

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2013**

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**SENATE BILL 744
PROPOSED COMMITTEE SUBSTITUTE S744-PCS35555-MDxf-29**

Short Title: Appropriations Act of 2014.

(Public)

Sponsors:

Referred to:

May 15, 2014

A BILL TO BE ENTITLED
AN ACT TO MODIFY THE CURRENT OPERATIONS AND CAPITAL IMPROVEMENTS
APPROPRIATIONS ACT OF 2013 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 2014."

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 as provided in G.S. 143C-1-2(b).

PART II. CURRENT OPERATIONS AND EXPANSION GENERAL FUND

CURRENT OPERATIONS AND EXPANSION/GENERAL FUND

SECTION 2.1. Appropriations from the General Fund of the State for the maintenance of the State departments, institutions, and agencies, and for other purposes as enumerated, are adjusted for the fiscal year ending June 30, 2015, according to the schedule that follows. Amounts set out in parentheses are reductions from General Fund appropriations for the 2014-2015 fiscal year.

Current Operations – General Fund

2014-2015

EDUCATION

Community Colleges System Office

22,150,669

Department of Public Instruction

66,541,801



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1		
2	University of North Carolina – Board of Governors	
3	Appalachian State University	941,239
4	East Carolina University	
5	Academic Affairs	1,164,501
6	Health Affairs	344,298
7	Elizabeth City State University	261,074
8	Fayetteville State University	444,505
9	NC A&T State University	910,908
10	NC Central University	707,221
11	UNC School of the Arts	230,362
12	NC State University	
13	Academic Affairs	4,818,881
14	Agricultural Extension	415,602
15	Agricultural Research	259,621
16	UNC – Asheville	300,265
17	UNC – Chapel Hill	
18	Academic Affairs	2,225,122
19	Health Affairs	1,170,381
20	Area Health Education Centers	73,789
21	UNC – Charlotte	1,611,465
22	UNC – Greensboro	3,121,477
23	UNC – Pembroke	432,891
24	UNC – Wilmington	927,194
25	Western Carolina University	671,106
26	Winston-Salem State University	320,247
27	General Administration	213,154
28	University Institutional Programs	(8,901,304)
29	Related Educational Programs	4,863,276
30	NC School of Science and Mathematics	124,784
31	Aid to Private Colleges	0
32	Total University of North Carolina – Board of Governors	17,652,059

HEALTH AND HUMAN SERVICES

36	Department of Health and Human Services	
37	Central Management and Support	(5,028,255)
38	Division of Aging & Adult Services	(969,549)
39	Division of Blind Services, Deaf, & Hard of Hearing	0
40	Division of Child Development & Early Education	(18,031,728)
41	Health Service Regulation	(288,000)
42	Division of Medical Assistance	196,188,968
43	Division of Mental Health, Developmental Disabilities, & Substance	
44	Abuse Services	(29,832,154)
45	NC Health Choice	(15,813,961)
46	Division of Public Health	(10,270,197)
47	Division of Social Services	12,389,357
48	Division of Vocation Rehabilitation	(575,336)
49	Total Health and Human Services	127,769,145

NATURAL AND ECONOMIC RESOURCES

Department of Agriculture and Consumer Services	921,017
Department of Commerce	
Commerce	(4,191,353)
Commerce State-Aid	271,473
Wildlife Resources Commission	(121,982)
Department of Environment and Natural Resources	9,222,390
Department of Labor	(47,201)

JUSTICE AND PUBLIC SAFETY

Department of Public Safety	60,630,171
Judicial Department	3,502,988
Judicial Department – Indigent Defense	416,556
Department of Justice	(48,229,079)

GENERAL GOVERNMENT

Department of Administration	(2,023,279)
Office of Administrative Hearings	24,521
Department of State Auditor	118,338
Office of State Controller	1,600,500
Department of Cultural Resources	
Cultural Resources	(556,787)
Roanoke Island Commission	(9,000)
State Board of Elections	(55,410)
General Assembly	(44,526)
Office of the Governor	(50,798)
Office of State Budget and Management	
Office of State Budget and Management	(71,259)
OSBM – Reserve for Special Appropriations	175,000
Housing Finance Agency	9,830,322

1	Department of Insurance	
2	Insurance	(399,128)
3		
4	Office of Lieutenant Governor	(5,629)
5		
6	Department of Revenue	727,468
7		
8	Department of Secretary of State	(22,720)
9		
10	Department of State Treasurer	
11	State Treasurer	1,959,528
12	State Treasurer – Retirement for Fire and Rescue Squad Workers	(2,474,496)
13		
14	RESERVES, ADJUSTMENTS, AND DEBT SERVICE	
15		
16	Disability Income Plan	(3,200,000)
17		
18	Information Technology Fund	6,003,162
19		
20	Information Technology Reserve Fund	(11,661,092)
21		
22	Job Development Investment Grants (JDIG)	(15,571,684)
23		
24	One North Carolina Fund	(7,144,263)
25		
26	Reserve for Future Benefit Needs	(56,400,000)
27		
28	State Health Plan Contribution	(22,000,000)
29		
30	Debt Service	
31	General Debt Service	(8,240,916)
32		
33	TOTAL CURRENT OPERATIONS –	
34	GENERAL FUND	146,996,506

GENERAL FUND AVAILABILITY STATEMENT

SECTION 2.2.(a) Section 2.2(a) of S.L. 2013-360 is repealed. The General Fund availability used in adjusting the 2014-2015 budget is shown below:

		FY 2014-2015
41		
42	Unappropriated Balance Remaining from Previous Year	323,693,704
43	Anticipated Undercollections from FY 2013-14	(445,400,000)
44	Anticipated Reversions from FY 2013-14	371,600,000
45	Less Earmarkings of Year End Fund Balance	
46	Savings Reserve	(42,989,870)
47	Repairs and Renovations	(42,989,870)
48	Beginning Unreserved Fund Balance	163,913,964
49		
50	Revenues Based on Existing Tax Structure	19,972,100,000

Nontax Revenues

Investment Income	11,300,000
Judicial Fees	244,500,000
Disproportionate Share	109,000,000
Master Settlement Agreement	137,500,000
Other Nontax Revenues	195,500,000
Insurance	77,000,000
Highway Fund Transfer	215,900,000
Subtotal Nontax Revenues	990,700,000

Total General Fund Availability **21,126,713,964**

Adjustments to Availability: 2014 Session

Transfer from Cash Balances from Department of Agriculture and Consumer Services Special Funds	1,449,680
Transfer from Cash Balances from Alcoholic Beverage Control Enterprise Fund	3,500,000
Transfer from Interest from Department of Environment and Natural Resources (DENR) Special Funds	938,670
Diversion of Funds from DENR Inspection and Maintenance Control Special Fund	3,000,000
Diversion of Funds from DENR Water and Air Account Special Fund	1,000,000
Transfer of Federal Insurance Contribution Act (FICA) Fund Cash Balance	5,255,000
Adjustment of Transfer from Insurance Regulatory Fund	(399,128)
Adjustment of Transfer from Treasurer's Office	1,959,528
Increase from ABC Permit Fees	9,600,000
Redirection of Funds from Gross Premiums Tax on Property Coverage Contracts to General Fund	1,600,000
Four-year Phaseout of Provision of Medicaid Hold Harmless Law Guaranteeing Counties \$500,000 Benefit	5,990,000
Subtotal Adjustments to Availability: 2014 Session	33,893,750

Revised General Fund Availability **21,160,607,714**

Less General Fund Appropriations **(21,160,607,714)**

Unappropriated Balance Remaining **0**

SECTION 2.2.(b) Effective June 30, 2014, Section 2.2 of S.L. 2013-360 reads as rewritten:

"...

SECTION 2.2.(c) Notwithstanding the provisions of G.S. 143C-4-3, the State Controller shall transfer a total of one hundred fifty million dollars (\$150,000,000) from the unreserved fund balance to the Repairs and Renovations Reserve on June 30, 2013, and a total of ~~twelve million seven hundred fifty one thousand one hundred thirty seven dollars (\$12,751,137)~~ forty-two million nine hundred eighty-nine thousand eight hundred seventy dollars (\$42,989,870) to the Repairs and Renovations Reserve on June 30, 2014. This subsection becomes effective June 30, 2013. Funds transferred under this section to the Repairs and

Renovations Reserve are appropriated for the 2013-2014 and 2014-2015 fiscal years and shall be used in accordance with G.S. 143C-4-3.

