

Division in which the proceeds are earned. Proceeds may be used to fund ferry passenger vessel replacement projects or supplement funds allocated for ferry passenger vessel replacement projects approved in the Transportation Improvement Program.

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

(f) Authority to Generate Certain Receipts. – The Department of Transportation, notwithstanding any other provision of law, may ~~operate, operate~~ or contract for the following receipt-generating activities and use the proceeds for ferry passenger vessel replacement projects in the manner set forth in subsection (c) of this section:

- (1) ~~operation~~ Operation of, concessions on the ferries and at ferry facilities to provide to passengers on the ferries food, drink, and other refreshments, personal comfort items, Internet access, and souvenirs publicizing the ferry system.
- (2) The sale of naming rights to any ferry vessel, ferry route, or ferry facility.
- (3) Advertising on or within any ferry vessel, 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.
- (4) Any other receipt-generating activity not otherwise forbidden by applicable law pertaining to public health or safety.

(g) Confidentiality of Personal Information. – Identifying information obtained by the Department related to operation of the ferry system is not a public record under Chapter 132 of the General Statutes and is subject to the disclosure limitations in 18 U.S.C. § 2721 of the federal Driver's Privacy Protection Act. The Department shall maintain the confidentiality of all information required to be kept confidential under 18 U.S.C. § 2721(a), as well as any financial information, transaction history, and information related to the collection of a toll or user fee from a person, including, but not limited to, photographs or other recorded images or automatic vehicle identification or driver account information generated by radio-frequency identification or other electronic means. The Department may use identifying information only for purposes of collecting and enforcing tolls. Nothing in this section is intended to limit the right of any person to examine that person's own account information, or the right of any party, by authority of a proper court order, to inspect and examine identifying information."

SECTION 34.13.(c) No later than January 1, 2014, the Board shall adopt a methodology and expected minimum and maximum tolls for use in establishing tolls for ferry routes under G.S. 136-82, as amended by this section. The Board of Transportation shall consider the needs of commuters and other frequent passengers in its adoption of toll rates and the toll rate methodology.

SECTION 34.13.(d) The Department of Transportation shall continue to collect tolls on all ferry routes for which tolls were in effect as of June 30, 2013.

NORTH CAROLINA RAILROAD COMPANY REPORTING AND DIVIDENDS

SECTION 34.14.(a) Reporting and Oversight. – G.S. 124-1 reads as rewritten:
"§ 124-1. Control of internal improvements.

The Governor and Council of State shall have charge of all the State's interest in all railroads, canals and other works of internal improvements. The Board of Directors of a State-owned railroad company shall be responsible for managing its affairs and for reporting as set forth in ~~G.S. 124-3-G.S. 124-17."~~

SECTION 34.14.(b) Article 2 of Chapter 124 of the General Statutes is amended by adding a new section, G.S. 124-15. G.S. 124-6(b), as amended by Section 3.3(a) of S.L. 1999-431, is recodified as G.S. 124-15(a). G.S. 124-5(b) is recodified as G.S. 124-15(b). G.S. 124-15, as enacted and amended by this subsection, reads as rewritten:

"§ 124-15. Board of directors; appointment and approval of encumbrances.

(a) Notwithstanding subsection (a) of ~~this section, G.S. 124-6,~~ for any State-owned railroad company ~~organized as a corporation in which the State is the owner of all the voting stock and which that~~ has trackage in more than two counties, seven of the members of the Board of Directors shall be appointed by the Governor, three of the members of the Board of

Directors shall be appointed by the General Assembly upon the recommendation of the Speaker of the House of Representatives in accordance with G.S. 120-121, and three of the members of the Board of Directors shall be appointed by the General Assembly upon the recommendation of the President Pro Tempore of the Senate in accordance with G.S. 120-121. The Board of Directors shall consist of 13 members. Of the Governor's seven appointments, one shall be from the appointees to the Board of Transportation and one shall be the Secretary of Commerce or the Secretary's designee. Of the initial members appointed by the Governor, three shall be appointed for terms of four years and four shall be appointed for terms of two years. Of the initial members recommended to the General Assembly by the Speaker of the House of Representatives, two shall be appointed for terms of four years and one shall be appointed for a term of two years. Of the initial members recommended to the General Assembly by the President Pro Tempore of the Senate, two shall be appointed for terms of four years and one shall be appointed for a term of two years. Thereafter all Board members shall serve four-year terms. The Board shall elect the chairman from among its membership.

