohibited forms of identification are the only documents providing an indication of identity or residency of a person available to the law enforcement officer at the time.

Various State laws related to immigration create restrictions on the actions of local governments and law enforcement agencies but currently do not impose penalties for noncompliance.

BILL ANALYSIS: **Section 1** of the bill would require the following:

- That the name and address of each person who requests to be excused from jury duty due to lack of qualifications under the appropriate statute (G.S. 9-3) be retained by the clerk of superior court for at least two years.
- That if a person is excused from jury duty as a result of not being qualified under the appropriate statute, and the reason for the disqualification is also a sufficient basis to make the person ineligible to vote under G.S. 163-55, then this information shall be a public record and must be reported to the State Board of Elections.

Section 2 would recodify the statute that governs the acceptability by State and local officials of certain forms of identification not authorized to be used for that purpose by the General Assembly. Specifically, it would move that statute from the Criminal Procedure chapter of the General Statutes (Chapter 15A) to the Aliens chapter (Chapter 64). It would also eliminate the law enforcement exemption currently contained in G.S. 15A-311.

Section 3 would create a new statutory article in the Aliens chapter of the General Statutes. This new Article would do the following:

- Require the Attorney General to develop a form that members of the public can use to allege that a city, county, or a local law enforcement agency is not in compliance with a State law related to immigration.

Kory Goldsmith
Director



Legislative Drafting
919-733-6660

House Bill 100

Page 2

- Define a "State law related to immigration" to include **G.S. 64-6(b)** (prohibiting local governments and law enforcement agencies from accepting for identification purposes forms of identification not specifically authorized to be used for that purpose by the General Assembly) and **G.S. 153A-145.5** and **160A-205.2** (prohibiting cities and counties from adopting sanctuary policies or ordinances).
- Require the Attorney General to investigate within 45 days complaints that a city, county, or local law enforcement agency has violated a State law related to immigration.
- Make affected local governments ineligible to receive distributions from the Public School Building Capital Fund and distributions of State funds for local road projects ("Powell Bill" funding) for the fiscal year following the first date of noncompliance with the applicable State law related to immigration. If the violation is not cured within 60 days, affected local governments would lose these sources of funding for an additional fiscal year.
- Defines "Affected local government" as any of the following:
 - (1) A municipality found by the Attorney General to be not in compliance with a State law related to immigration.
 - (2) A municipality in which a municipal law enforcement agency has been found to be not in compliance with a State law related to immigration.
 - (3) A county found to be not in compliance with a State law related to immigration.
 - (4) A county in which a county law enforcement agency has been found to be not in compliance with a State law related to immigration.
- Impose the same consequences for violations of G.S. 143-133.3 (prohibiting political subdivisions of the State from entering into a contract unless the contractor, and the contractor's subcontractors under the contract, comply with the State's E-Verify statutes).
- Require the Attorney General to maintain certain information and to make various reports on the implementation of the act.
- Authorize appeals of Attorney General determinations only where an appeal is required to be made available under the U.S. or North Carolina constitutions.
- Authorize enforcement through the filing of actions by private parties to obtain declaratory and injunctive relief when a person believes that a city, county, or law enforcement agency is not in compliance with a State law related to immigration.

EFFECTIVE DATE: Section 4 provides that Section 1 would become effective January 1, 2017. The remainder of the bill would become effective August 1, 2016.

VISITOR REGISTRATION SHEET

SENATE APPROPRIATIONS/BASE BUDGET

June 24, 2016

Name of Committee

Date

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Caroline Daley	Governor's office
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Casie Ginsburg	Governor's office
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<i>A. Hunter</i>	SOSNC
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Jennie Belle	NC Council of Churches
Aaron Maschito	"
Fady Hanna	"
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Calla D. Bryan	BIB
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Orley Jones	Nc DOC
Carman Hine	NVA
Michael Shuman	NCFB
John Roberts	NCAAA
John Puzman	CSS
Tommy Stevens	Stevens hobby
Andy Thomas	Focus 2011
Seth Palmer	NC REACTIVES
Isabel V. Garcia Laura DeVivo	WCSA



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June 24, 2016

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John Cooper	CCS
LAURA PURYEAR	LOUC
M. Swellner	VNC SOB
Angel Sans	WCSP
John Handi	MFS
Alex Miller	AMBA
caroline Miller	AMOA
Kelli Kucano	Duke Energy
Frank Brant	Police Chief Person
Rynde Todd	DBA







Senate Committee on Appropriations/Base Budget
Thursday, June 30, 2016 at 9:00 AM
Room 643 of the Legislative Office Building

MINUTES

The Senate Committee on Appropriations/Base Budget met at 9:00 AM on June 30, 2016 in Room 643 of the Legislative Office Building. Eighteen members were present.

Senator Harry Brown, Chair, presided.

Senator Brown called the meeting to order at 9:08 AM and recognized the Sergeant-at-Arms staff: Terry Barnhardt, Jim Hamilton, Becky Myrick, Hal Roach, Matt Urben, and Senate Pages.

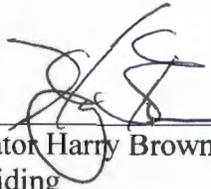
Representative Hugh Blackwell and Representative Marilyn Avila were present to answer questions regarding **HB 805 Measurability Assessments/Budget Tech. Corr. (Representatives Blackwell, Avila)** which was heard in Senate Commerce earlier in the week.

Senator Brown then recognized Senator Brent Jackson who moved to amend the bill. See Attachment 7: AMD-131 [v.46].

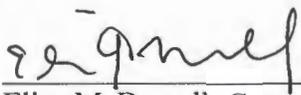
Mr. Luke Gillenwater, Committee Counsel, summarized each section of the amendment. After some discussion, Senator Tommy Tucker made a motion to adopt the amendment. Senator Andrew Brock seconded the motion. The motion carried.

Senator Brown asked members for discussion on the bill as amended. After brief discussion, Senator Trudy Wade moved for a favorable report on the bill as amended, with the amendment to be rolled into a committee substitute, and with leave for staff to make technical corrections. Senator Brock seconded the motion. The motion carried.

The meeting adjourned at 9:35 AM.



Senator Harry Brown, Chair
Presiding



Elise McDowell, Committee Clerk

Attachments (8)

1. Committee Notice
2. Agenda
3. Committee Report
4. ~~Minutes.~~
5. HB 805 Summary
6. HB 805
7. Amendment – AMD-131 [v.46]
8. Visitor Registration



Principal Clerk _____
Reading Clerk _____

SENATE
NOTICE OF COMMITTEE MEETING
AND
BILL SPONSOR NOTICE

The Senate Committee on Appropriations/Base Budget will meet at the following time:

DAY	DATE	TIME	ROOM
Thursday	June 30, 2016	9:00 AM	643 LOB

The following will be considered:

BILL NO.	SHORT TITLE	SPONSOR
HB 805	Measurability Assessments.	Representative Blackwell Representative Avila

Senator Harry Brown, Co-Chair
Senator Kathy Harrington, Co-Chair
Senator Brent Jackson, Co-Chair



**Senate Committee on Appropriations/Base Budget
Thursday, June 30, 2016, 9:00 AM
643 Legislative Office Building**

AGENDA

Welcome and Opening Remarks

Introduction of Pages

Bills

BILL NO.	SHORT TITLE	SPONSOR
HB 805	Measurability Assessments.	Representative Blackwell Representative Avila

Adjournment



**NORTH CAROLINA GENERAL ASSEMBLY
SENATE**

APPROPRIATIONS/BASE BUDGET COMMITTEE REPORT

**Senator Brown, Co-Chair
Senator Harrington, Co-Chair
Senator B. Jackson, Co-Chair**

Thursday, June 30, 2016

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

**UNFAVORABLE AS TO SENATE COMMITTEE SUBSTITUTE BILL NO. 1, BUT
FAVORABLE AS TO SENATE COMMITTEE SUBSTITUTE BILL NO. 2**

HB 805 (SCS#1)

Measurability Assessments.

Draft Number:	H805-PCS30533-ML-23
Sequential Referral:	None
Recommended Referral:	None
Long Title Amended:	Yes

TOTAL REPORTED: 1

Senator Brent Jackson will handle HB 805



* C M R 8 3 6 - V - 1 *





HOUSE BILL 805: Measurability Assessments.

2016-2017 General Assembly

Committee:	Senate Commerce	Date:	June 24, 2016
Introduced by:	Reps. Blackwell, Avila	Prepared by:	Amy Darden
Analysis of:	PCS to Second Edition H805-CSBB-3		Committee Co-Counsel

SUMMARY: *The PCS for House Bill 805 would establish the North Carolina Measurability Assessment Act of 2016 to provide for assessments of State programs.*

BILL ANALYSIS:

Section 1 would establish the North Carolina Measurability Act of 2016 to provide for assessments of State programs as follows:

- The General Assembly may require a measurability assessment of any proposed or existing State program to determine whether the program is or will be capable of reporting performance and return on investment.
- A measurability assessment is an independent evaluation that must include or determine among other things:
 - Whether and to what degree the program is unique and does not duplicate or negate results of another public or private program or enterprise.
 - The local, regional, or statewide problems or needs that the program is intended to address.
 - Whether there is a program design portrayed by a logic model as defined by the Logic Model Development Guide by the W.K. Kellogg Foundation.
 - Whether there is evidence that the program produces results attributable to the program to remedy the problem or need.
 - The capacity of the administering entity to expand the program based upon existing evidence or results.
 - How the program proposes to engage in strategic planning.
 - How the program proposes to measure performance.
 - How the program will continuously improve quality of program services and consistency with the strategic plan.
 - Whether the administering entity has conducted an assessment to identify financial and legal risks to the entity or the State and has plans for minimizing risk exposure.
 - Whether the program conducts five-year forecasts of annual recurring costs and sources of funding for each year.

Karen Cochrane-Brown
Director



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Legislative Analysis
Division
919-733-2578

House PCS 805

Page 2

- Whether the program proposes to share costs with primary beneficiaries through a fee-for-service, co-payment, or tuition basis and the extent to which any expected cost-sharing is or will be means tested and by what method.
- How program staffing requirements are determined and an evaluation of those requirements.
- Whether the program has or proposes to have a financial accounting system capable of accounting for all assets, liabilities, receipts, and disbursements.
- Whether the program is or will be postaudited and if there are any potential impediments to audits or evaluations by the State Auditor, agency internal auditors, or the Program Evaluation Division of the General Assembly (PED).
- The assessor must submit a written report containing the results of the measurability assessment to PED.
- PED would identify independent measurability assessors as follows:
 - PED must use a competitive process to prequalify independent measurability assessors.
 - PED will establish standards for assessor qualifications, independence, and for conducting and reporting measurability assessments.
 - Whenever a measurability assessment is required, PED will select the assessor and require the agency or institution to reimburse PED for the assessor's costs and for a share of PED costs for administering the measurability assessment program.

EFFECTIVE DATE: This act would become effective October 1, 2016.

Karen Cochrane-Brown substantially contributed to this summary.

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2015

H

3

HOUSE BILL 805
Committee Substitute Favorable 8/13/15
Senate Commerce Committee Substitute Adopted 6/24/16

Short Title: Measurability Assessments.

(Public)

Sponsors:

Referred to:

April 15, 2015

A BILL TO BE ENTITLED
AN ACT TO PROVIDE FOR MEASURABILITY ASSESSMENTS OF STATE PROGRAMS.
The General Assembly of North Carolina enacts:

SECTION 1. The North Carolina General Statutes are amended by adding a new Chapter to read:

"Chapter 143E.

"The North Carolina Measurability Assessment Act of 2016.

"§ 143E-1. Title.

This Chapter shall be known and may be cited as the "North Carolina Measurability Assessment Act of 2016."

"§ 143E-2. Request for measurability assessment.