SECTION 2.2.(d) Notwithstanding G.S. 143C-4-2, the State Controller shall transfer a total of two hundred thirty-two million five hundred thirty-seven thousand nine hundred forty-two dollars (\$232,537,942) from the unreserved fund balance to the Savings Reserve Account on June 30, 2013, and the sum of ~~thirty-seven million one hundred twenty-two thousand three hundred forty-six dollars (\$37,122,346)~~ forty-two million nine hundred eighty-nine thousand eight hundred seventy dollars (\$42,989,870) from the unreserved fund balance to the Savings Reserve Account on June 30, 2014. Neither of these transfers is an "appropriation made by law," as that phrase is used in Section 7(1) of Article V of the North Carolina Constitution. This subsection becomes effective June 30, 2013.

...."

SECTION 2.2.(c) Interest from the following funds shall be redirected to the General Fund:

Budget Fund

Code	Code	Description
24303	2990	Marine Conservation Fund
24304	Various	Ecosystem Enhancement Fund
24305	2002	Clean Water Management Trust Fund
24306	2127	Dry Cleaning Solvent Cleanup Fund
24309	2235	Parks and Recreation Trust Fund
24318	2054	Bernard Allen Drinking Water Fund
24323	Various	Marine Resources Fund
64301	6342	Water Pollution Control System Account
64305	6370	Commercial Leaking Petroleum Storage Tanks Fund
64305	6371	Noncommercial Leaking Petroleum Storage Tanks Fund
64305	6372	Inactive Hazardous Sites Fund
64305	6373	Emergency Response Fund
64305	6375	Superfund Cost Share Fund
64305	6376	Brownfield Superfund Fund
64305	6379	Inactive Hazardous Sites Fund-S1492

SECTION 2.2.(d) Notwithstanding G.S. 20-183.7(c), fees collected for electronic inspection authorizations during the 2014-2015 fiscal year that would have been credited to the I & M Air Pollution Control Account established under G.S. 143-215.3A(b1) shall be credited to the State's General Fund.

SECTION 2.2.(e) Notwithstanding G.S. 105-449.125, one million dollars (\$1,000,000) of the revenue collected by the Secretary of Revenue from the motor fuel excise tax levied under Part 7 of Article 36C of the General Statutes that would otherwise be credited to the Water and Air Quality Account shall be credited to the State's General Fund.

SECTION 2.2.(f) Effective June 30, 2014, G.S. 106-435 and G.S. 106-451.27 are repealed, and the unallotted and unexpended funds in the Cotton Warehouse Fund on that date shall be transferred to the General Fund.

SECTION 2.2.(g) Effective June 30, 2014, G.S. 106-65.104 is repealed, and the unallotted and unexpended balance of funds in the Bedding Law Account on that date shall be transferred to the General Fund.

PART III. CURRENT OPERATIONS/HIGHWAY FUND

CURRENT OPERATIONS/HIGHWAY FUND

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

Current Operations – Highway Fund	2014-2015
Department of Transportation	
Administration	\$ 2,304,648
Division of Highways	
Administration	0
Construction	(4,036,171)
Maintenance	63,436,943
Planning and Research	0
OSHA Program	(7,307)
Ferry Operations	(1,542,317)
State Aid to Municipalities	9,453,990
Intermodal Divisions	
Public Transportation	(3,393,723)
Aviation	(808,452)
Rail	(960,325)
Bicycle and Pedestrian	(30,043)
Governor's Highway Safety	(5,699)
Division of Motor Vehicles	(1,786,799)
Other State Agencies, Reserves, Transfers	5,206,809
Capital Improvements	0
Total Highway Fund Appropriations	\$ 1,984,142,054

HIGHWAY FUND AVAILABILITY STATEMENT

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

Highway Fund Availability Statement	2014-2015
Unreserved Fund Balance	\$ 12,000,000
Estimated Revenue	1,973,750,000
Adjustment to Revenue Availability:	
Motor Fuel Tax (Shallow Draft Navigation Channel Dredging Fund)	(1,677,134)
Motor Fuel Tax Refund Repeal (Taxi Cabs)	69,188
Revised Total Highway Fund Availability	\$ 1,984,142,054

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, 2015, according to the following schedule. Amounts set out in parentheses are reductions from Highway Trust Fund Appropriations for the 2014-2015 fiscal year.

Current Operations – Highway Trust Fund	2014-2015
Program Administration	\$ (11,000,000)
Aid to Municipalities	0
Intrastate	0
Secondary Roads	0
Urban Loops	0
Mobility Fund	0
Turnpike Authority	0
Transfer to General Fund	0
Transfer to Highway Fund	0
Debt Service	0
Strategic Prioritization Funding Plan for Transportation Investments	73,661,890
Total Highway Trust Fund Appropriations	\$ 1,168,061,890

HIGHWAY TRUST FUND AVAILABILITY STATEMENT

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

Highway Trust Fund Availability	2014-2015
Unreserved Fund Balance	\$ 0
Estimated Revenue	1,162,370,000
Adjustment to Revenue Availability:	
Motor Fuel Tax Refund Repeal (Taxi Cabs)	23,140
Highway Use Tax Cap Adjustments	5,668,750
Total Highway Trust Fund Availability	\$ 1,168,061,890
Unappropriated Balance	\$ 0

PART V. OTHER APPROPRIATIONS

INDIAN GAMING EDUCATION REVENUE FUND

SECTION 5.1. Section 5.4 of S.L. 2013-360 reads as rewritten:

"SECTION 5.4.(a) There is appropriated from the Indian Gaming Education Revenue Fund to the Department of Public Instruction, School Technology Fund, the sum of ~~three million dollars (\$3,000,000)~~ five million dollars (\$5,000,000) for the 2013-2014 fiscal year and

the sum of ~~three million five hundred thousand dollars (\$3,500,000)~~ six million dollars (\$6,000,000) for the 2014-2015 fiscal year.

"SECTION 5.4.(b) G.S. 143C-9-7 does not apply to the use of these funds for the 2013-2015 fiscal biennium."

EDUCATION LOTTERY FUNDS

SECTION 5.2.(a) Section 6.11(e) of S.L. 2013-360 reads as rewritten:

"SECTION 6.11.(e) The appropriations made from the Education Lottery Fund for the 2013-2015 fiscal biennium are as follows:

	FY 2013-2014	FY 2014-2015
Classroom Teachers	\$ 220,643,188	\$ 220,643,188 <u>\$276,941,530</u>
Prekindergarten Program	75,535,709	75,535,709
Public School Building Capital Fund	100,000,000	100,000,000
Scholarships for Needy Students	30,450,000	30,450,000
UNC Need-Based Financial Aid	10,744,733	10,744,733
UNC Need-Based Financial Aid Forward Funding Reserve	32,530,359 <u>51,661,087</u>	49,130,728 <u>0</u>
Digital Learning	11,928,735	11,928,735
TOTAL APPROPRIATION	<u>\$ 481,832,724</u> <u>\$500,963,452</u>	<u>\$ 468,433,093</u> <u>\$505,600,707"</u>

SECTION 5.2.(b) Section 6.11(f) of S.L. 2013-360 reads as rewritten:

"SECTION 6.11.(f) Notwithstanding G.S. 18C-164, the Office of State Budget and Management shall not transfer funds to the Education Lottery Reserve Fund for the 2013-2014 fiscal year, year or for the 2014-2015 fiscal year."

SECTION 5.2.(c) Section 6.11(g) of S.L. 2013-360 reads as rewritten:

"SECTION 6.11.(g) Funds appropriated for Digital Learning pursuant to subsection (e) of this section shall be used to support grants to local education agencies (LEAs) for (i) delivering educator professional development focused on using digital and other instructional technologies to provide high-quality, integrated digital teaching and learning to all students and (ii) acquiring quality digital content to enhance instruction.

Up to one million dollars (\$1,000,000) for the 2013-2015 fiscal biennium may be used by the Department of Public Instruction to (i) develop a plan to transition from funding for textbooks, both traditional and digital, to funding for digital materials, including textbooks and instructional resources and (ii) provide educational resources that remain current, are aligned with curriculum, and are effective for all learners by 2017. The plan shall also include an inventory of the infrastructure needed to support robust digital learning in public schools.

The Department of Public Instruction shall make an interim report on the implementation of this subsection to the Joint Legislative Education Oversight Committee and the Fiscal Research Division by January 5, 2015, and a final report by August 1, 2015."

SECTION 5.2.(d) Funds appropriated for Digital Learning shall not revert at the end of the fiscal year but shall remain available until expended.

SECTION 5.2.(e) Subsection (d) of this section becomes effective June 30, 2014.