(b) No State-owned railroad company shall sell, lease, mortgage, or otherwise encumber its franchise, right-of-way, or other property, except by and with the approval and consent of the Board of Directors of that corporation. The president or other chief officer of the State-owned railroad company shall report any acquisitions and dispositions in accordance with G.S. 124-3(10)."

SECTION 34.14.(c) Article 2 of Chapter 124 of the General Statutes is amended by adding a new section to read as follows:

"§ 124-16. Strategic plan and capital investment plan required of State-owned railroad company; performance management system.

(a) Any State-owned railroad company shall prepare and maintain a comprehensive strategic plan and a capital investment plan. The strategic plan shall include a mission statement describing the purpose of the company and clear goals that address the strategic issues facing the company.

(b) Any State-owned railroad company shall develop and implement a formalized performance management system based on its strategic plan. The performance management system shall measure and monitor progress toward achieving strategic objectives. When performance fails to achieve strategic objectives within the time period established in the plan, a State-owned railroad company shall take corrective action."

SECTION 34.14.(d) Article 2 of Chapter 124 of the General Statutes is amended by adding a new section, G.S. 124-17. G.S. 124-3(b) is recodified as G.S. 124-17(b). G.S. 124-3(c) is recodified as G.S. 124-17(c). G.S. 124-17, as enacted and amended by this subsection, reads as rewritten:

"§ 124-17. Enhanced annual report of State-owned railroad company; additional reporting requirements to Governor and General Assembly.

(a) A State-owned railroad company shall submit an annual report to the Joint Legislative Commission on Governmental Operations and the Joint Legislative Transportation Oversight Committee. The report shall include the following:

- (1) The information required under G.S. 124-3.
- (2) A copy of the strategic plan and the capital investment plan required under G.S. 124-16.
- (3) Any failures to meet strategic objectives and what corrective actions were taken under G.S. 124-16(b).
- (4) Anticipated dividends for the next three fiscal years.
- (5) A description of the State-owned railroad company's business, subsidiaries, and markets in which it operates.
- (6) A list of the properties owned by the State-owned railroad company.
- (7) A list of the directors and executive officers of the State-owned railroad company and a description of the background and experience of each.
- (8) A description of the State-owned railroad company's code of ethics and conflicts of interest policy.
- (9) A summary of the fees paid to an accounting firm during the year.
- (10) A list of the compensation paid to directors and officers of the State-owned railroad company.
- (11) A description of the State-owned railroad company's disagreements with its accountants if there has been a change in accountants.

(12) A description of any transactions between the State-owned railroad company and its directors, officers, and their family members.

(b) Upon the request of the Governor or any committee of the General Assembly, a State-owned railroad company shall provide all additional information and data within its possession or ascertainable from its records. The State-owned railroad company shall not be deemed to have waived any attorney-client privilege when complying with this subsection. At the time a State-owned railroad company provides information under this section, it shall indicate whether the information is confidential. Confidential information shall be subject to subsection (c) of this section.

(c) Confidential information includes (i) information related to a proposed specific business transaction where inspection, examination, or copying of the records would frustrate the purpose for which the records were created, or (ii) information that is subject to confidentiality obligations of a railroad company. Confidential information is exempt from Chapter 132 of the General Statutes and shall not be subject to a request under G.S. 132-6(a)."

SECTION 34.14.(e) The Freight Rail & Rail Crossing Safety Improvement Fund is established within the Highway Fund.

SECTION 34.14.(f) One-Time Cash Dividend. – Notwithstanding G.S. 124-5.1, any State-owned railroad company, as defined under G.S. 124-11, that has trackage in more than two counties shall issue a cash dividend in the amount of fifteen million five hundred thousand dollars (\$15,500,000), which shall be deposited into the Freight Rail & Rail Crossing Safety Improvement Fund no later than January 15, 2014.