The General Assembly may require a measurability assessment of any proposed or existing State program to determine whether the program is or will be capable of reporting performance and return on investment.

"§ 143E-3. Definition of measurability assessment.

(a) A measurability assessment is an independent evaluation conducted on a new or existing State program.

(b) A measurability assessment must include or determine all of the following:

- (1) Whether and to what degree the program is unique and does not duplicate or negate results of another public or private program or enterprise.
- (2) The local, regional, or statewide problems or needs that the program is intended to address.
- (3) Whether there is a program design portrayed by a logic model as defined by the Logic Model Development Guide by the W.K. Kellogg Foundation, including an evaluation of that logic model.
- (4) Whether there is evidence that the program produces results attributable to the program to remedy the problem or need. The information required by this subdivision shall include the following, as applicable:
 - a. For a proposed program, whether the evidence stems from a formative evaluation of proposed activities through a field trial using a valid and reliable instrument or method to measure changes in a randomized control group that was not subjected to the proposed activities to changes in a randomized group that did receive the proposed activities.



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- 1 b. For an existing program asserting existence of evidence, whether the
2 evidence stemmed from a post-program summative evaluation using an
3 experimental or quasi-experimental research design.
4 c. For both proposed and existing programs, if the evidence had been
5 subjected to alternative interpretations and peer review.
6 (5) The capacity of the administering entity to expand the program based upon
7 existing evidence or results.
8 (6) How the program proposes to engage in strategic planning.
9 (7) How the program proposes to measure performance, including measurement of
10 the following:
11 a. Total costs of program services with costs separately reported for each
12 activity associated with each service.
13 b. Outputs or counts of units of services and for individual activities
14 associated with each service.
15 c. Costs per unit of service and for individual activities associated with
16 each service.
17 d. Outcomes or results attributable to each program service, including
18 results upon completion of program service; results still evident one,
19 two, and three years after completion; ultimate or permanent results; and
20 when and how permanent results will be determined by the program.
21 e. Customer or client satisfaction with program services.
22 f. Statewide impacts of program outcomes as evidenced by census data or
23 other statewide data.
24 g. Performance compared to standards and what standards the program
25 intends to use.
26 (8) How the program will continuously improve quality of program services and
27 consistency with the strategic plan.
28 (9) Whether the administering entity has conducted an assessment to identify
29 financial and legal risks to the entity or the State and has plans for minimizing
30 risk exposure.
31 (10) Whether the program conducts five-year forecasts of annual recurring costs and
32 sources of funding for each year.
33 (11) Whether the program proposes to share costs with primary beneficiaries
34 through a fee-for-service, co-payment, or tuition basis and the extent to which
35 any expected cost-sharing is or will be means-tested and by what method.
36 (12) How program staffing requirements are determined and an evaluation of those
37 requirements.
38 (13) Whether the program has or proposes to have a financial accounting system
39 capable of accounting for all assets, liabilities, receipts, and disbursements.
40 (14) Whether the program is or will be post-audited and if there are any potential
41 impediments to audits or evaluations by the State Auditor, agency internal
42 auditors, or the Program Evaluation Division of the General Assembly.
43 (c) The assessor must submit a written report containing the results of the measurability
44 assessment to the Program Evaluation Division at a time and in a format required by the Program
45 Evaluation Division.
46 "**§ 143E-4. Administration of measurability assessment process.**"
47 (a) The Program Evaluation Division must use a competitive process to prequalify
48 independent measurability assessors. The assessors will be independent contractors compensated
49 through a uniform fee system established by the Program Evaluation Division, and there will be
50 no guarantee that any prequalified assessor will receive assessment assignments. The Program

1 Evaluation Division shall not assign an assessor to a measurability assessment if the assessor has
2 been employed by or contracted with the entity within five years preceding the assessment.

3 (b) The Program Evaluation Division shall establish standards for assessor qualifications,
4 independence, and conducting and reporting measurability assessments. Individuals who do not
5 meet the qualifications may not be used to conduct measurability assessments.

6 (c) Whenever a measurability assessment is required, the Program Evaluation Division
7 shall select the assessor and require the agency or institution to reimburse the Program Evaluation
8 Division for the assessor's costs and for a share of the Program Evaluation Division costs for
9 administering the measurability assessment program."

10 **SECTION 2.** This act becomes effective October 1, 2016.





**NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
House Bill 805**

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

H805-AMD-131 [v.46]

Page 1 of 14

Amends Title [YES]
Third Edition

Date _____, 2016

Senator B. Jackson

1 moves to amend the bill on page 1, line 2, by deleting "PROGRAMS." and substituting
2 "PROGRAMS; AND TO MAKE TECHNICAL, CLARIFYING, AND OTHER
3 MODIFICATIONS TO THE CURRENT OPERATIONS AND CAPITAL IMPROVEMENTS
4 APPROPRIATIONS ACT of 2016."; and

5
6 on page 1, lines 3-4, by inserting between the lines the following:
7 "**PART I. MEASURABILITY ASSESSMENT**"; and

8
9 on page 3, line 10, by deleting the line and substituting the following:
10 "**PART II. GENERAL PROVISIONS**

11
12 **SECTION 2.1.** If House Bill 1030, 2015 Regular Session, becomes law, then Section
13 2.1 of that act reads as rewritten:

14 "**SECTION 2.1.** Appropriations from the General Fund of the State for the maintenance of
15 the State departments, institutions, and agencies, and for other purposes as enumerated, are
16 adjusted for the fiscal year ending June 30, 2017, according to the schedule that follows. Amounts
17 set out in parentheses are reductions from General Fund appropriations for the 2016-2017 fiscal
18 year:

19
20 **Current Operations – General Fund**

FY 2016-2017

21
22 **EDUCATION**

23
24 ...

25
26 University of North Carolina – Board of Governors

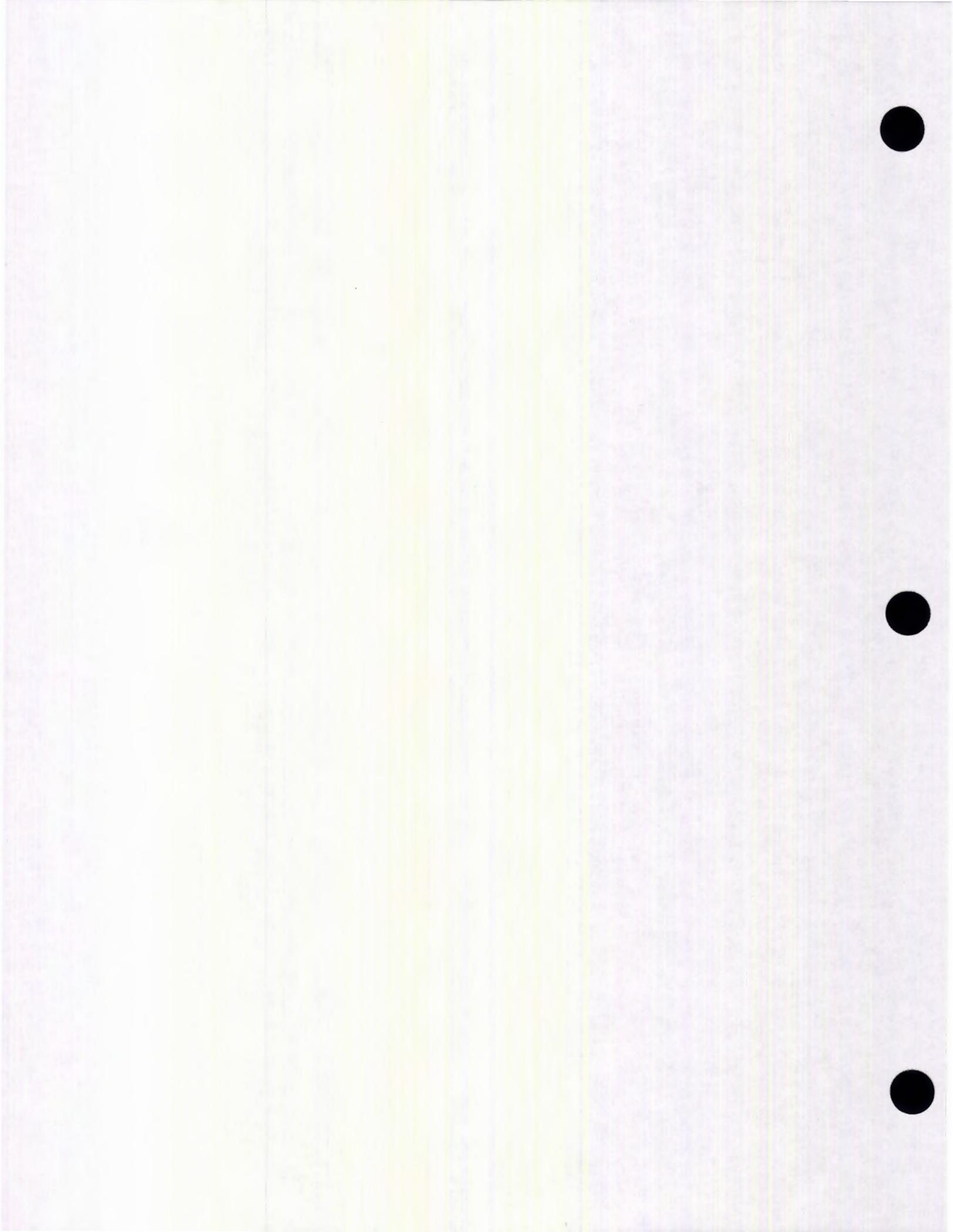
27 ...
28 Elizabeth City State University 250,000

29 ...
30 UNC School of the Arts 630,000

31 ...
32 General Administration 1,250,000



* H 8 0 5 - A M D - 1 3 1 - V - 4 6 *



**NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
House Bill 805**

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

H805-AMD-131 [v.46]

Page 2 of 14

1	University Institutional Programs	118,285,194 <u>117,285,194</u>
2	...	
3	NC School of Science & Math	<u>630,000</u>

4 ...
5 **AGRICULTURE AND NATURAL AND ECONOMIC RESOURCES**

6 ...
7 ...

8		
9	Department of Commerce	
10	Commerce	20,320,848 <u>20,255,411</u>
11	Commerce State-Aid	650,000

12		
13	Department of Natural and Cultural Resources	
14	Natural and Cultural Resources	14,718,687 <u>14,784,124</u>
15	Roanoke Island Commission	0

16 ...
17 ...