PART VI. GENERAL PROVISIONS

APPROPRIATE ENCUMBERED GRANT FUNDS THAT ARE RETURNED TO THE STATE

SECTION 6.1. Section 5.1 of S.L. 2013-360 is amended by adding a new subsection to read:

"SECTION 5.1.(f) Notwithstanding subsections (a) and (b) of this section, there is appropriated from the General Fund for the 2014-2015 fiscal year an amount equal to the amount of encumbered funds required to be spent in order to honor encumbrances of grant funds in accordance with G.S. 143C-6-23(f2)."

ESTABLISHING OR INCREASING FEES UNDER THIS ACT

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

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

EXPENDITURES OF FUNDS IN RESERVES LIMITED

SECTION 6.3. All funds appropriated by this act into reserves may be expended only for the purposes for which the reserves were established.

MAKE THE BASE BUDGET THE STARTING POINT FOR STATE AGENCY BUDGETING

SECTION 6.4.(a) G.S. 143C-1-1(d)(7a) is repealed.

SECTION 6.4.(b) G.S. 143C-1-1(d) is amended by adding a new subdivision to read:

"(d) Definitions. – The following definitions apply in this Chapter:

...

(1c) Base Budget. – That part of the recommended State budget that provides the baseline for the next biennium. The base budget for each State agency shall be the authorized budget for that agency with adjustments only for the following:

a. Annualization of programs and positions.

b. Reductions to adjust for items funded with nonrecurring funds during the prior fiscal biennium.

c. Increases to adjust for nonrecurring reductions during the prior fiscal biennium.

d. Adjustments for federal payroll tax changes.

e. Rate increases in accordance with the terms of existing leases of real property.

f. Adjustments to receipt projections, made in accordance with G.S. 143C-3-5(b)(2)c.

g. Reconciliation of intragovernmental and intergovernmental transfers.

...."

SECTION 6.4.(c) G.S. 143C-3-5 reads as rewritten:

"§ 143C-3-5. Budget recommendations and budget message.

...

(b) Odd-Numbered Years. – In odd-numbered years the budget recommendations shall include the following components:

(1) A Recommended State Budget setting forth goals for improving the State with recommended expenditure requirements, funding sources, and

performance information for each State government program and for each proposed capital improvement. The Recommended State Budget may be presented in a format chosen by the Director, except that the Recommended State Budget shall clearly distinguish program ~~continuation~~base budget requirements, program reductions, program eliminations, program expansions, and new programs, and shall explain all proposed capital improvements in the context of the Six-Year Capital Improvements Plan and as required by G.S. 143C-8-6.

(1a) The Governor's Recommended State Budget shall include a ~~continuation~~base budget, which shall be presented in the budget support document pursuant to subdivision (2) of this subsection.

(2) A Budget Support Document showing, for each budget code and purpose or program in State government, accounting detail corresponding to the Recommended State Budget.

a. The Budget Support Document shall employ the North Carolina Accounting System Uniform Chart of Accounts adopted by the State Controller to show both uses and sources of funds and shall display in separate parallel columns all of the following: (i) actual expenditures and receipts for the most recent fiscal year for which actual information is available, (ii) the certified budget for the preceding fiscal year, (iii) the currently authorized budget for the preceding fiscal year, (iv) program ~~continuation~~base budget requirements for each fiscal year of the biennium, (v) proposed expenditures and receipts for each fiscal year of the biennium, and (vi) proposed increases and decreases.

...
(5) A list of budget adjustments made during the prior fiscal year pursuant to G.S. 143C-6-4 that are included in the proposed ~~continuation~~base budget for the upcoming fiscal year.

...."

SECTION 6.4.(d) G.S. 58-2-215(c) reads as rewritten:

"(c) Moneys appropriated by the General Assembly shall be deposited in the Fund and shall become a part of the ~~continuation~~base budget of the Department of Insurance. Such ~~continuation~~base budget amount shall equal the actual expenditures drawn from the Fund during the prior fiscal year plus the official inflation rate designated by the Director of the Budget in the preparation of the State Budget for each ensuing fiscal year; provided that if interest income on the Fund exceeds the amount yielded by the application of the official inflation rate, such ~~continuation~~base budget amount shall be the actual expenditures drawn from the Fund. In the event the amount in the Fund exceeds two hundred fifty thousand dollars (\$250,000) at the end of any fiscal year, such excess shall revert to the General Fund."

SECTION 6.4.(e) G.S. 116-30.3B(b) reads as rewritten:

"(b) It is the intent of the General Assembly that appropriations to the Board of Governors on behalf of a constituent institution not be reduced as a result of the institution's realization of energy savings. Instead, the General Assembly intends that the amount of appropriations be determined as if no energy savings had been realized. The Director of the Budget shall not decrease the recommended ~~continuation~~base budget requirements for utilities for constituent institutions by the amount of energy savings realized from implementing energy conservation measures, including savings achieved through a guaranteed energy savings contract."

SECTION 6.4.(f) G.S. 116-30.7 reads as rewritten:

"§ 116-30.7. Biennial projection of enrollment growth for The University of North Carolina.

By October 15 of each even-numbered year, the General Administration of The University of North Carolina shall provide to the Joint Education Legislative Oversight Committee and to the Office of State Budget and Management a projection of the total student enrollment in The University of North Carolina that is anticipated for the next biennium. The enrollment projection shall be divided into the following categories and shall include the projected growth for each year of the biennium in each category at each of the constituent institutions: undergraduate students, graduate students (students earning master's and doctoral degrees), first professional students, and any other categories deemed appropriate by General Administration. The projection shall also distinguish between on-campus and distance education students. The projections shall be considered by the Director of the Budget when determining the amount the Director proposes to fund as the continuation requirement for the enrollment increase in the university system pursuant to G.S. 143C-3-5(b), appropriate to The University of North Carolina in the Recommended State Budget submitted pursuant to G.S. 143C-3-5(b)."

SECTION 6.4.(g) G.S. 121-6(c) reads as rewritten:

"(c) It shall be the duty and the responsibility for the Department of Cultural Resources to edit and publish a second or new series of the most significant records of colonial North Carolina. From records which have been compiled in the North Carolina State Archives concerning the colonial period of North Carolina, a selection of the most significant documents shall be made therefrom by a skilled and competent editor. The editor shall edit, according to acceptable scholarly standards, the selected materials which shall be published in documentary volumes not to exceed approximately 700 pages each in length until full and representative published colonial records of North Carolina shall have been achieved. The number of copies of each volume to be so printed shall be determined by the Department of Cultural Resources, and such determination shall be based on the number of copies the Department can reasonably expect to sell in a period of 10 years from the date of publication. In any year during which the Department of Cultural Resources has completed a volume and has it ready for publication, the Department may include in its ~~continuation base~~ budget for that year sufficient funds to pay the estimated costs of publishing the volume. In the event that the volume is not published during that year, the appropriation made, or any unencumbered balance, shall revert to the general fund."

SECTION 6.4.(h) This section becomes effective July 1, 2014, and applies beginning with the recommended State budget of the 2015-2017 fiscal biennium.

STATUTORY CHANGES RELATING TO THE HANDLING OF GRANTS TO NON-STATE ENTITIES

SECTION 6.5.(a) G.S. 143C-6-23 reads as rewritten:

"§ 143C-6-23. State grant funds: administration; oversight and reporting requirements.

(a) Definitions. – The following definitions apply in this section:

- (1) ~~"Grant" and "grant funds"~~ means Grant or grant funds. – State funds disbursed as a grant by a State agency; however, the terms do not include any payment made by the Medicaid program, the State Health Plan for Teachers and State Employees, or other similar medical programs.
- (2) ~~"Grantee" means a Grantee.~~ – A non-State entity that receives State funds as a grant from a State agency but does not include any non-State entity subject to the audit and other reporting requirements of the Local Government Commission.
- (3) ~~"Subgrantee" means a Subgrantee.~~ – A non-State entity that receives State funds as a grant from a grantee or from another subgrantee but does not

include any non-State entity subject to the audit and other reporting requirements of the Local Government Commission.

(4) Encumbrance. – A financial obligation created by a purchase order, contract, salary commitment, unearned or prepaid collections for services provided, or other legally binding agreement. A financial obligation is not an encumbrance for purposes of this section unless it (i) is in writing and has been signed by a person or entity who has authority to legally bind the grantee or subgrantee to spend the funds or (ii) was created by the provision of goods or services to the grantee or subgrantee by a third party under circumstances that create a legally binding obligation to pay for the goods or services.

...