SECTION 34.14.(g) Annual Cash Dividend. – G.S. 124-5.1 reads as rewritten:

"§ 124-5.1. State use of North Carolina Railroad Company dividends. ~~dividends deposited to Highway Fund.~~

(a) ~~Notwithstanding the provisions of G.S. 136-16.6, in order to increase the capital of the North Carolina Railroad Company, any dividends of the North Carolina Railroad Company received by the State shall be applied to reduce the obligations described in subsection (c) of Section 32.30 of S.L. 1997-443, as amended by subsection (d) of Section 27.11 of S.L. 1999-237. Any dividends of the North Carolina Railroad Company received by the State shall be used by the Department of Transportation for the improvement of the property of the North Carolina Railroad Company as recommended and approved by the Board of Directors of the North Carolina Railroad Company. The improvements may include the following project types:~~ 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) ~~Railroad and industrial track rehabilitation.~~ Track and associated infrastructure improvements for freight service.
- (2) ~~Railroad signal and grade crossing protection.~~ Grade crossing protection, elimination, and hazard removal.
- (3) ~~Bridge improvements.~~ Signalization improvements.
- (4) ~~Corridor protection.~~ 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) ~~Industrial site acquisition.~~

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.

~~The Department of Transportation shall use the Fund to supplement funds allocated for projects approved as part of the Transportation Improvement Program.~~

(b) ~~Effective January 1, 2000, interest shall not be accrued or otherwise charged on the remaining balance of the obligations described in subsection (c) of Section 32.30 of S.L. 1997-443, as amended by subsection (d) of Section 27.11 of S.L. 1999-237. Interest accrued on those obligations relating to periods prior to January 1, 2000, shall be deemed paid and contributed by the State to the capital of the North Carolina Railroad Company."~~

SECTION 34.14.(h) Article 2 of Chapter 124 of the General Statutes is amended by adding the following new section:

"§ 124-18. Dividends required of State-owned railroad company.

Any State-owned railroad company that has trackage in more than two counties shall issue an annual cash dividend to the State. The amount of the annual dividend is twenty-five percent (25%) of the company's income from the prior year's trackage rights agreements. The dividend is due by January 15 of each year, and interest shall accrue at the annual rate of prime plus one percent (1%) if the payment is not paid by the due date. The Directors of any State-owned railroad company who vote for or assent to the dividend required under this section shall not be held liable under G.S. 55-8-33."

SECTION 34.14.(i) G.S. 136-16.6 is repealed.

SECTION 34.14.(j) Assess Certain Real Properties. – Any State-owned railroad company, as defined under G.S. 124-11, that has trackage in more than two counties shall assess the company's noncorridor real property that is among the following parcels:

Property Description	County	Nearest Town	Parcel ID
Burke Street Lot	Alamance	Gibsonville	107493
Bridges Street Lot	Carteret	Morehead	638620911461000
Newport Lot	Carteret	Newport	634814246231000
Wye Property Extension	Carteret	Morehead	637616924807000
Wye Property	Carteret	Morehead	637620923019000
Clarks Lot	Craven	Clarks	8-221-035
Tiffany & Bright Sts. Property	Lenoir	Kinston	11185 & 26555
Morrisville Former Depot	Wake	Morrisville	0755-14-6475
Waynesboro Lot	Wayne	Goldsboro	2599119118

The assessment shall identify potential environmental issues; title, encroachment, and other legal property issues; and any other characteristic of the property that would significantly impact the value of the parcels to a prospective purchaser. Any State-owned railroad company, as defined under G.S. 124-11, that has trackage in more than two counties shall report no later than April 1, 2014, to the Joint Legislative Transportation Oversight Committee and the Fiscal Research Division. The report shall include the findings of the assessment required by this subsection, an estimate of the costs to mitigate any environmental issues to meet applicable federal or State standards, the estimated value of the parcels taking into account mitigation costs, and potential alternate State uses for the parcels.

SECTION 34.14.(j1) One-Time Real Property Dividend. – Any State-owned railroad company, as defined under G.S. 124-11, that has trackage in more than two counties shall issue a dividend consisting of any of the company's noncorridor real property that is among the following parcels:

Property Description	County	Nearest Town	Parcel ID
4th Street Lot	Carteret	Morehead	638620808907000
Station & Former Industrial Lot	Carteret	Morehead	638620718127000
Waterfront & Riparian Rights	Carteret	Morehead	638620708857000 & 638620709868000
N. Craven St. Lot	Craven	New Bern	8-003-241-A

The dividend required by this subsection shall be issued no later than June 30, 2014, except as to the N. Craven St. Lot no later than October 1, 2013, and shall be in the form of a transfer of the property to the Department of Administration. Any State-owned railroad making a dividend under this subsection may deduct any tax liabilities under the Internal Revenue Code triggered by this dividend from the amount of the dividend required under subsection (f) of this section.