18 ...
19 **GENERAL GOVERNMENT**

20		
21	Department of Administration	5,405,307 <u>5,344,028</u>
22	...	
23	General Assembly	7,806,816 <u>7,868,095</u>

24"

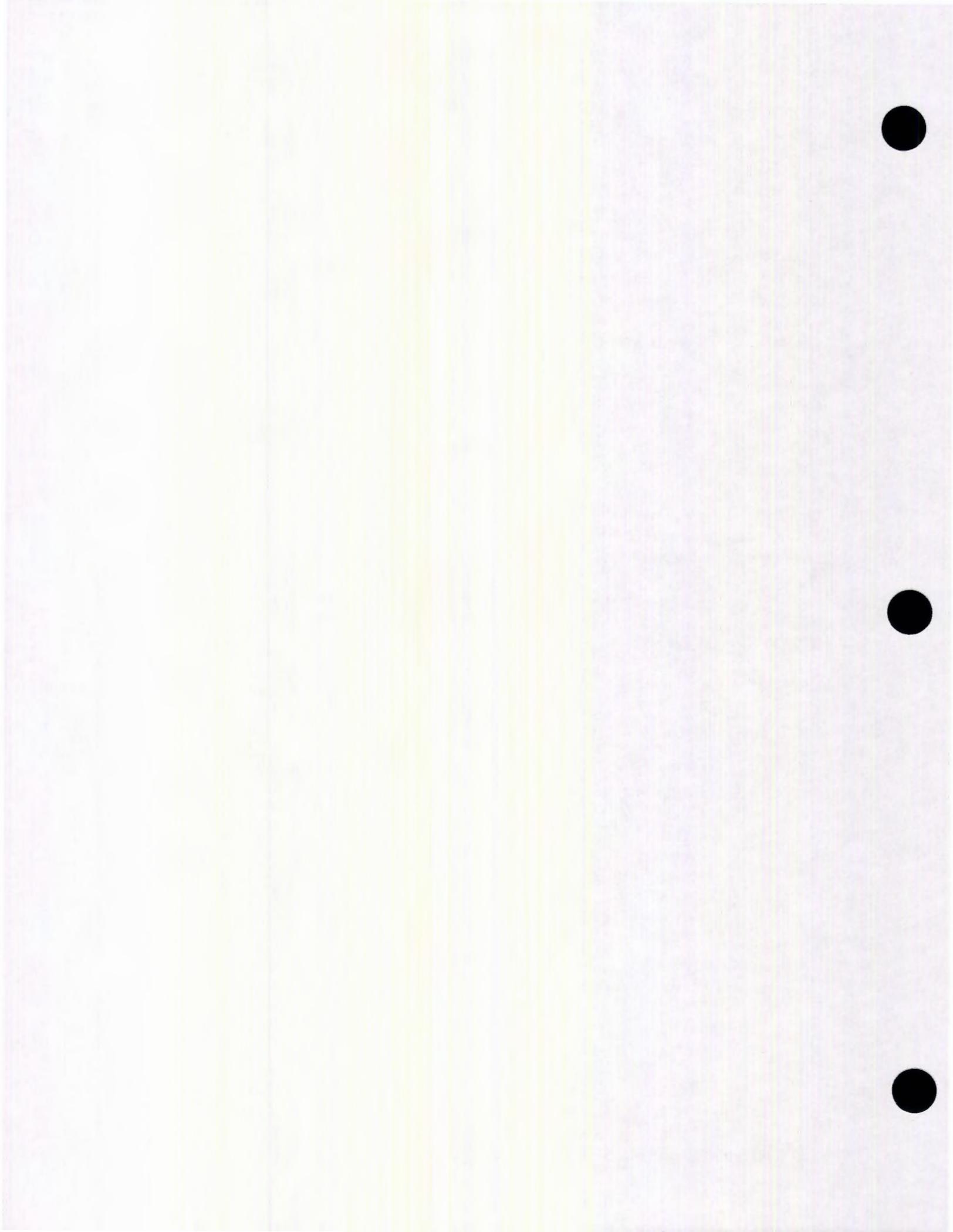
25 **SECTION 2.2.** If House Bill 1030, 2015 Regular Session, becomes law, then
26 G.S. 143C-5-4(b)(8), as enacted by Section 6.3 of that act, reads as rewritten:

27 (8) Statutory transfers to reserves. – Notwithstanding G.S. 143C-4-2 and
28 G.S. 143C-4-3, funds shall not be reserved to the Savings Reserve Account or
29 the Repairs and Renovations Reserve Account and the State Controller shall not
30 transfer funds from the unreserved ~~credit-fund~~ credit-fund balance to ~~the~~ those accounts on
31 June 30 of the prior fiscal year."

32 **SECTION 2.3.** If House Bill 1030, 2015 Regular Session, becomes law, then Section
33 6.25(a)(1) of S.L. 2015-241, as amended by Section 6.4 of House Bill 1030, 2015 Regular
34 Session, reads as rewritten:

35 "(1) Abolish all positions that have been vacant for more than 12 months as of April
36 17, 2015, and as of ~~April 17, 2016~~, April 30, 2016, other than those positions
37 required to exist as part of the State's maintenance of effort requirements related
38 to a federal grant that cannot be addressed with other State funds, or for which
39 the Director of the Budget provides an exception, in the Director's sole
40 discretion. This requirement shall apply regardless of the source of funding for
41 affected positions."

42 ...
43 **PART III. INFORMATION TECHNOLOGY**



**NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
House Bill 805**

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

H805-AMD-131 [v.46]

Page 3 of 14

1
2 **SECTION 3.1.** If House Bill 1030, 2015 Regular Session, becomes law, then Section
3 7.7(a) of that act reads as rewritten:

4 **"SECTION 7.7.(a)** The Department of Information Technology shall create a cybersecurity
5 apprenticeship program to provide training, apprenticeships, and career-based opportunities for
6 disabled veterans within the State. Opportunities may be offered to qualifying veterans who have
7 at least a ten percent (10%) disability rating as established by the United States Department of
8 Veterans Administration-Affairs."

9 **SECTION 3.2.(a)** If House Bill 1030, 2015 Regular Session, becomes law, then,
10 notwithstanding any provision of that act to the contrary, a total of four FTE vacant positions are
11 eliminated within the Department of Information Technology IT Fund, and the operating expenses
12 in the Strategic Staffing and Projects area within the Department of Information Technology are
13 reduced by one hundred eleven thousand two hundred sixty dollars (\$111,260) in recurring funds.

14 **SECTION 3.2.(b)** If House Bill 1030, 2015 Regular Session, becomes law, then,
15 notwithstanding any provision of that act to the contrary, a total of three and one-half FTE vacant
16 positions are eliminated within the Department of Information Technology IT Reserve, and the
17 operating expenses in the IT Restructuring Fund within the Department of Information
18 Technology are reduced by one hundred twenty-six thousand seven hundred eighty-three dollars
19 (\$126,783) in recurring funds.

20
21 **PART IV. EDUCATION**

22
23 **SECTION 4.1.(a)** If House Bill 1030, 2015 Regular Session, becomes law, then
24 Section 10.8 of that act reads as rewritten:

25 **"CERTAIN COMMUNITY COLLEGE PROJECT FUNDS**

26 **SECTION 10.8.** The funds appropriated to the North Carolina Community Colleges System
27 Office by this act for the 2016-2017 fiscal year for (i) the Center for Advanced Manufacturing at
28 Gaston-Community College and (ii) Mitchell Community College site development shall not
29 revert at the end of the fiscal year but shall remain available until expended."

30 **SECTION 4.1.(b)** Notwithstanding any other provision of law, if House Bill 1030,
31 2015 Regular Session, becomes law, the sum of three million four hundred thousand dollars
32 (\$3,400,000) appropriated by that act to the North Carolina Community Colleges System Office
33 for the 2016-2017 fiscal year to be allocated to the Gaston Community College Center for
34 Advanced Manufacturing shall be allocated to the Gaston College Center for Advanced
35 Manufacturing.

36 **SECTION 4.2.** If House Bill 1030, 2015 Regular Session, becomes law, then
37 notwithstanding any other provision of law, the sum of two hundred fifty thousand dollars
38 (\$250,000) in nonrecurring funds for marketing the NC Promise Tuition "Buy Down" Program at
39 Elizabeth City State University shall be allocated to Budget Code 16010 rather than Budget Code
40 16086.

41 **SECTION 4.3.** If House Bill 1030, 2015 Regular Session, becomes law, then Section
42 11.9 of S.L. 2015-241, as amended by Section 11A.4 of House Bill 1030, 2015 Regular Session,
43 reads as rewritten:



NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
House Bill 805

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

H805-AMD-131 [v.46]

Page 4 of 14

1 **"SECTION 11.9.(a)** Purpose. – The purpose of this section is to establish a competitive grant
2 program for eligible entities to elevate educators in North Carolina public schools by transforming
3 the preparation of principals across the State. The State Education Assistance Authority
4 (Authority) shall administer this grant program through a cooperative agreement with a private,
5 nonprofit corporation to provide funds for the preparation and support of highly effective future
6 school principals in North Carolina.

7 ...

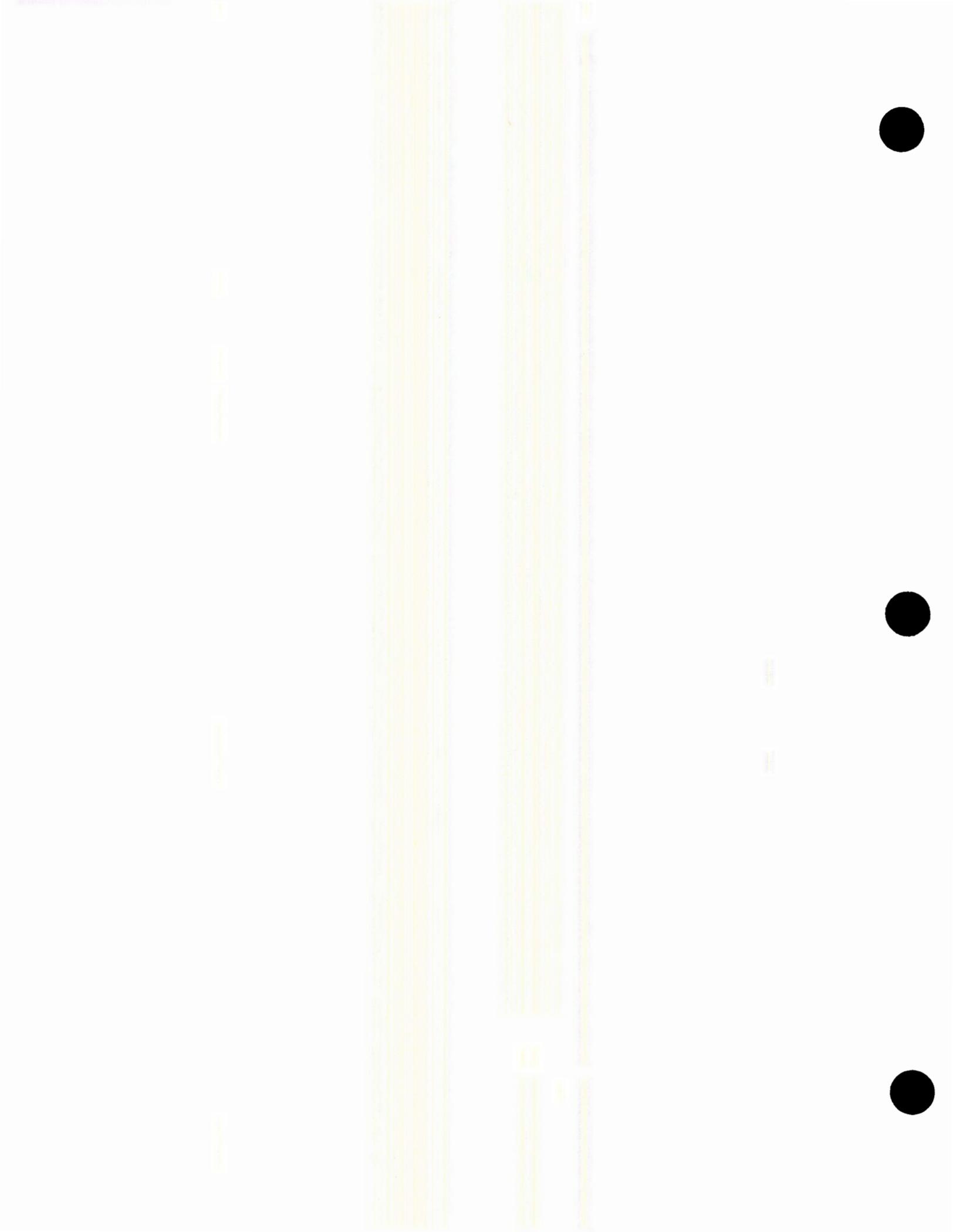
8 **SECTION 11.9.(j)** Reporting Requirements for Grant Recipients. – Recipients of grants
9 under the program shall submit an annual report to the nonprofit corporation contracting with the
10 Authority, beginning in the third year of the grant, with any information requested by the nonprofit
11 corporation. Whenever practicable and within a reasonable amount of time, grant recipients shall
12 also make all materials developed as part of the program and with grant funds publically available
13 to contribute to the broader sharing of promising practices. Materials shall not include personally
14 identifiable information regarding individuals involved or associated with the program, including,
15 without limitation, applicants, participants, supervisors, evaluators, faculty, and staff, without their
16 prior written consent. The nonprofit corporation shall work with recipients and local school
17 administrative units, as needed, to enable the collection, analysis, and evaluation of at least the
18 following relevant data, within necessary privacy constraints:

- 19 (1) Student achievement in eligible schools.
- 20 (2) The percentage of program completers who are placed as school leaders within
21 three years in the State.
- 22 (3) The percentage of program completers rated proficient or above on school
23 leader evaluation and support systems.
- 24 (4) The percentage of program completers that are school leaders who have
25 remained employed in a North Carolina public school for two or more years of
26 initial placement.