(d) Office of State Budget Rules Must Require Uniform Administration of State Grants.
– The Office of State Budget and Management shall adopt rules to ensure the uniform administration of State grants by all grantor State agencies and grantees or subgrantees. The Office of State Budget and Management shall consult with the Office of the State Auditor and the Attorney General in establishing the rules required by this subsection. The rules shall establish policies and procedures for disbursements of State grants and for State agency oversight, monitoring, and evaluation of grantees and subgrantees. The policies and procedures shall:

...

(5) Provide for adequate oversight and monitoring to prevent the misuse of grant funds. These policies shall require each grantee and subgrantee to ensure that, for accounting purposes, State funds and interest earned on those funds remain separate and apart from other funds in the possession or control of the grantee or subgrantee.

...

(12) Provide procedures for the recovery and return to the grantor State agency of unexpended grant funds from a grantee or subgrantee if (i) in accordance with subsection (f1) of this section or (ii) in the event that the grantee or subgrantee is unable to fulfill the purposes of the grant grant for a reason not set forth in that subsection.

(d1) Required Grant Terms. – The terms of each grant shall include all of the following, which shall be deemed a part of the grant:

(1) The limitation contained in G.S. 143C-6-8 concerning the availability of appropriated funds.

(2) The relevant provisions of any legislation authorizing or governing the administration of the grant.

(3) The terms of this section.

...

(f1) Return of Grant Funds. – Except as otherwise required by federal law, a grantee or subgrantee shall return to the State all affected grant funds and interest earned on those funds if any of the following occurs:

(1) The funds are in the possession or control of a grantee and are not expended, made subject to an encumbrance, or disbursed to a subgrantee by August 31 immediately following the fiscal year in which the funds are appropriated by the General Assembly, or a different period set forth in the terms of the applicable appropriation or federal grant.

(2) The funds remain unexpended at the time that the grantee or subgrantee dissolves, ceases operations, or otherwise indicates that it does not intend to spend the funds.

(3) The Office of State Budget and Management seeks to recover the funds pursuant to subsection (f) of this act.

(f2) Use of Returned Grant Funds. – Encumbered funds returned to the State pursuant to subsection (f1) of this section by a grantee or subgrantee shall upon appropriation by the General Assembly be spent in accordance with the terms of the encumbrance. All other funds returned to the State by a grantee or subgrantee pursuant to subsection (f1) of this section shall be credited to the fund from which they were appropriated and shall remain unexpended and unencumbered until appropriated by the General Assembly. Nothing in this section shall be construed to authorize an expenditure pursuant to an unlawful encumbrance or in a manner that would violate the terms of the appropriation of the grant funds at issue.

...
(j) Use of Interest Earned on Grant Funds. – Except as otherwise required by federal law or the terms of a federal grant, interest earned on grant funds after receipt of the funds by a grantee or subgrantee shall be credited to the grantee or subgrantee and shall be used for the same purposes for which the grant or subgrant was made.

(k) Reporting by Grantees and Subgrantees That Cease Operations. – A grantee or subgrantee that intends to dissolve or cease operations shall report that decision in writing to the Office of State Budget and Management and to the Fiscal Research Division at least 30 days prior to taking that action."

SECTION 6.5.(b) This section becomes effective July 1, 2014, and applies to grants appropriated on or after that date.

STATUTORY CHANGES RELATED TO THE DISPOSITION OF SETTLEMENT FUNDS

SECTION 6.6.(a) Article 1 of Chapter 114 of the General Statutes is amended by adding a new section to read:

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

(a) Definition. – For purposes of this section, the term "settlement" means an agreement entered into by the State or a State agency, with or without a court's participation, that ends (i) a dispute, lawsuit, or part of the dispute or lawsuit or (ii) the involvement of the State or State agency in the dispute, lawsuit, or part of the dispute or lawsuit. This term includes settlement agreements, stipulation agreements, consent judgments, and consent decrees.

(b) Prohibition. – The following restrictions shall apply:

(1) Funds received by the State or a State agency from a settlement or other final order or judgment of the court shall not be transferred or expended pursuant to G.S. 143C-6-4 and shall remain unexpended until the funds are appropriated by the General Assembly.

(2) The Attorney General, any subordinate who has been delegated the authority to negotiate or approve a settlement, and any private counsel retained to represent a State agency shall have no authority to include or agree to terms or conditions in any settlement that authorizes the expenditure, transfer, or award of funds to any person or entity other than (i) a party to the dispute or lawsuit or (ii) a consumer entitled to a refund or the recovery of damages.

(c) Exception. – This section does not apply to funds received by the Department of Health and Human Services to the extent those funds represent the recovery of previously expended Medicaid funds.

(d) Recommendation. – The Attorney General may provide a nonbinding written recommendation to the chairs of the Senate and House Appropriations Committees for their consideration as to what purpose the funds subject to the prohibitions in subsection (b) of this section should be appropriated for.

(e) Overrealized Receipts. – Any provision of law authorizing the expenditure of overrealized receipts shall not apply to the funds referred to in subdivision (1) of subsection (b) of this section unless the language of the law specifically references this section or specifically references funds received by the State or a State agency from a settlement or other final order or judgment of the court.

(f) Required Disposition. – If the terms of a federal grant, another provision of State or federal law, or the State Constitution require a specific disposition of funds received from a settlement or other final order or judgment of the court, nothing in this section shall be construed to supersede, or authorize a deviation from, that specific disposition. Furthermore, nothing in this subsection shall be construed to abrogate the requirement that funds drawn from the State treasury be in consequence of appropriations made by law.

(g) Required Submission. – In addition to any other report or filing that may be required by law, and unless the settlement is sealed pursuant to a written order of the court in accordance with G.S. 132-1.3 or federal law, the Attorney General's Office shall submit a copy to the Legislative Library of any settlement or other final order or judgment of the court in which the State or a State agency receives funds. The submission required by this subsection shall be made within 60 days of the date (i) the settlement is entered into or (ii) the final order or judgment of the court is entered. Any information deemed confidential by State or federal law shall be redacted from the copy of the settlement or other final order or judgment of the court prior to submitting it to the Legislative Library."

SECTION 6.6.(b) This section is effective July 1, 2014, and applies to settlements entered into on or after that date and other final orders or judgments of the court entered on or after that date.

PILOT PROGRAM TO IMPROVE BUDGETING OF THE GENERAL FUND

SECTION 6.7.(a) Finding. – The General Assembly finds that State budgeting is more transparent when the enacted budget for any given fiscal year appropriates all State funds intended for expenditure during that fiscal year, including funds encumbered in prior fiscal years, funds carried forward from prior fiscal years pursuant to statutory authority, and unearned revenue earned in a prior fiscal year.

SECTION 6.7.(b) Review of Current Practices. – The Office of State Budget and Management and the Office of the State Controller, in consultation with the Fiscal Research Division, shall examine all of the following:

- (1) How funds in the General Fund are currently accounted for, including practices relating to (i) the reversion of appropriated funds to the General Fund, (ii) the appropriation of funds to pay obligations incurred in prior fiscal years, (iii) the movement of funds into and out of special funds, and (iv) related matters.
- (2) How the practices examined pursuant to subdivision (1) of this section compare with those of other states.
- (3) Whether any statutory or administrative changes would improve the transparency and accounting accuracy of the General Fund.
- (4) Whether the practices examined pursuant to subdivision (1) of this section comply with applicable standards of the Governmental Accounting Standards Board.

SECTION 6.7.(c) Pilot Program. – The Office of State Budget and Management and the Office of the State Controller, in consultation with the Fiscal Research Division, shall establish and operate a pilot program to test measures for improving the extent to which funds that are to be spent in a given fiscal year are properly budgeted in that fiscal year. The pilot program shall be subject to the following requirements:

- (1) The pilot program shall include at least the following programs and funds:
 - a. All grant programs and special funds within the Department of Environment and Natural Resources.
 - b. All unexpended appropriations carried forward by The University of North Carolina pursuant to G.S. 116-30.3.
- (2) Funds and programs that are included in the pilot program shall be subject to the following requirements:
 - a. A 30-day liquidation period for encumbered funds that do not revert at the end of the 2014-2015 fiscal year under G.S. 143C-1-2(b). If encumbered funds have not been spent at the expiration of the 30-day period, the appropriation of those funds shall lapse and the funds shall revert to the fund from which the appropriation was made. The funds required to satisfy the terms of the encumbrance may be appropriated in the 2015-2016 fiscal year.
 - b. A requirement (i) that The University of North Carolina prepare an estimate of the amount of funds it anticipates will be carried forward into the 2015-2016 fiscal year pursuant to G.S. 116-30.3 and (ii) that the Governor include this estimate in the budget recommendations submitted pursuant to G.S. 143C-3-5 for the 2015-2016 fiscal year.