SECTION 34.14.(j2) The Department of Administration, in collaboration with the Department of Transportation and the North Carolina State Ports Authority (NCSPA), will evaluate the value of the parcels listed in subsection (j1) of this section that are located in Carteret County. The evaluation shall compare the value of the parcels for alternate transportation uses by the Department of Transportation or the NCSPA to the potential proceeds from sale of these properties to a non-State third party. The Departments of Administration and Transportation shall report the results of the evaluation, including recommended alternate uses, to the Joint Legislative Transportation Oversight Committee by April 1, 2014. The Department of Administration shall not sell or transfer the parcels described in this subsection until authorized to do so by an act of the General Assembly.

SECTION 34.14.(j3) Notwithstanding Articles 2 and 7 of Chapter 146 of the General Statutes and G.S. 124-5.1, the Department of Administration shall sell any parcels

listed in subsection (j1) of this section that are located in Craven County and deposit the proceeds of the sales into the Freight Rail & Rail Crossing Safety Improvement Fund of the Highway Fund. Notwithstanding any other provision of law, the Department of Administration may deduct the costs of selling the property from the proceeds of the sales.

SECTION 34.14.(k) Subsections (g), (h), and (i) of this section become effective January 1, 2014.

ELIMINATE TELECOMMUNICATIONS AND INSPECTIONS PROGRAM ACCOUNTS

SECTION 34.15.(a) The sum of ten million five hundred thousand dollars (\$10,500,000) of the unallotted and unexpended balance of funds within the Inspection Program Account shall be transferred to the Highway Fund as appropriated and allocated by this act. The Inspection Program Account shall be eliminated after all funds allotted as of June 30, 2013, have been expended. The remaining unallotted and unexpended balance of funds shall be transferred to the Reserve for General Maintenance (fund center 1500/150934).

SECTION 34.15.(b) Effective June 30, 2014, G.S. 20-183.7(d1) is repealed, and the unallotted and unexpended balance of funds in the Telecommunications Account on that date shall be transferred to the Reserve for General Maintenance (fund center 1500/150934).

SECTION 34.15.(c) G.S. 20-183.7 reads as rewritten:

"§ 20-183.7. Fees for performing an inspection and issuing an electronic inspection authorization to a vehicle; use of civil penalties.

...
 (c) Fee Distribution. – Fees collected for electronic inspection authorizations are payable to the Division of Motor Vehicles. The amount of each fee listed in the table below shall be credited to the Highway Fund, ~~the Inspection Program Account established in subsection (d) of this section, the Telecommunications Account established in subsection (d1) of this section,~~ the Volunteer Rescue/EMS Fund established in G.S. 58-87-5, the Rescue Squad Workers' Relief Fund established in G.S. 58-88-5, and the Division of Air Quality of the Department of Environment and Natural Resources:

<u>Recipient</u>	<u>Safety Only Electronic Authorization</u>	<u>Emissions and Safety Electronic Authorization</u>
Highway Fund	.55	<u>.555.30</u>
Inspection Program Account	.00	3.00
Telecommunications Account	.00	1.75
Volunteer Rescue/EMS Fund	.18	.18
Rescue Squad Workers' Relief Fund	.12	.12
Division of Air Quality	.00	.65.

~~(d) Inspection Program Account. — The Inspection Program Account is created as a nonreverting account within the Highway Fund. The Division shall administer the Account. Revenue in the Account may be used only to fund the vehicle inspection and maintenance program and to fund replacement of the State Titling and Registration System and the State Automated Driver License System.~~

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DIVISION OF MOTOR VEHICLES TECHNOLOGY IMPROVEMENT ACCOUNT

SECTION 34.16.(a) The sum of four million five hundred fifty thousand dollars (\$4,550,000) of the unallotted and unexpended balance of funds within the Division of Motor Vehicles Technology Improvement Account shall be transferred to the Highway Fund as appropriated and allocated by this act. The Account shall be eliminated after all funds allotted as of June 30, 2013, have been expended. The remaining unallotted and unexpended balance of funds in the Account shall be transferred to the Reserve for General Maintenance (fund center 1500/150934).

SECTION 34.16.(b) G.S. 20-85, as rewritten by S.L. 2013-183, reads as rewritten:

"(a1) One dollar (\$1.00) of the fee imposed for any transaction assessed a fee under subdivision (a)(1), (a)(2), (a)(3), (a)(7), (a)(8), or (a)(9) of this section shall be credited to the North Carolina Highway Fund. ~~The Division shall use the fees derived from transactions with the Division for technology improvements.~~ The Division shall use the fees derived from