27 ...

28 **SECTION 11.9.(l)** Evaluation and Revision of Program. —The nonprofit corporation
29 administering the program shall provide the State Board of Education and the Joint Legislative
30 Education Oversight Committee with the data collected in accordance with subsection (j) of this
31 section on an annual basis. By September 15, 2021, the State Board of Education, in coordination
32 with the Board of Governors of The University of North Carolina, shall revise, as necessary, the
33 licensure requirements for school administrators and the standards for approval of school
34 administrator preparation programs after evaluating the data collected from the grant recipients,
35 including the criteria used in selecting grant recipients and the outcomes of program completers.
36 The State Board of Education shall report to the Joint Legislative Education Oversight Committee
37 by November 15, 2021, on any changes made to the licensure requirements for school
38 administrators and the standards for approval of school administrator preparation programs in
39 accordance with this section.

40 **SECTION 11.9.(m)** Of the funds appropriated ~~each~~ by this act for the 2015-2016 fiscal year
41 for this program, the sum of five hundred thousand dollars (\$500,000) shall be allocated to the
42 State Education Assistance Authority to contract with the nonprofit corporation selected pursuant
43 to subsection (e) of this section to establish and administer the program. The State Education



NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
House Bill 805

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

H805-AMD-131 [v.46]

Page 5 of 14

1 Assistance Authority may use up to five percent (5%) of those funds ~~each fiscal year~~ for
2 administrative costs.

3 ~~SECTION 11.9.(n) Beginning with the 2016-2017 fiscal year, of the funds appropriated for~~
4 ~~this program, the sum of five hundred thousand dollars (\$500,000) shall be allocated each fiscal~~
5 ~~year to the State Education Assistance Authority to award grants to selected recipients. Beginning~~
6 ~~with the 2016-2017 fiscal year and for each subsequent fiscal year, of the funds appropriated for~~
7 ~~this program the sum of three hundred thousand dollars (\$300,000) shall be allocated to the State~~
8 ~~Education Assistance Authority to contract with the nonprofit corporation selected pursuant to~~
9 ~~subsection (e) of this section to establish and administer the program, and the State Education~~
10 ~~Assistance Authority may use up to five percent (5%) of those funds for administrative costs. The~~
11 ~~remaining funds appropriated for a fiscal year for this program shall be allocated to the State~~
12 ~~Education Assistance Authority to award grants to selected recipients."~~

13 **SECTION 4.4.** If House Bill 1030, 2015 Regular Session, becomes law, then Section
14 10.14(c) of S.L. 2015-241, as amended by Section 10.2 of House Bill 1030, 2015 Regular Session,
15 reads as rewritten:

16 "SECTION 10.14.(c) The funds appropriated under this act to the Community Colleges
17 System Office for the 2015-2017 fiscal biennium to match non-State funds to implement the NC
18 Works Career Coach Program shall ~~only~~ be used for (i) salary and benefits for career
19 ~~coaches~~ ~~coaches.~~ and (ii) ~~up~~ Up to two percent (2%) of the funds appropriated for the program may
20 also be used for direct operating costs related to supporting NC Works Career Coaches."

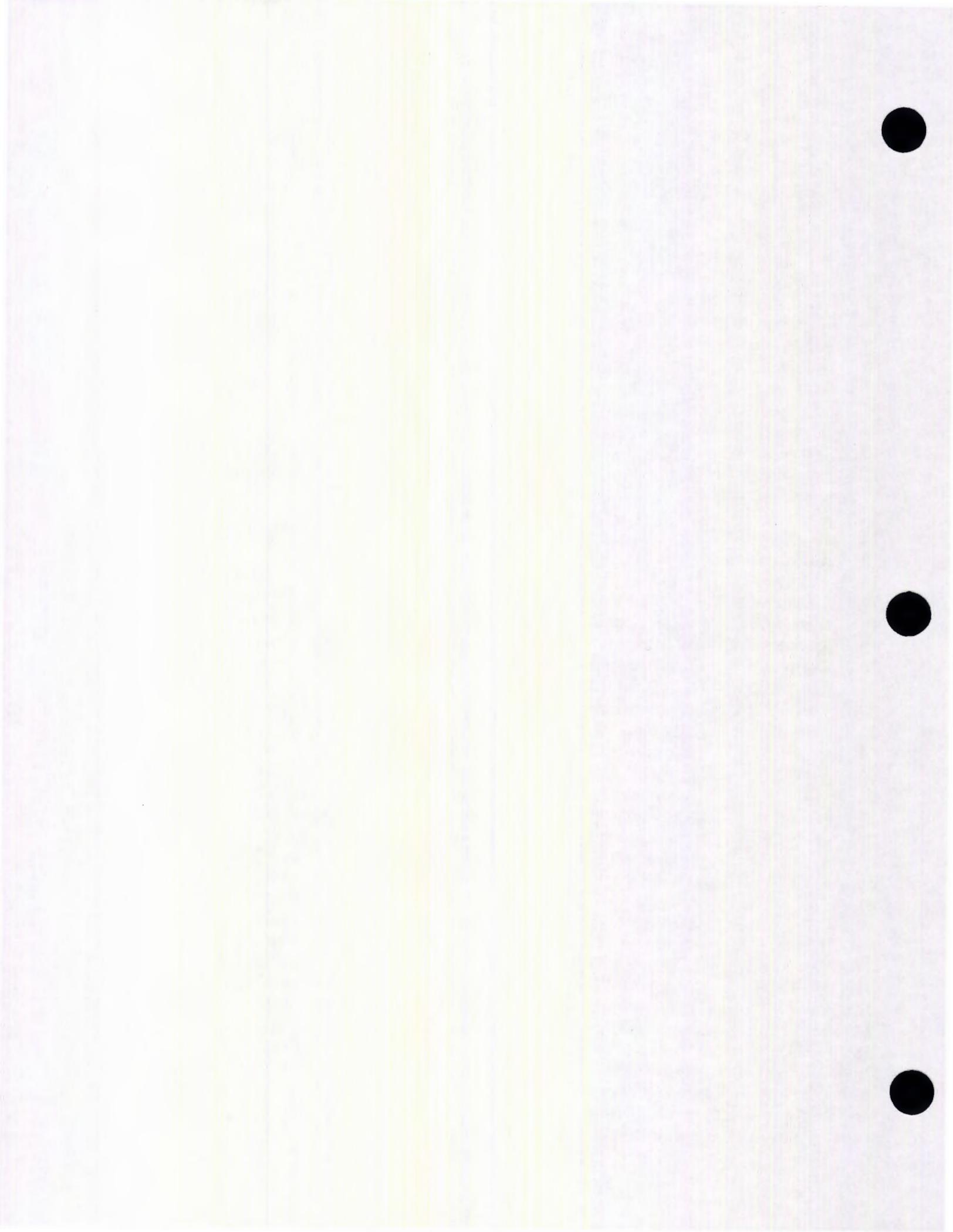
21 **SECTION 4.5.** If House Bill 1030, 2015 Regular Session, becomes law, then G.S.
22 116-239.11(a)(1), as enacted by Section 11.6 of that act, reads as rewritten:

23 "(1) An amount equal to the average per pupil allocation for average daily
24 membership from the local school administrative unit allotments in which the
25 school is located for each child attending the lab school, except for the
26 allocation for children with ~~disabilities and disabilities,~~ for the allocation for
27 children with limited English ~~proficiency.~~ proficiency, and for the allocation for
28 transportation services."

29
30 **PART V. HEALTH AND HUMAN SERVICES**

31
32 **SECTION 5.1.** If House Bill 1030, 2015 Regular Session, becomes law, then Section
33 12A.8(c) of that act reads as rewritten:

34 "**SECTION 12A.8.(c)** Calculation of Initial Payment of Funds. – Following CMS approval of
35 the reclassification of Cape Fear Valley Medical Center to a rural ~~hospital and notwithstanding~~
36 ~~subsection (a) of this section,~~ hospital, the Center shall provide documentation to OSBM of its
37 actual lost Medicare payments for the period commencing from the application filing date, as
38 defined in 42 C.F.R. 412.103(b)(5), and ending on the date CMS approves the Center's
39 reclassification request. OSBM shall certify computations of the Center's actual lost Medicare
40 payments and apply the calculations specified in subsection (a) of this section to determine any
41 retroactive amounts due to Cape Fear Valley Medical Center under this section. Any retroactive
42 payment determined to be due to Cape Fear Valley Medical Center shall be paid to the Center



NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
House Bill 805

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

H805-AMD-131 [v.46]

Page 6 of 14

1 within 30 days after OSBM certifies the amount of any retroactive amounts due to the Center
2 under this section."

3 **SECTION 5.2.(a)** If House Bill 1030, 2015 Regular Session, becomes law, then
4 Section 12H.18 of that act reads as rewritten:

5 **"CRITICAL MEDICAID POSITIONS**

6 **SECTION 12H.18.** Of the funds appropriated to the Department of Health and Human
7 Services, Division of Medical Assistance, the sum of one million one hundred fifty thousand
8 dollars (\$1,150,000) shall be ~~transferred to the Division of Health Benefits to be~~ used to fund
9 critical positions in that Division."

10 **SECTION 5.2.(b)** Notwithstanding any other provision of law, if House Bill 1030,
11 2015 Regular Session, becomes law, the sum of one million one hundred fifty thousand dollars
12 (\$1,150,000) appropriated by that act to the Department of Health and Human Services, Division
13 of Medical Assistance, for the 2016-2017 fiscal year to be transferred to the Division of Health
14 Benefits shall not be transferred to the Division of Health Benefits but shall be used to fund
15 critical positions in the Division of Medical Assistance.