SECTION 6.7.(d) Report. – No later than October 1, 2015, the Office of State Budget and Management and the Office of the State Controller, in consultation with the Fiscal Research Division, shall report the results of the review and pilot program required by this section to the chairs of the Senate Appropriations/Base Budget Committee, to the chairs of the House Appropriations Committee, and to the Director of the Budget. The report may include a recommendation to extend the pilot program for an additional fiscal year, if this is deemed desirable.

SECTION 6.7.(e) Recommendations for an Alternative Pilot Program. – If the Office of State Budget and Management and the Office of the State Controller, in consultation with the General Assembly's Fiscal Research Division, determine that the pilot program required by this section cannot be implemented, they shall report the reasons for reaching this conclusion, along with any other findings and recommendations for future action, to the chairs of the Senate Appropriations/Base Budget Committee, to the chairs of the House Appropriations Committee, and to the Director of the Budget no later than February 1, 2015. If a report is submitted pursuant to this subsection, then the pilot program required by subsection (c) of this section shall not be implemented, but the review required by subsection (b) of this section shall nonetheless be performed.

SECTION 6.7.(f) Expiration of Pilot Program. – The pilot program required by this section shall expire upon the submission of the report required by subsection (d) of this section or the submission pursuant to subsection (e) of this section stating that the pilot program cannot be implemented.

SECTION 6.7.(g) Effective Date. – This section is effective when it becomes law and applies to funds appropriated for the 2014-2015 fiscal year and subsequent fiscal years.

ORDER OF APPROPRIATIONS BILLS

SECTION 6.8. G.S. 143C-5-2 reads as rewritten:

"§ 143C-5-2. Order of appropriations bills.

(a) Each house of the General Assembly shall first pass its version of the Current Operations Appropriations Act on third reading and order it sent to the other chamber before placing any other appropriations bill on the calendar for second reading. This section does not apply to the following bills:

- (1) An appropriations bill to respond to an emergency as defined by G.S. 166A-19.3.
- (2) An appropriations bill making adjustments to the current year budget.
- (3) An appropriations bill authorizing continued operations at current funding levels.
- (4) In even-numbered years, an appropriations bill that contains a statement that the General Assembly does not intend to enact a Current Operations Appropriations Act that year."

(b) The provisions of subsection (a) of this section shall apply to each fiscal year of the biennium."

PROHIBIT "REVOLVING DOOR" EMPLOYMENT FOR STATE EMPLOYEES

SECTION 6.9.(a) Chapter 143 of the General Statutes is amended by adding a new Article to read:

"Article 3I.

"Limitations on Certain Private Employment After Serving State.

"§ 143-64.90. Definitions.

Unless the context requires otherwise, the following definitions apply in this Article:

- (1) Person. – As defined in G.S. 55-1-40 but does not include (i) the United States government, (ii) the State, (iii) other states, (iv) units of local government, or (v) school districts.
- (2) State agency. – Includes any agency, institution, board, commission, bureau, department, division, council, or other organization of State government, including, but not limited to, the Council of State and any institution of higher education that is regulated under Chapter 116 of the General Statutes.
- (3) State employee. – An individual employed by a State agency and whose State service was creditable in any North Carolina retirement system.

"§ 143-64.91. Revolving door prohibition for certain State employees.

The following individuals shall not, either prior to or within a period of six months immediately after termination of State employment, knowingly accept employment with, commence employment with, or receive compensation for services from, a person that contracted with or was regulated by the State:

- (1) A State employee who, in the six months immediately preceding termination of State employment, participated personally and substantially in the award or management of a State contract with the person, or its parent or subsidiary, if the State employee would be performing any services directly related to the State contract.
- (2) A State employee who, in the six months immediately preceding termination of State employment, participated personally and substantially in making a regulatory or licensing decision that directly applied to the person, or its parent or subsidiary, if the State employee would be working on the same subject matter as the regulatory or licensing oversight.

"§ 143-64.92. Notice of positions subject to this Article.

(a) Each State agency shall adopt a policy delineating which State positions under its jurisdiction and control, by the nature of their duties, would likely have the authority to

participate personally and substantially in the award or management of State contracts or in regulatory or licensing decisions.

(b) A State agency may designate additional State positions under its jurisdiction and control, not otherwise subject to the policies required by subsection (a) of this section, as subject to the notification requirement of subsection (c) of this section due to the position's potential involvement in the award or management of State contracts or in regulatory or licensing decisions.

(c) State agencies shall give written notice and explanation to an employee serving in a position to which this Article would be applicable in the following circumstances:

(1) Upon hiring, promotion, or transfer into the relevant position.

(2) At the time the employee's duties are changed in such a way as to subject that employee to this Article.

(3) Upon departure from the relevant position.

(d) Neither the failure to be designated pursuant to subsection (a) or (b) of this section nor the failure to receive notification pursuant to subsection (c) of this section is a defense to a violation of this Article.

"§ 143-64.93. Penalties.

Any person who violates this Article, or solicits or conspires with a person to violate this Article, shall be guilty of a Class 3 misdemeanor and shall be fined in an amount no less than one thousand dollars (\$1,000), nor more than five thousand dollars (\$5,000)."

SECTION 6.9.(b) Each agency shall make the designations required by G.S. 143-64.93, enacted by subsection (a) of this section, no later than three months after the effective date of this act.

SECTION 6.9.(c) Except for subsection (b) of this section, this section becomes effective December 1, 2014, but shall not apply to any individual who otherwise would be covered by Article 3I of Chapter 143 of the General Statutes, as enacted by subsection (a) of this section, but has either accepted or commenced employment, or received compensation, prior to that date.

REPORTING ON AGENCY REORGANIZATIONS AND MOVEMENTS OF POSITIONS

SECTION 6.10. Article 6 of Chapter 143C of the General Statutes is amended by adding a new section to read:

"§ 143C-6-12. Quarterly report on State agency reorganizations and movements of positions.

The Office of State Budget and Management shall report quarterly to the Joint Legislative Commission on Governmental Operations on reorganizations of State agencies and movements of State agency positions. Each report submitted pursuant to this section shall include all of the following information for the previous quarter:

(1) A list of all reorganizations within State agencies or between State agencies.

(2) A list of all positions moved within a State agency or between State agencies.

(3) A statement of the purpose of each reorganization and position movement undertaken and of the legal authority under which each reorganization and position movement was made."

PART VII. INFORMATION TECHNOLOGY

INFORMATION TECHNOLOGY FUND

SECTION 7.1. Section 7.1 of S.L. 2013-360 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 2013-2014	FY 2014-2015
General Fund Appropriation for IT Fund	\$6,053,142	\$6,055,342 <u>\$7,426,816</u>
General Fund Appropriation for		
Government Data Analytics Center	\$3,000,000	\$4,417,515 <u>\$7,917,515</u>
<u>GDAC Carryforward</u>		<u>\$1,500,000</u>
<u>Criminal Justice Law Enforcement Automated Data System</u>		
<u>(CJLEADS)</u>		<u>\$1,129,488</u>
<u>Transfer from Department of Commerce for LiDAR</u>		<u>\$3,266,157</u>
<u>Geodetic Survey Transfer</u>		<u>\$852,492</u>
<u>Geospatial Technology Management Transfer</u>		<u>\$6,002</u>
Interest	\$2,200	\$2,200
IT Fund Balance, June 30	\$0	\$0 <u>\$2,200</u>

Total Funds Available \$9,055,342 ~~\$10,475,057~~ \$22,102,870

Appropriations are made from the Information Technology Fund for the 2013-2015 fiscal biennium as follows:

Information Technology Operations		
Criminal Justice Information Network	\$189,563	\$189,563
Center for Geographic Information and Analysis	\$495,338	\$495,338 <u>\$4,619,989</u>
Enterprise Security Risk Management	\$864,148	\$864,148
Enterprise Project Management Office	\$1,473,285	\$1,473,285
Architecture and Engineering	\$851,986	\$851,986
State Web Site <u>Portal</u>	\$224,741	\$224,741 <u>\$1,588,415</u>
Enterprise Licenses	\$33,000	\$33,000
<u>Longitudinal Data Board</u>		<u>\$5,000</u>
<u>Unmanned Aircraft Systems Board</u>		<u>\$5,000</u>
Subtotal Information Technology Operations	\$4,132,061	\$4,132,061 <u>\$9,630,386</u>
Information Technology Projects		
Government Data Analytics Center	\$3,000,000	\$4,417,515 <u>\$9,630,386</u>
<u>CJLEADS</u>		<u>\$1,129,488</u>
IT Consolidation	\$1,021,081	\$1,021,081
Electronic Forms/Digital Signatures	\$900,000	\$900,000
Subtotal Information Technology Projects	\$4,921,081	\$6,338,596 <u>\$12,468,084</u>
Total	\$9,053,142	\$10,470,657 <u>\$22,098,470</u>

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 immediately in writing to the Chairs of the Joint Legislative Oversight Committee on Information Technology, the Chair and Cochair of the House Appropriations Subcommittee on Information Technology, and the Fiscal Research Division."