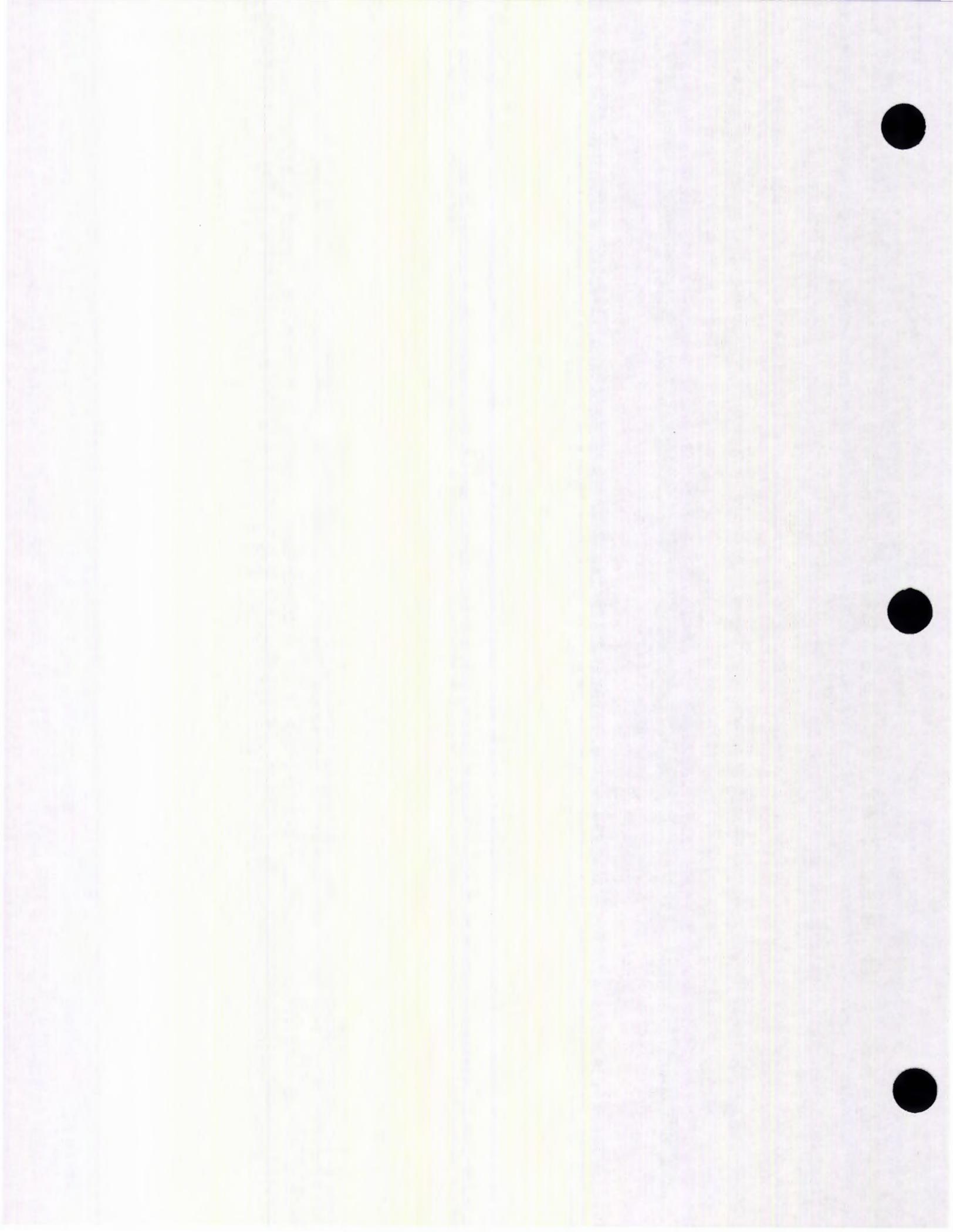
16 **SECTION 5.3.** If House Bill 1030, 2015 Regular Session, becomes law, then Section
17 12C.7(e) of that act reads as rewritten:

18 **"SECTION 12C.7.(e)** By no later than April 1, 2017, the ~~DSS~~ Department of Health and
19 Human Services shall submit to the House Appropriations Committee on Health and Human
20 Services, the Senate Appropriations Committee on Health and Human Services, the Joint
21 Legislative Oversight Committee on Health and Human Services, and the Fiscal Research
22 Division a detailed plan for a long-term solution on how to ensure adequate reimbursement to
23 facilities for serving recipients of State-County Special Assistance without increasing the
24 Medicaid eligibility income limit for State-County Special Assistance recipients and thereby
25 expanding Medicaid."

26 **SECTION 5.4.** If House Bill 1030, 2015 Regular Session, becomes law, then Section
27 12B.4(a) of that act reads as rewritten:

28 **"SECTION 12B.4.(a)** As the objective of the NC Pre-K program is to provide high-quality
29 educational experiences to enhance school readiness for eligible four-year-olds, the Department of
30 Health and Human Services, Division of Child Development and Early Education, in consultation
31 with the Department of Public Instruction, shall study the costs and effectiveness associated with
32 funding slots for the NC Pre-K program. In conducting the study, the Division shall review and
33 determine the following:

- 34 (1) The total cost to fund a NC Pre-K slot, including administration and any local
35 costs.
- 36 (2) The program's anticipated effectiveness in preparing eligible four-year-olds in
37 the five developmental domains outlined in the North Carolina Foundations for
38 Early Learning and Development.
- 39 (3) Whether the program's effectiveness as reviewed pursuant to subdivision (2) of
40 this subsection justifies the costs associated with funding NC Pre-K slots or
41 whether there are other alternatives to achieve the same objectives.
- 42 (4) The State share needed to fund a NC Pre-K slot by each setting, including
43 public schools, child care facilities, and Head Start.



NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
House Bill 805

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

H805-AMD-131 [v.46]

Page 7 of 14

- 1 (5) The amount of funds needed to maintain the current number of NC Pre-K slots
2 if the per slot cost was increased to the amount recommended by the study.
3 (6) Recommendations on how often the NC Pre-K slot costs should be evaluated
4 and reported to the General Assembly.
5 (7) Any other relevant issues the Division deems appropriate."

6 **SECTION 5.5.** If House Bill 1030, 2015 Regular Session, becomes law, then Section
7 12H.A3(a) of that act reads as rewritten:

8 "**SECTION 12H.3A.(a)** No later than ~~October 1, 2016,~~ December 31, 2016, the Department
9 of Health and Human Services, Division of Medical Assistance, shall issue a request for proposals
10 (RFP) to recover Medicaid and NC Health Choice overpayments to providers when the total
11 amount owed to the State by the provider is less than one hundred fifty dollars (\$150.00). The RFP
12 shall specify that payment under the contract shall be made only in the form of a contingent fee.
13 The contingent fee shall be set at a percentage of the State share of the final overpayment, as
14 defined in G.S. 108C-2(5), that is recovered."

15 **SECTION 5.6.** If House Bill 1030, 2015 Regular Session, becomes law, then
16 notwithstanding any other provision of that act, nonrecurring funds in the amount of fifty thousand
17 dollars (\$50,000) for the 2016-2017 fiscal year shall be appropriated to Fund Code 1161 for the
18 Public Health Authority of Cabarrus County instead of the Public Health Alliance of Cabarrus
19 County.

20 **SECTION 5.7.** If House Bill 1030, 2015 Regular Session, becomes law, then Section
21 12G.4(b) of that act reads as rewritten:

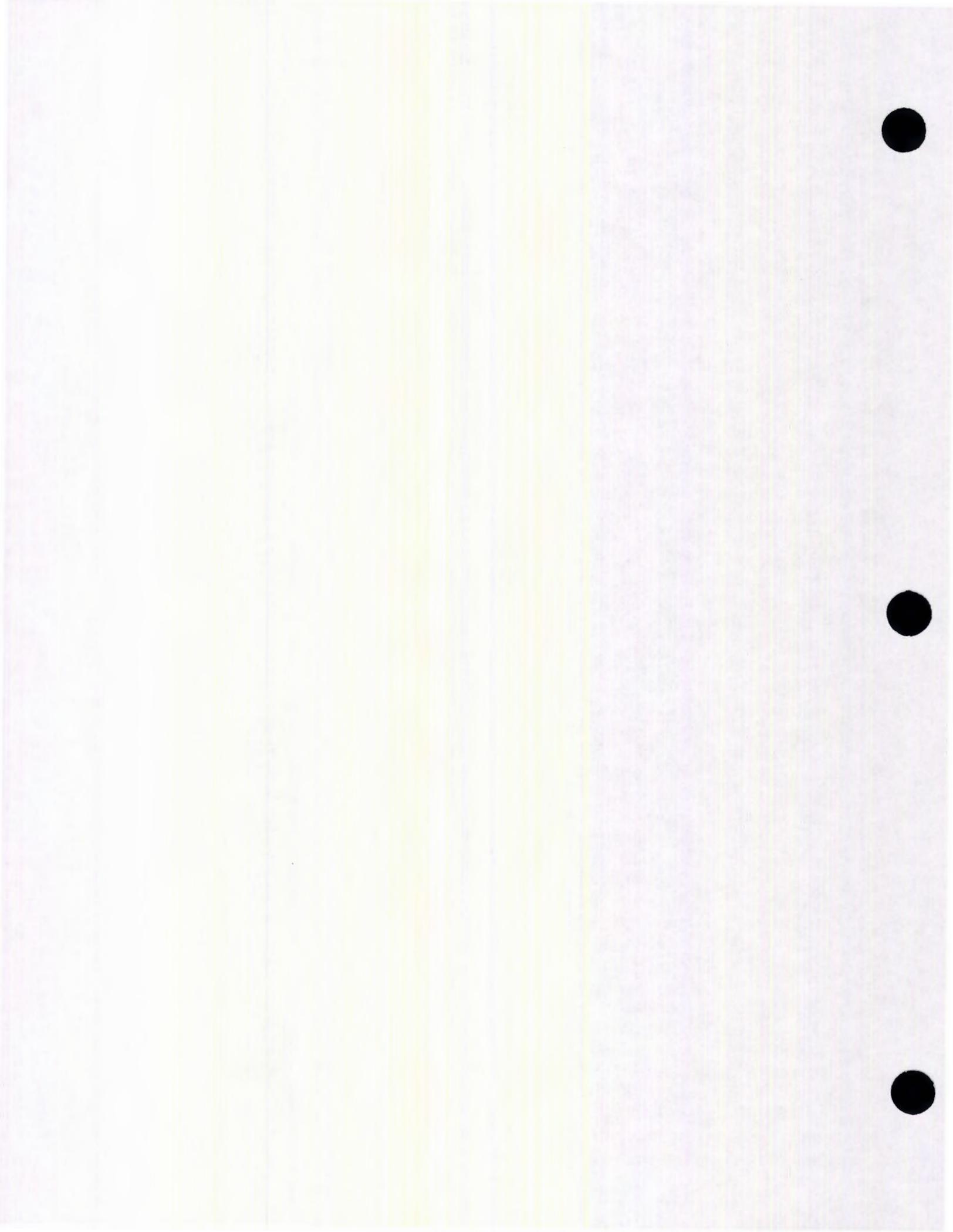
22 "**SECTION 12G.4.(b)** Notwithstanding subsection (a) of this section or any other provision
23 of law to the contrary, each party to a cooperative agreement for which a certificate of public
24 advantage was issued prior to September 30, 2016, shall submit a final report to the Department of
25 Health and Human Services and the Attorney General on its activities pursuant to the cooperative
26 agreement ~~through September 30, 2017,~~ by December 30, 2017. The final report shall include at
27 least all of the following:

- 28 (1) A description of the activities conducted pursuant to the agreement.
29 (2) Price and cost information.
30 (3) The nature and scope of its activities pursuant to the agreement through
31 ~~September 30, 2017,~~ the date the agreement expires and the likely effect of those
32 activities.
33 (4) A summary of activities and any market impact from the date the agreement
34 expires through September 30, 2017.
35 (5) Any additional information requested by the Department or the Attorney
36 General."

37 **SECTION 5.8.** If House Bill 1030, 2015 Regular Session, becomes law, then G.S.
38 143B-139.6A reads as rewritten:

39 "**§ 143B-139.6A. Secretary's responsibilities regarding availability of early intervention**
40 **services.**

41 The Secretary of the Department of Health and Human Services shall ensure, in cooperation
42 with other appropriate agencies, that all types of early intervention services specified in the
43 "Individuals with Disabilities Education Act" (IDEA), P.L. 102-119, the federal early intervention



**NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
House Bill 805**

AMENDMENT NO. _____

(to be filled in by
Principal Clerk)

H805-AMD-131 [v.46]

Page 8 of 14

1 legislation, are available to all eligible infants and toddlers and their families to the extent funded
2 by the General Assembly.