INFORMATION TECHNOLOGY INTERNAL SERVICE FUND/RATE SETTING

SECTION 7.2. Section 7.2 of S.L. 2013-360 reads as rewritten:

"...

"SECTION 7.2.(b) IT Internal Service Fund. – For ~~each year of the 2013-2015 fiscal biennium, the 2014-2015 fiscal year,~~ receipts for the IT Internal Service Fund shall not exceed ~~one hundred ninety million dollars (\$190,000,000), one hundred ninety million one dollars (\$190,000,001),~~ excluding a 60-day balance for contingencies. Rates approved by the Office of State Budget and Management (OSBM) to support the IT Internal Service Fund shall be based on this fund limit. In the event the Fund exceeds the required limit, rates shall be adjusted within 30 days. In the event that an increase in receipts for the IT Internal Service Fund is required, the Office of Information Technology services may only implement the increase after consultation with the Joint Legislative Commission on Governmental Operations.

"SECTION 7.2.(c) Rate Setting. – By ~~October 31, 2013,~~ October 31, 2014, the State Chief Information Officer shall establish consistent, fully transparent, easily understandable rates that reflect industry standards for each service for which any agency is charged. A detailed written report explaining the rate structure shall be submitted to the Joint Legislative Commission on Governmental Operations, the Chairs of the Joint Legislative Oversight Committee on Information Technology, the House Appropriations Subcommittee on Information Technology, and the Fiscal Research Division. An interim written report shall be submitted by ~~July 30, 2013,~~ August 1, 2014. Overhead charges to agencies shall be consistently applied and shall reflect industry standards for the particular service. Rate increases shall require the approval of OSBM and consultation with the Joint Legislative Commission on Governmental Operations. Rate reductions may be implemented following notification of OSBM.

"SECTION 7.2.(c1) By October 31, 2014, the State Chief Information Officer shall establish rates for use of the Criminal Justice Law Enforcement Automated Data System (CJLEADS) by federal and private entities and users outside the State. These rates shall be reported to the Joint Legislative Oversight Committee on Information Technology.

"SECTION 7.2.(c2) By August 1, 2014, the name of the individual and the office responsible for overseeing the rate-setting process shall be provided to the chairs of the Joint Legislative Oversight Committee on Information Technology and the Fiscal Research Division.

"SECTION 7.2.(c3) For the 2014-2015 fiscal year, funds in the IT Internal Service Fund are nonrecurring funds. Future appropriations to the IT Internal Service Fund will be dependent on the development of a fully transparent, consistent, and easy-to-understand rate structure. The proposed rate structure must be presented annually, with justifications, to the Joint Legislative Oversight Committee on Information Technology and the Fiscal Research Division, which shall make funding recommendations to the chairs of the Senate and House of Representatives Committees on Appropriations.

...."

INFORMATION TECHNOLOGY RESERVE FUND**SECTION 7.3.** Section 7.3 of S.L. 2013-360 reads as rewritten:

"SECTION 7.3.(a) Funds in the Information Technology (IT) Reserve Fund for the 2013-2014 fiscal year consist of the sum of twenty-eight million dollars (\$28,000,000) appropriated from the General Fund. Funds in the IT Reserve Fund for the 2014-2015 fiscal year consist of the sum of ~~thirty one million five hundred eighty two thousand four hundred eighty five dollars (\$31,582,485)~~ nineteen million nine hundred twenty-one thousand three hundred ninety-three dollars (\$19,921,393) appropriated from the General Fund.

"SECTION 7.3.(b) The IT Reserve Fund shall be established in the Office of the State Chief Information Officer (CIO). It shall be interest-bearing and nonreverting. The State CIO shall follow established procedures for project approval. Appropriations are made from the IT Reserve Fund for the 2013-2015 fiscal biennium as follows:

	FY 2013-2014	FY 2014-2015
1 Prepare/Focus	\$ 250,000	\$ 0
2 Plan	1,570,806	2,239,512
3 Build	1,507,353	2,882,254
4 Remediation	1,100,000	600,000
5 Security	1,571,394	392,788
6 Network Simplification	0	4,832,485
7 Desktop Remediation	17,000,000	13,300,000
8 Desktop Software Licenses	4,015,000	2,300,000
9 Operate	985,447	685,446
10 Customer Data	0	1,000,000
11 Secure Sign-On	0	3,350,000
12 Innovation Center	0	2,232,515
13		0

14 **"SECTION 7.3.(c)** By ~~September 15, 2013~~, September 15, 2014, the State Chief
 15 Information Officer shall ~~provide a update the~~ time line for completing initiatives included in
 16 the IT Reserve Fund to the Joint Legislative Oversight Committee on Information Technology,
 17 the House Appropriations Subcommittee on Information Technology, and the Fiscal Research
 18 Division. The time line shall include the dates for completion of a strategic plan, an enterprise
 19 architecture, a new business case methodology, and implementation of a new project
 20 management process. Not later than the dates specified in the time line, each of these
 21 documents shall be submitted to the Joint Legislative Oversight Committee on Information
 22 Technology, the House Appropriations Subcommittee on Information Technology, and the
 23 Fiscal Research Division.

24 **"SECTION 7.3.(d)** Unless a change is approved by the State Chief Information Officer
 25 after consultation with the Office of State Budget and Management, funds appropriated to the
 26 IT Reserve Fund shall be spent only as specified in this section. Changes shall not result in any
 27 degradation to the purposes for which the funds were originally appropriated.

28 Any changes to the specified uses shall immediately be reported in writing to the Chairs of
 29 the Joint Legislative Oversight Committee on Information Technology, the Chair and Cochair
 30 of the House Appropriations Subcommittee on Information Technology, and the Fiscal
 31 Research Division."

32 INFORMATION TECHNOLOGY OPERATIONS

33 **SECTION 7.4.(a)** Section 7.4 of S.L. 2013-360 is amended by adding a new
 34 subsection to read:

35 **"SECTION 7.4.(a1)** Unless an exception is granted in writing by the State Chief
 36 Information Officer, any new equipment purchased by State agencies to replace equipment
 37 currently housed in State agency data centers and any equipment purchased to provide new data
 38 center capabilities for State agencies shall be installed in Office of Information Technology
 39 Services data centers. Prior to purchasing any new equipment, State agencies shall coordinate
 40 with the Office of the State Chief Information Officer and the Office of Information
 41 Technology Services to ensure ITS has the capability to support planned equipment purchases.

42 By August 1, 2014, the Office of the State Chief Information Officer shall identify the
 43 individual and office responsible for overseeing the process required by this subsection and
 44 report the name of the identified individual to the Joint Legislative Oversight Committee on
 45 Information Technology and the Fiscal Research Division.

46 Beginning October 1, 2014, the Office of the State CIO shall report quarterly in writing to
 47 the Joint Legislative Oversight Committee on Information Technology and the Fiscal Research
 48 Division on the implementation of this requirement, the specific nature of any exceptions
 49 granted, and the reason for each exception."

SECTION 7.4.(b) Section 7.4(c) of S.L. 2013-360 reads as rewritten:

"SECTION 7.4.(c) Restructuring Plan. – ~~The State CIO shall conduct a comprehensive review of the State's overall information technology operations, including the efficacy of existing exemptions and exceptions from unified State IT governance. Based upon this analysis, the~~ The State CIO shall develop a update the plan to restructure the State's IT operations for the most effective and efficient utilization of resources and capabilities. The plan shall include identifying, documenting, and providing a framework for developing and implementing the education and training required for all State information technology personnel, including information technology contracting professionals. Each State agency, department, and institution, and The University of North Carolina, shall (i) cooperate fully with the Office of the State CIO during the review and assessment phase of restructuring plan development and (ii) provide to the State CIO all information needed to carry out the purposes of this subsection. By ~~May 1, 2014,~~ December 1, 2014, the State CIO shall present the plan to the Joint Legislative Oversight Committee on Information Technology, along with any recommended legislative proposals for implementation to be considered for introduction during the 2014 Regular Session of the 2013 General Assembly to the 2015 General Assembly.