3 The Secretary shall coordinate and facilitate the development and administration of the early
4 intervention system for eligible infants and toddlers and shall assign among the cooperating
5 agencies the responsibility, including financial responsibility, for services. The Secretary shall be
6 advised by the Interagency Coordinating Council for Children from Birth to Five with Disabilities
7 and Their Families, established by G.S. 143B-179.5, and may enter into formal interagency
8 agreements to establish the collaborative relationships with the Department of Public Instruction,
9 other appropriate agencies, and other public and private service providers necessary to administer
10 the system and deliver the services.

11 As part of the permission to refer parents to services under the early intervention system for
12 eligible infants and toddlers, the Secretary shall include the Governor Morehead School for the
13 Blind, the Eastern North Carolina School for the Deaf, and the North Carolina School for the Deaf
14 as agencies included on any permission to refer release form provided to parents for contact
15 regarding services.

16 The Secretary shall adopt rules to implement the early intervention system, in consultation with all
17 other appropriate agencies.""

18 **SECTION 5.9.** If House 1030, 2015 Regular Session, becomes law, then Section
19 12A.8(b) of S.L. 2015-241, as amended by Section 12A.5 of House Bill 1030, 2015 Regular
20 Session, reads as rewritten:

21 "**SECTION 12A.8.(b)** The Department shall continue administering a competitive grants
22 process for nonprofit funding. The Department shall administer a plan that, at a minimum,
23 includes each of the following:

24 ...
25 (4) A process that awards grants to nonprofits that have the capacity to provide
26 services on a statewide basis and that support any of the following State health
27 and wellness initiatives:

28 ...
29 n. A—Effective beginning the 2017-2018 fiscal year, a program that
30 provides year-round sports training and athletic competition for children
31 and adults with disabilities.

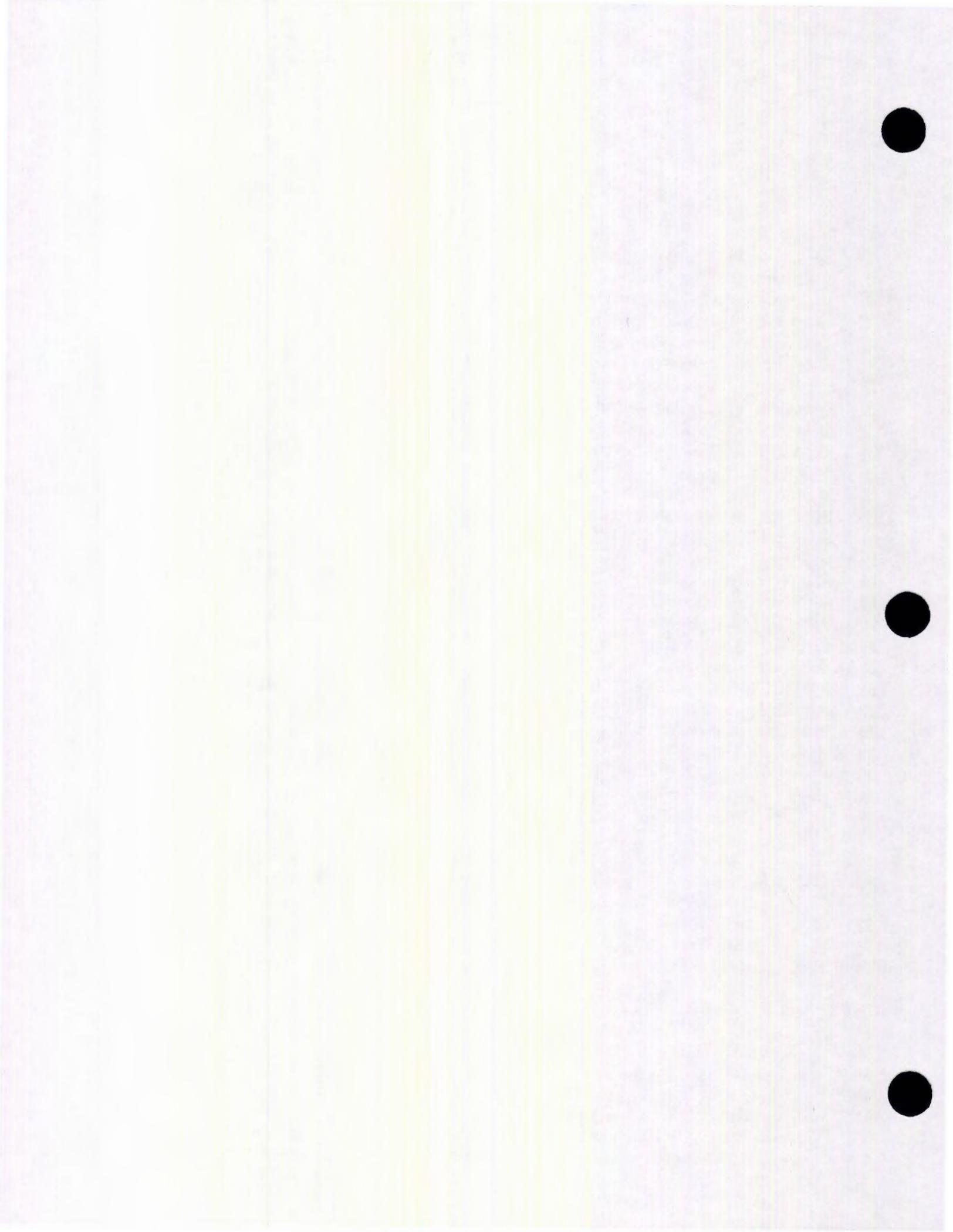
32"

33 **SECTION 5.10.** If House Bill 1030, 2015 Regular Session becomes law, then Section
34 12E.2(g) of that act is repealed.

35
36 **PART VI. AGRICULTURE AND NATURAL AND ECONOMIC RESOURCES**

37
38 **SECTION 6.1.(a)** If House Bill 1030, 2015 Regular Session, becomes law, then
39 G.S. 13-202.1(f), as enacted by Section 14.11.(b) of that act, reads as rewritten:

40 "(f) Amendments of shellfish cultivation leases to authorize use of the water column may
41 be transferred only with a—the superincumbent bottom lease for the remainder of the term of the
42 amendment at the same rental rate and term as set forth in subsection (d) of this section and so
43 long as notice of the transfer is provided to the Secretary as required by G.S. 113-202(k)."



NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
House Bill 805

AMENDMENT NO. _____

(to be filled in by
Principal Clerk)

H805-AMD-131 [v.46]

Page 9 of 14

1 **SECTION 6.1.(b)** If House Bill 1030, 2015 Regular Session, becomes law, then
2 G.S. 13-202.2(f), as enacted by Section 14.11.(c) of that act, reads as rewritten:

3 "(f) Water column leases to perpetual franchises may be transferred only with a ~~the~~
4 superincumbent perpetual franchise for the remainder of the term of the lease at the same rental
5 rate and term as set forth in subsection (d) of this section and so long as notice of the transfer is
6 provided to the Secretary as required by G.S. 113-202(k)."

7 **SECTION 6.2.(a)** If House Bill 1030, 2015 Regular Session, becomes law, then,
8 notwithstanding any provision of that act to the contrary, the revised net appropriation for all
9 programs in the Rural Economic Development Division for the 2016-2017 fiscal year shall be
10 twenty-three million eight hundred fifty-seven thousand nine hundred seventy-three dollars
11 (\$23,857,973).

12 **SECTION 6.2.(b)** If House Bill 1030, 2015 Regular Session, becomes law, then,
13 notwithstanding any provision of that act to the contrary, the three hundred thirty-six thousand
14 dollars (\$336,000) in recurring funds for Community Planners for Prosperity Zones for the 2016-
15 2017 fiscal year shall be allocated to Fund Code 1620, instead of Fund Code 1534."

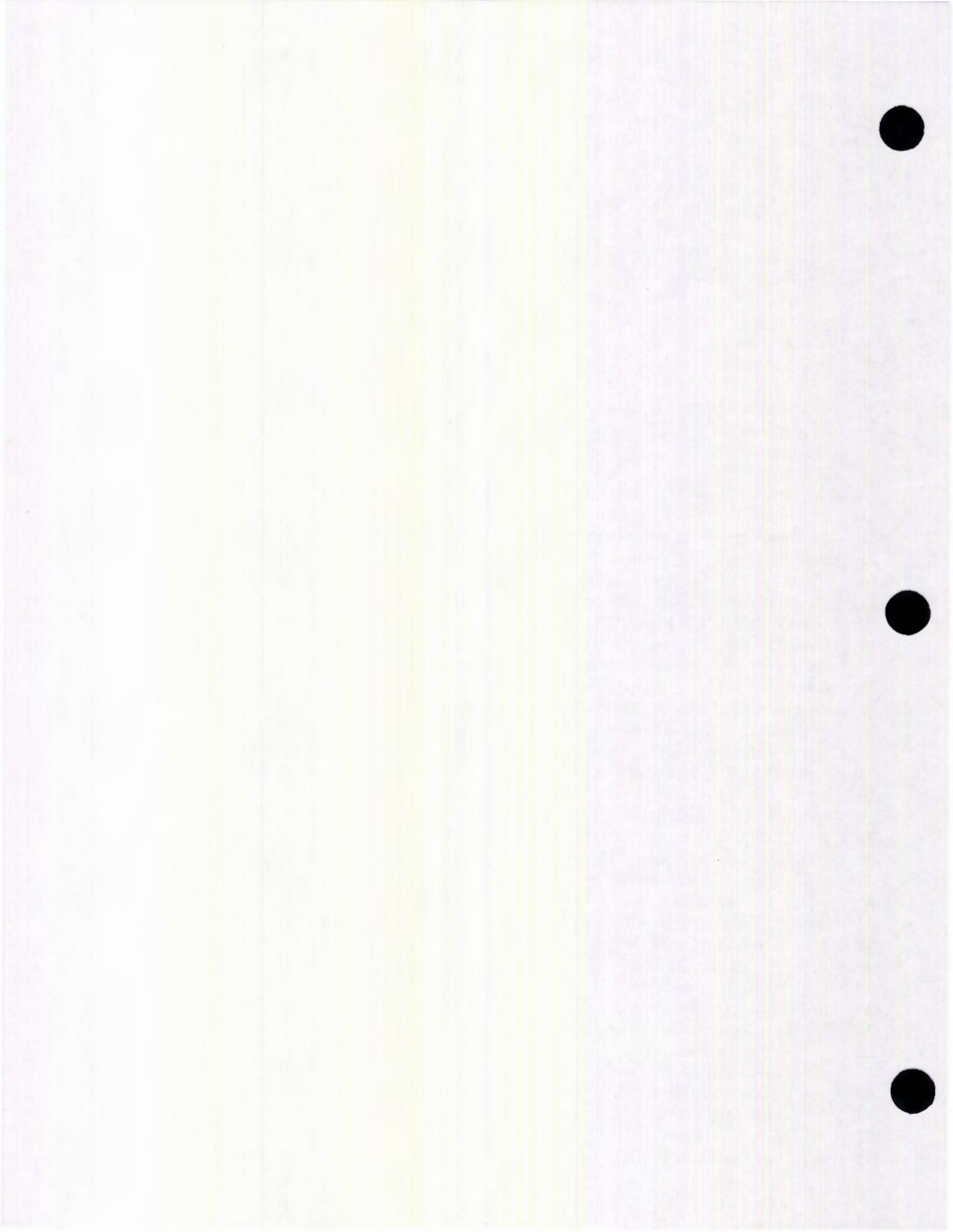
16 **SECTION 6.3.** If House Bill 1030, 2015 Regular Session, becomes law, then Section
17 13.4(a) of that act reads as rewritten:

18 "**SECTION 13.4.(a)** Of the funds appropriated to the Department of Agriculture and
19 Consumer Services, the sum of two hundred fifty thousand dollars (\$250,000) for the 2016-2017
20 fiscal year shall be used to create a program to reimburse small food retailers for expenditures
21 related to enhancing access to healthy foods in areas that qualify as food desert zones according to
22 the Economic Research Service of the United States Department of Agriculture. For the purposes
23 of this section, a small food retailer is defined as a business that is a small retail outlet, including
24 corner stores, convenience stores, cooperatives, and bodegas, of no more than 3,000 heated square
25 feet that sells a limited selection of foods and other products. Funds may be used to reimburse
26 small food retailers for the purchase and installation of refrigeration equipment, display shelving,
27 and other equipment necessary for stocking nutrient-dense foods, including fresh vegetables and
28 fruits, whole grains, nuts, seeds, beans and legumes, low-fat dairy products, lean meats, and
29 seafood. The Department may retain up to ten percent (10%) of the funds allocated pursuant to
30 this section for administrative costs associated with the healthy food small retailer program."

31 **SECTION 6.4.** If House Bill 1030, 2015 Regular Session, becomes law, then,
32 notwithstanding any provision of that act to the contrary, funds appropriated to the Department of
33 Natural and Cultural Resources for advanced planning of a new visitor center at Fort Fisher State
34 Park shall be transferred to a Capital Code by the Department.

35 **SECTION 6.5.(a)** If House Bill 1030, 2015 Regular Session, becomes law, then,
36 notwithstanding any provision of that act to the contrary, the funds appropriated in that act to the
37 Department of Commerce for the purpose of contracting with the Economic Development
38 Partnership of North Carolina are reduced by an additional sixty-five thousand four hundred
39 thirty-seven dollars (\$65,437) in recurring funds for the 2016-2017 fiscal year. The revised net
40 appropriation for the Department of Commerce shall be twenty million two hundred fifty-five
41 thousand four hundred eleven dollars (\$20,255,411).

42 **SECTION 6.5.(b)** If House Bill 1030, 2015 Regular Session, becomes law, then,
43 notwithstanding any provision of that act to the contrary, the funds appropriated in that act to the



**NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
House Bill 805**

AMENDMENT NO. _____

(to be filled in by
Principal Clerk)

H805-AMD-131 [v.46]

Page 10 of 14

1 Department of Natural and Cultural Resources are increased by sixty-five thousand four hundred
2 thirty-seven dollars (\$65,437) in recurring funds for the 2016-2017 fiscal year to be used to
3 support a distance learning coordinator position at the North Carolina Museum of History. The
4 revised net appropriation for the Department of Natural and Cultural Resources shall be fourteen
5 million seven hundred eighty-four thousand one hundred twenty-four dollars (\$14,784,124).

6 **SECTION 6.6.** If House Bill 1030, 2015 Regular Session, becomes law, then,
7 notwithstanding any provision of that act to the contrary, the seventy-five thousand dollars
8 (\$75,000) in nonrecurring funding to supplement the Forest Development Fund shall be allocated
9 to Fund Code 1990 instead of Fund Code 1510.

10
11 **PART VII. JUSTICE AND PUBLIC SAFETY**

12
13 **SECTION 7.1.** If House Bill 1030, 2015 Regular Session, becomes law, then of the
14 funds appropriated in that act to the Office of Indigent Defense Services for the 2016-2017 fiscal
15 year for private assigned counsel, the sum of one hundred thousand dollars (\$100,000) shall be
16 allocated to the North Carolina State Bar for use by Pisgah Legal Services.

17 **SECTION 7.2.** If House Bill 1030, 2015 Regular Session, becomes law, the
18 Department of Public Safety shall not eliminate position number 60070228. The Department shall
19 instead identify another vacant position at the same salary level to eliminate in Fund Code 1100-
20 Division of Administration.

21 **SECTION 7.3.** If House Bill 1030, 2015 Regular Session, becomes law, then Section
22 8.26(n) of S.L. 2015-241 reads as rewritten:

23 "**SECTION 8.26.(n)** By ~~July 1, 2016,~~ July 1, 2018, the Department of Public Safety shall
24 implement an anonymous safety tip line application and a statewide panic alarm system as
25 required under G.S. 115C-105.51, as amended by subsection (d) of this section."
26

27 **PART VIII. GENERAL GOVERNMENT**

28
29 **SECTION 8.1.** If House Bill 1030, 2015 Regular Session, becomes law, then of the
30 funds appropriated in that act to the State Emergency Response and Disaster Relief Fund (Budget
31 Code 19930), the sum of five hundred thousand dollars (\$500,000) in nonrecurring funds for the
32 2016-2017 fiscal year shall be transferred to the Governor's Office (Account Code 13000) to be
33 used to fund costs incurred from litigation related to S.L. 2016-3.

34 **SECTION 8.2.** If House Bill 1030, 2015 Regular Session, becomes law, then,
35 notwithstanding any provision of that act or of the Committee Report described in Section 39.2 of
36 that act to the contrary, funds appropriated in that act for the Community Living Housing Fund are
37 appropriated from Budget Code 63011 rather than Budget Code 13010.

38 **SECTION 8.3.(a)** If House Bill 1030, 2015 Regular Session, becomes law, then
39 Section 32.5(j) of that act reads as rewritten:

40 "**SECTION 32.5.(j)** The responsibilities for the North Carolina Youth Legislative Assembly
41 are transferred from the Department of Administration to the North Carolina General Assembly's
42 Legislative Services Commission. ~~The following position is transferred to Budget Code 11000:~~
43 ~~Administrative Officer II, Position Number 60014065. All budget salary and benefits in the~~



**NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
House Bill 805**

AMENDMENT NO. _____

(to be filled in by
Principal Clerk)

H805-AMD-131 [v.46]

Page 11 of 14

1 ~~amount of sixty one thousand two hundred seventy nine dollars (\$61,279) are transferred in a~~
2 ~~Type II transfer from the Department of Administration to the General Assembly. Additionally,~~
3 ~~the budget associated with operations for the Youth Legislative Assembly and the North Carolina~~
4 ~~Youth Legislative Assembly Fund, enacted by subsection (k) of this section, are transferred as a~~
5 ~~Type II transfer from the Department of Administration to the General Assembly. The~~
6 ~~Administrative Officer II position will report directly to the Legislative Services Officer. The~~
7 ~~Youth Legislative Assembly will work collaboratively with existing resources within the General~~
8 ~~Assembly, including the Senate and House Page programs, to execute activities of the Youth~~
9 ~~Legislative Assembly."~~

10 **SECTION 8.3.(b)** If House Bill 1030, 2015 Regular Session, becomes law, then
11 effective July 1, 2016, Administrative Officer II, Position Number 60014065, and budgeted
12 benefits are transferred from the Department of Administration to the General Assembly.

13 **SECTION 8.4.(a)** If House Bill 1030, 2015 Regular Session, becomes law, then
14 notwithstanding any other provision of law, funds in Budget Code 23900 in the 2016-2017 fiscal
15 year, shall be used to continue the transfer of a portion of vehicle inspection fee proceeds from the
16 Department of Transportation, Division of Motor Vehicles to continue support of the State's grant
17 program that provides funding to local rescue organizations. The revised net appropriation for the
18 Volunteer Rescue/EMS Program is \$1,456,931.

19 **SECTION 8.4.(b)** If House Bill 1030, 2015 Regular Session, becomes law, then
20 notwithstanding any other provision of law, funds in Budget Code 23901 in the 2016-2017 fiscal
21 year, shall be used to restore the recurring transfer of a portion of vehicle inspection fee proceeds
22 from the Department of Transportation, Division of Motor Vehicles to continue support of the
23 State's grant program that provides funding to eligible beneficiaries. The revised net appropriation
24 for the Rescue Squad Workers' Relief Fund is \$957,352.

25
26 **PART IX. SALARIES AND BENEFITS**

27
28 **SECTION 9.1.** If House Bill 1030, 2015 Regular Session, becomes law, then Section
29 36.10 is amended by adding the following new subsections to read:

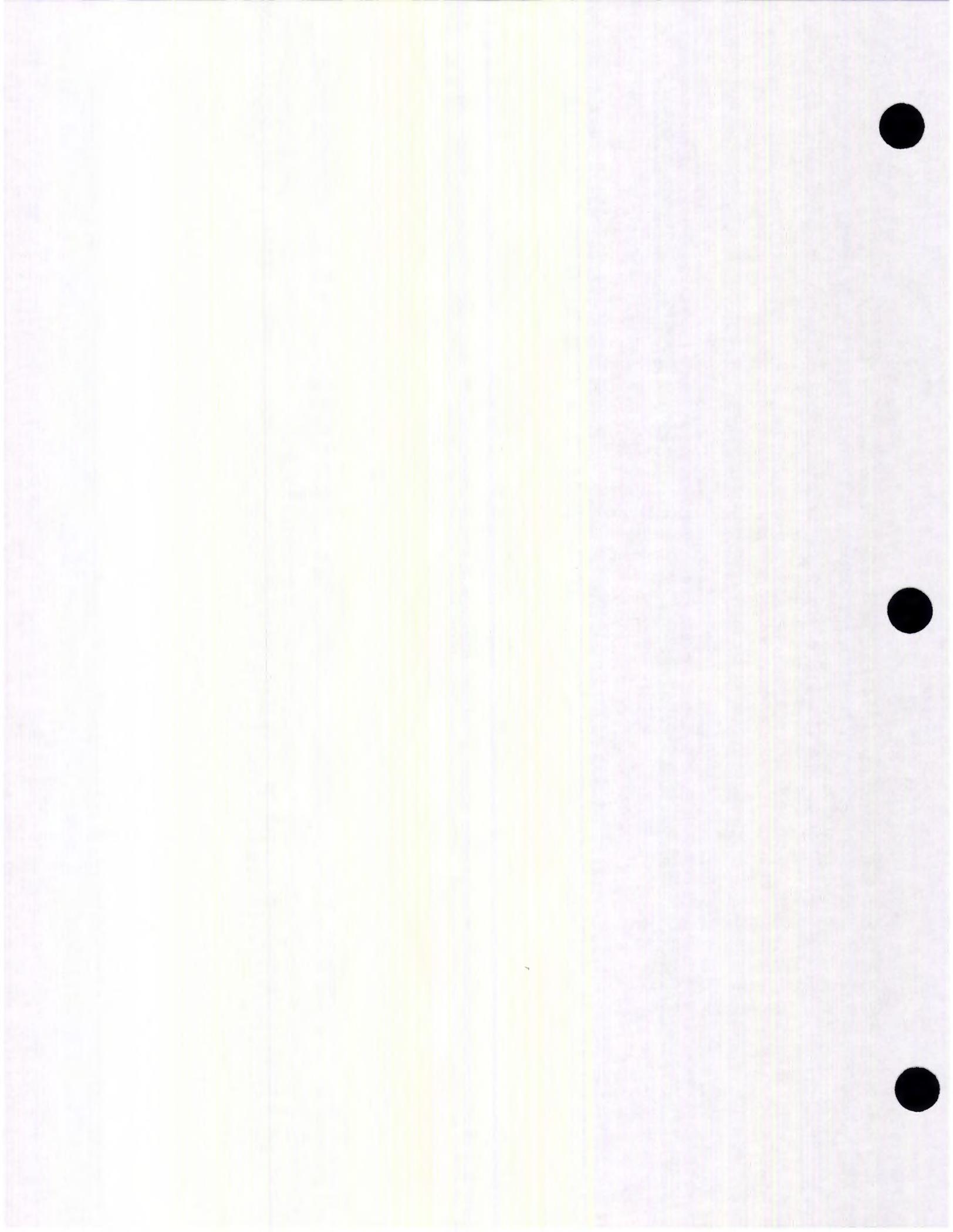
30 "SECTION 36.10.(e) Of the funds appropriated to the Community Colleges System Office in
31 this act for restoring the management flexibility reduction up to six million fifty-one thousand
32 seven hundred twenty-two dollars (\$6,051,722) may be used for the restoration of management
33 flexibility cuts, compensation increases, or both.