By August 1, 2014, the Office of the State Chief Information Officer shall identify the individual and office responsible for overseeing the process required by this subsection and report the name of the identified individual to the Joint Legislative Oversight Committee on Information Technology and the Fiscal Research Division."

TAX INFORMATION MANAGEMENT SYSTEM CHANGES

SECTION 7.5.(a) The public-private partnerships previously initiated to develop and implement the Tax Information Management Systems (TIMS) are no longer authorized. Effective July 1, 2014, all funding for the TIMS project must be appropriated by the General Assembly to the Department of Revenue for each initiative comprising the project, including all funding generated by the benefits stream.

SECTION 7.5.(b) Section 7.17 of S.L. 2013-360 reads as rewritten:

"SECTION 7.17.(a) Additional Public-Private Partnership. – The Secretary of Revenue may enter into an additional public-private arrangement in order to expand the implementation of the Tax Information Management System (TIMS). All such arrangements will terminate ~~June 30, 2018. The public-private arrangement may include terms necessary to implement additional revenue increasing or cost savings components if all of the following conditions are met:~~ January 31, 2014.

- ~~(1) The funding of the project under the arrangement comes from revenue generated by or cost savings resulting from the project.~~
- ~~(2) The funding of the project is dependent on increased revenue or cost savings streams that are different from the existing benefits stream for the implementation of TIMS.~~
- ~~(3) The project involves additional identified initiatives that will be integrated into the TIMS solution.~~

"SECTION 7.17.(b) Contracts. – ~~Work under an additional public-private arrangement that is authorized by this section may be contracted by requests for proposals, modifications to the existing contracts, purchases using existing contracts, or other related contract vehicles.~~

"SECTION 7.17.(c) Management/Performance Measurement. – The Secretary of Revenue shall ~~follow the existing model for public-private arrangement oversight and shall establish a measurement process to determine the increased revenue or cost-savings attributed to the additional public-private arrangement contracts~~ authorized by this section. To accomplish this, the Secretary shall consult subject matter experts in the Department of Revenue, in other

governmental units, and in the private sector, as necessary. At a minimum, the measurement process shall include all of the following:

- (1) Calculation of a revenue baseline against which the increased revenue attributable to the project is measured and a cost-basis baseline against which the cost-savings resulting from the project are measured.
- (2) Periodic evaluation to determine whether the baselines need to be modified based on significant measurable changes in the economic environment.
- (3) Monthly calculation of increased revenue and cost-savings attributable to contracts executed under this section.

~~"SECTION 7.17.(d) Funding. — Of funds generated from increased revenues or cost-savings, as compared to the baselines established by subdivision (1) of subsection (c) of this section, in the General Fund, the Highway Fund, and that State portion of the Unauthorized Substance Tax collections of the Special Revenue Fund, the sum of up to a total of sixteen million dollars (\$16,000,000) may be authorized by the Office of State Budget and Management to make purchases related to the implementation of the additional public-private arrangement authorized by this section, including payments for services from non-State entities.~~

~~"SECTION 7.17.(e) Internal Costs. — For the 2013-2015 fiscal biennium the Department of Revenue may retain an additional sum of eight million eight hundred seventy-four thousand three hundred nineteen dollars (\$8,874,319) from benefits generated for the General Fund since the beginning of the public-private partnership described under Section 6A.5(a) of S.L. 2011-145. These funds shall be used as payment of internal costs for the fiscal biennium, and such funds are hereby appropriated for this purpose.~~

~~"SECTION 7.17.(f) Expert Counsel Required. — Notwithstanding G.S. 114-2.3, the Department of Revenue shall engage the services of private counsel with the pertinent information technology and computer law expertise to negotiate and review contracts associated with an additional public-private arrangement authorized entered into under this section.~~

~~"SECTION 7.17.(g) Oversight Committee. — The Oversight Committee established under Section 6A.5(c) of S.L. 2011-145 shall have the same responsibilities and duties with respect to an additional public-private arrangement authorized by this section as it does with respect to public-private arrangements to implement TIMS and the additional Planning and Design Project (PDP) components.~~

~~"SECTION 7.17.(h) Reporting. — Beginning August 1, 2013, and quarterly thereafter, the Department of Revenue shall submit detailed written reports to the Chairs of the House of Representatives Appropriations Committee, to the Chairs of the Senate Committee on Appropriations/Base Budget, to the Joint Legislative Oversight Committee on Information Technology, and to the Fiscal Research Division of the General Assembly. The report shall include an explanation of all of the following:~~

- ~~(1) Details of each public-private contract.~~
- ~~(2) The benefits from each contract.~~
- ~~(3) A comprehensive forecast of the benefits of using public-private agreements to implement TIMS, the additional PDP components, and additional components authorized by this section, including cost-savings and the acceleration of the project time-line.~~
- ~~(4) Any issues associated with the operation of the public-private partnership.~~

~~"SECTION 7.17.(i) Information Technology Project Oversight. — In addition to the oversight provided by the Oversight Committee established in Section 6A.5(c) of S.L. 2011-145, the additional public-private arrangement Contracts pertaining to TIMS as authorized by this section shall be subject to existing State information technology project~~

oversight laws and statutes, and the project management shall comply with all statutory requirements and other criteria established by the State Chief Information Officer and the Office of State Budget and Management for information technology projects. The State Chief Information Officer and the Office of State Budget and Management shall immediately report any failure to do so to the Joint Legislative Oversight Committee on Information Technology, the Chairs of the House of Representatives and Senate Committees on Appropriations, and the Fiscal Research Division.

...."

SECTION 7.5.(c) Section 6A.5 of S.L. 2011-145, as amended by Section 6A.3(j) of S.L. 2012-142 and Section 7.17(j) of S.L. 2013-360, reads as rewritten:

"SECTION 6A.5.(c) There is established within the Department of Revenue the Oversight Committee for reviewing and approving the benefits measurement methodology and calculation process. The Oversight Committee shall review and approve in writing all contracts, including change orders, amendments to contracts, and addendums to contracts, before they are executed under this section. This shall include (i) details of each public-private contract, (ii) the benefits from each contract, and (iii) a comprehensive forecast of the benefits of using public-private agreements to implement TIMS and the additional PDP components, including the measurement process established for the Secretary of Revenue. The Oversight Committee shall approve all of the fund transfers for this project. Within five days of entering into a contract, the Department shall provide copies of each contract and all associated information to the Joint Legislative Oversight Committee on Information Technology, the Chairs of the House of Representatives and Senate Committees on Appropriations, and the Fiscal Research Division.

The members of the Committee shall include the following:

- (1) The Director of the Office of State Budget and Management;
- (2) The Secretary of the Department of Revenue;
- (3) The State Chief Information Officer;
- (3a) The State Auditor;
- (4) Two persons appointed by the Governor;
- (5) One member of the general public having expertise in information technology appointed by the General Assembly upon the recommendation of the Speaker of the House of Representatives; and
- (6) One member of the general public having expertise in economic and revenue forecasting appointed by the General Assembly upon recommendation of the President Pro Tempore of the Senate.

The State Budget Director shall serve as chair of the Committee. The Committee shall set its meeting schedule and adopt its rules of operation by majority vote. A majority of the members constitutes a quorum. Vacancies shall be filled by the appointing authority. Administrative support staff shall be provided by the Department of Revenue. Members of the Committee shall receive reimbursements for subsistence and travel expenses as provided by Chapter 138 of the General Statutes. The Committee shall terminate on June 30, 2018.

The Department shall provide copies of the minutes of each meeting and all associated information to the Joint Legislative Oversight Committee on Information Technology, the Chairs of the House of Representatives Appropriations Committee, the Chairs of the Senate Committee on Appropriations/Base Budget, and the Fiscal Research Division.

"SECTION 6A.5.(c1) The TIMS Oversight Committee created by Section 6A.5(c) of this act shall do all of the following:

- (1) Approve and monitor management performance measures.
- (2) Approve project initiatives.
- (3) Approve project changes.

- (4) Provide project oversight.
- (5) Review funding requirements and project expenditures.
- (6) Provide TIMS project recommendations to the Department of Revenue and the General Assembly.
- (7) Ensure Department of Revenue compliance with all applicable laws.