34 SECTION 36.10.(f) It is the intent of the General Assembly to provide additional recurring
35 funds during the 2017-2018 fiscal year to the Community Colleges System Office for
36 compensation increases."

37
38 **PART X. CAPITAL**

39
40 **SECTION 10.1.(a)** If House Bill 1030, 2015 Regular Session, becomes law, then
41 G.S. 142-15.17, as enacted by Section 37.8(a) of that act, reads as rewritten:

42 **"§ 142-15.17. No State-supported financing of certain assets without approval of the General**
43 **Assembly.**



**NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
House Bill 805**

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

H805-AMD-131 [v.46]

Page 12 of 14

1 No State entity shall enter into any State-supported financing arrangement with respect to the
2 acquisition of a capital asset having a value of five million dollars (\$5,000,000) or more, unless
3 the General Assembly has enacted legislation expressly approving (i) the acquisition, project, or
4 undertaking to be financed and (ii) the use of the State-supported financing arrangement. The
5 legislation required by this section may be in the form of either an act that refers to the specific
6 asset or project and the manner of financing or an act that identifies a type of asset or project and a
7 maximum amount that may be financed or incurred for that type of asset or project. Examples of
8 references to a specific asset or project include guaranteed energy savings contracts or energy
9 ~~conservations~~ conservation measures of a type described in Article 3B of Chapter 143 of the
10 General Statutes or repairs and renovations of State-owned buildings."

11 **SECTION 10.1.(b)** This section is effective when it becomes law.

12 **SECTION 10.2.(a)** Notwithstanding any other provision of law, the Department of
13 Administration may lease to a third party the roughly 1.7 acre Personnel Training Center property
14 located on Peace Street in Wake County.

15 **SECTION 10.2.(b)** A lease made pursuant to subsection (a) of this section shall be in
16 accordance with the following:

- 17 (1) The lease term may exceed 30 years but shall not exceed 99 years.
- 18 (2) The lease shall be for fair market value.
- 19 (3) The lease shall include a lease of up to 200 of the parking spaces in Deck 64 in
20 Wake County.
- 21 (4) Except as provided in this section, the lease shall in all other respects accord
22 with Article 7 of Chapter 146 of the General Statutes.

23 **SECTION 10.2.(c)** Exemptions from Certain Statutes. – The following statutes shall
24 not apply to the lease authorized by this section:

- 25 (1) G.S. 66-58.
- 26 (2) G.S. 146-29(b), as enacted by Section 37.7 of House Bill 1030, 2015 Regular
27 Session, if that bill becomes law.

28
29 **PART XI. FINANCE**

30
31 **SECTION 11.1.** If House Bill 1030, 2015 Regular Session, becomes law, then
32 Section 38.2(f) of that act reads as rewritten:

33 "SECTION 38.2.(f) Subsection (a) of this section is effective when it becomes law and
34 applies retroactively to purchases made on or after July 1, 2013. Subsections (b) and (c) of this
35 section ~~becomes~~ become effective July 1, 2016, and apply to ~~sales~~ purchases made on or after that
36 date. The remainder of this section is effective when it becomes law."

37 **SECTION 11.2.** If House Bill 1030, 2015 Regular Session, becomes law, then
38 G.S. 105-164.4H(d)(2), as enacted by Section 38.5(g) of that act, reads as rewritten:

- 39 "(2) If the price of the taxable repair, maintenance, and installation services included
40 in the contract is equal to or greater than ten percent (10%) of the contract price,
41 then sales and use tax applies to the taxable repair, maintenance, and
42 installation services portion of the contract. The person must determine an
43 allocated price for each taxable repair, maintenance, and installation service in



NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
House Bill 805

AMENDMENT NO. _____

(to be filled in by
Principal Clerk)

H805-AMD-131 [v.46]

Page 13 of 14

1 the contract based on a reasonable allocation of revenue that is supported by the
2 person's business records kept in the ordinary course of business. Any purchase
3 of tangible personal property, digital property, or services to fulfill the real
4 property contract are ~~taxes~~taxed in accordance with this section."

5 **SECTION 11.3.(a)** If House Bill 1030, 2015 Regular Session, becomes law, then
6 G.S. 105-187.51B(a)(6)-(7), as enacted by Section 38.2(b) of that act, read as rewritten:

7 "(6) A person other than a person subject to tax under subdivision (1) of this
8 subsection that gathers and obtains ferrous metals, nonferrous metals, and items
9 that have served their original economic purpose and that converts them by
10 processes, including sorting, cutting, classifying, cleaning, baling, wrapping,
11 shredding, or shearing into a new or different product for sale consisting of
12 prepared grades ~~for the purchase of~~that purchases equipment, or an attachment
13 or repair part for the equipment, that meets all of the following requirements:

- 14 a. Is capitalized by the person for tax purposes under the Code.
15 b. Is used by the person in a conversion process described in this
16 subdivision.
17 c. Is not a motor vehicle or an attachment or repair part for a motor
18 vehicle.

19 (7) A company primarily engaged at the establishment in processing tangible
20 personal property for the purpose of extracting precious metals, as defined in
21 G.S. 66-406, to determine the value for potential purchase ~~for the purchase~~
22 of that purchases equipment, or an attachment or repair part for the equipment,
23 that meets all of the following requirements:

- 24 a. Is capitalized by the company for tax purposes under the Code.
25 b. Is used by the company in the process described in this subdivision."

26 **SECTION 11.3.(b)** If House Bill 1030, 2015 Regular Session, becomes law, then
27 G.S. 105-164.4H(e)(1)f., as enacted by Section 38.5(g) of that act, reads as rewritten:

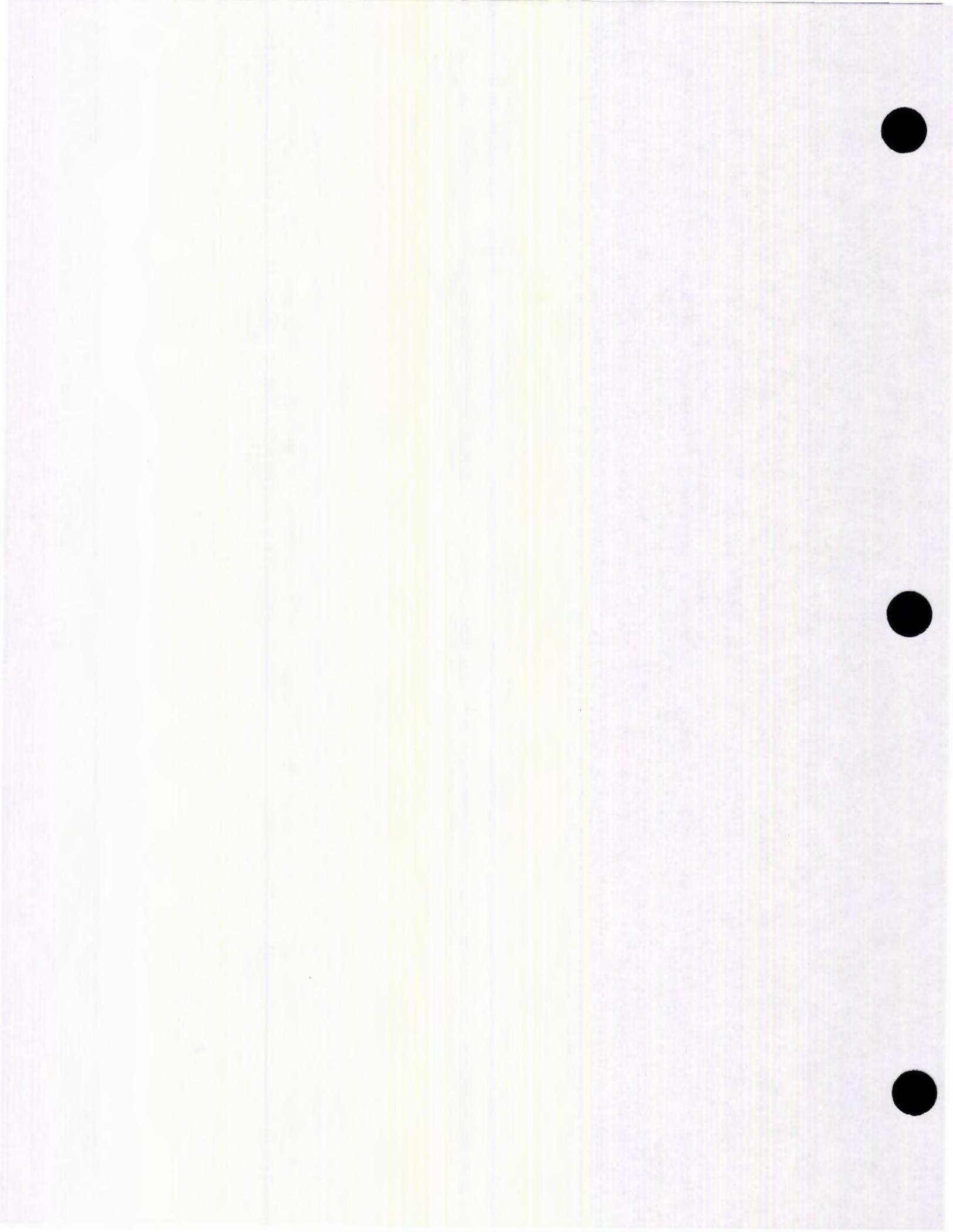
28 "f. Replacement or installation of a roofing, septic tank, plumbing,
29 electrical, commercial refrigeration, irrigation, ~~sprinkler~~
30 system, sprinkler, or other similar systems."

31 **SECTION 11.3.(c)** Subsection (a) of this section becomes effective July 1, 2016, and
32 applies to purchases made on or after that date. Subsection (b) of this section becomes effective
33 January 1, 2017, and applies to sales made on or after that date. The remainder of this section is
34 effective when it becomes law.

35 **SECTION 11.4.(a)** If House Bill 1030, 2015 Regular Session, becomes law, then G.S.
36 105-164.4H(e)(1)d., as enacted by Section 38.5(g) of that act, reads as rewritten;

37 "d. Installation of equipment or fixture that is attached to real property so
38 that removal of the item would cause physical, functional, or economic
39 damage to the property and that is capitalized ~~for income tax purposes~~
40 under one or more of the following: the Code, Generally Accepted
41 Accounting Principles, or International Financial Reporting Standards."

42 **SECTION 11.4.(b)** This section becomes effective January 1, 2017.



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VISITOR REGISTRATION SHEET

SENATE APPROPRIATIONS/BASE BUDGET

June 30, 2016

Name of Committee

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

Meghan Cook	NC DIT
Camille Winstead	ECU DNP student
Scott Laster	SSGNC
Chris Wall	PG
Danice Bacon	Tourman SANDER J
Joe Johnson	Graduate Intern
Hugh Johnson	NCTC
Mary Jones	MDOT
Starr Johnson	NCAH
Amanda Donovan	TSS
Flint Benson	SEANC



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NAME

FIRM OR AGENCY AND ADDRESS

Caroline Miller	AMGA
Chris Broughton	MWC
Mary Foreman	NCAE
Doug Miskew	PSG
Matt Cross	NCR
Robt Jansen	NCSBE
SueAnn Forrest	NICW
Tom Neil	NCFU
David Heinen	NC Center for Manpower
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Dev Monte	UNCGA



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David Collins	SEANC
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Adam Prichard	WCBTA
Andy ELL	NCPM
Nelson Freeman	DOR
JAKE PARKER	NCFB
Susan Harrison	NCSSTA
Rick Zechini	Williams Walker
Fred Bone	Bone ASSO.
David [unclear]	Veterans Health