"SECTION 6A.5.(c2) Beginning August 1, 2014, and quarterly thereafter, the Department of Revenue shall submit detailed quarterly reports to the Joint Legislative Oversight Committee on Information Technology, the Chairs of the Senate Appropriations Committee on General Government and Information Technology, the Chairs of House Appropriations Subcommittee on General Government, the Chair of the House Appropriations Subcommittee on Information Technology, and the Fiscal Research Division. At a minimum, the reports shall include all of the following:

- (1) Project status, to include any issues identified by the Enterprise Project Management Office.
- (2) Comparison of project status to the time line, with an explanation of any differences.
- (3) Any changes in project cost.
- (4) Actual expenditures to date.
- (5) Any variances from projected expenditures and the reasons for the variance.
- (6) Any potential funding shortfalls and their impact.
- (7) Any issues identified by the Department of Revenue, with a corrective action plan and a time line for resolving the issues.
- (8) Impact of any issues identified on the project schedule.
- (9) Impact of any issues identified on project cost.
- (10) Any changes to the project scope.
- (11) Any change requests submitted to project vendors and the cost of the changes."

GOVERNMENT DATA ANALYTICS CENTER/BUSINESS INTELLIGENCE

SECTION 7.6.(a) G.S. 143B-426.38A reads as rewritten:

"(a) State Government Data Analytics. – The State shall initiate across State agencies, departments, and institutions a data integration and data-sharing initiative that is not intended to replace transactional systems but is instead intended to leverage the data from those systems for enterprise-level State business intelligence. For the purposes of this section, the term "business intelligence (BI)" means the process of collecting, organizing, sharing, and analyzing data through integrated data management, reporting, visualization, and advanced analytics to discover patterns and other useful information that will allow policymakers and State officials to make more informed decisions. The term also includes:

- (1) Broad master data management capabilities such as data integration, data quality and enrichment, data governance, and master data management to collect, reference, and categorize information from multiple sources.
- (2) Self-service query and reporting capabilities to provide timely, relevant, and actionable information to business users delivered through a variety of interfaces, devices, or applications based on their specific roles and responsibilities.

All State agency business intelligence requirements, including any planning or development efforts associated with creating BI capability, shall be implemented through the GDAC using established contracts. The State Chief Information Officer shall ensure that State agencies use the GDAC for agency business intelligence requirements.

...

~~(d1) Appropriations.—Of the funds appropriated to the Information Technology Fund, the sum of three million dollars (\$3,000,000) for the 2013-2014 fiscal year and the sum of four million four hundred seventeen thousand five hundred fifteen dollars (\$4,417,515) for the 2014-2015 fiscal year shall be used to support the GDAC and NCFACTS. Of these funds, the sum of one million four hundred seventeen thousand five hundred fifteen dollars (\$1,417,515) shall be used in each fiscal year of the 2013-2015 biennium for OSC internal costs. For fiscal year 2014-2015, of the funds generated by GDAC and NCFACTS projects and returned to the General Fund, the sum of up to five million dollars (\$5,000,000) is appropriated to fund GDAC and NCFACTS, to include vendor payments. Prioritization for the expenditure of these funds shall be for State costs associated with GDAC first, then vendor costs second. Funds in the 2013-2015 fiscal year budgets for GDAC and NCFACTS shall be used solely to support the continuation for these priority project areas.~~

...."

SECTION 7.6.(b) Of the funds appropriated to the Information Technology Fund, the sum of nine million four hundred seventeen thousand five hundred fifteen dollars (\$9,417,515) for the 2014-2015 fiscal year shall be used to support the GDAC and NCFACTS. Of these funds, the sum of one million four hundred seventeen thousand five hundred fifteen dollars (\$1,417,515) shall be used in each fiscal year of the 2013-2015 fiscal biennium for Office of State Controller internal costs. An additional one million one hundred twenty-nine thousand four hundred eighty-eight dollars (\$1,129,488) for the 2014-2015 fiscal year shall be used to support the Criminal Justice Law Enforcement Automated Data System.

INFORMATION TECHNOLOGY CONTRACTS

SECTION 7.7.(a) Section 7.7(a) of S.L. 2013-360 reads as rewritten:

"SECTION 7.7.(a) SCIO Review. – The State Chief Information Officer (State CIO) shall review all State information technology (IT) contracts and shall develop a plan to consolidate duplicate IT contracts and multiple IT contracts with the same vendor. The State CIO shall ensure that all State information technology contracts include provisions for a detailed performance schedule with specific milestones and deliverables, including appropriate penalties for any failure to fulfill those requirements."

SECTION 7.7.(b) Section 7.7 of S.L. 2013-360 is amended by adding a new subsection to read:

"SECTION 7.7.(g) Enhance State IT Contract Expertise. – The State Chief Information Officer (State CIO), the Office of State Human Resources, and the Schools of Government and Law at the University of North Carolina at Chapel Hill shall work jointly to create a career path for State government information technology contracting professionals that includes defined qualifications, career progression, training opportunities, and appropriate compensation. By December 1, 2014, the State CIO shall submit a detailed, fully implementable plan to create the career path for State government information technology contracting professionals to the Joint Legislative Oversight Committee on Information Technology and the Fiscal Research Division."

INFORMATION TECHNOLOGY PERSONAL SERVICES CONTRACT REQUIREMENTS

SECTION 7.8. Section 7.8 of S.L. 2013-360, as amended by Section 2.3 of S.L. 2013-363, reads as rewritten:

~~"SECTION 7.8.(a)~~ **SECTION 7.8.(a)** Notwithstanding any provision of law to the contrary, no contract for information technology personal services, or that provides personnel to perform information technology functions, may be established or renewed without written approval from the Statewide Information Technology Procurement Office and the Office of State Budget

and Management. To facilitate compliance with this requirement, the Statewide Information Technology Procurement Office shall develop and document the following:

- (1) Standards for determining whether it is more appropriate for an agency to hire an employee or use the services of a vendor.
- (2) A process to monitor all State agency personal services contracts, as well as any other State contracts providing personnel to perform information technology functions.
- (3) A process for obtaining approval of contractor positions.

By no later than September 1, 2014, this documentation shall be submitted to the Joint Legislative Committee on Information Technology and to the Fiscal Research Division.

The Statewide Information Technology Procurement Office shall review current personal services contracts and determine if each contractor is performing a function that could more appropriately be performed by a State employee. Where the determination is made that a State employee should be performing the function, the Statewide Information Technology Procurement Office shall work with the impacted agency, the Office of State Budget and Management, and the Office of ~~State Personnel~~ State Human Resources to identify or create the position.

"SECTION 7.8.(b) Beginning October 1, 2014, the Office of the State Chief Information Officer shall submit quarterly a detailed written report to the Joint Legislative Oversight Committee on Information Technology and Fiscal Research Division on information technology (IT) personal services contracts. At a minimum, the report shall include all of the following:

- (1) The name of the individual and the office responsible for overseeing IT personal services contractors for the State.
- (2) Number of IT personal services contract personnel in each State agency.
- (3) Length of time each personal services contractor has been engaged by the State, in any capacity, as a personal services contractor.
- (4) Cost for each personal services contractor, with subtotals by agency and the grand total for the State as a whole.
- (5) Comparable cost (including benefits and other support costs) for a State employee providing the same function, with subtotal by agency and the grand total for the State as a whole.
- (6) Change in number of personal service contractors by State agency, and for the State as a whole, since the previous report.
- (7) Number of personal service contractors whose contracts have been extended since the previous report, by State agency and for the State as a whole.
- (8) Number of personal services contractors added by State agency, and the State as a whole, since the previous report.
- (9) Change in total annualized cost for personal services contractors by State agency and for the State as a whole.
- (10) Number of personal service contractors who have converted status to State employment, by State agency and for the State as a whole, with the annualized costs savings to the State.
- (11) Number of status conversions from contractor to State employee pending, by State agency and for the State as a whole.
- (12) Number of personal services contractor positions eliminated since the previous report.
- (13) Efforts made by the Office of the State CIO, the Office of State Budget and Management, and the Office of State Human Resources to oversee and manage the IT personal services contractor process.

~~Beginning October 1, 2013, the Statewide Information Technology Procurement Office shall report to the Joint Legislative Oversight Committee on Information Technology and the Fiscal Research Division on its progress toward standardizing information technology personal services contracts. In addition, the report shall include detailed information on the number of personal service contractors in each State agency, the cost for each, and the comparable cost (including benefits) of a State employee serving in that capacity rather than a contractor."~~

STATE INFORMATION TECHNOLOGY INNOVATION CENTER

SECTION 7.9.(a) Section 7.13 of S.L. 2013-360 reads as rewritten:

~~"SECTION 7.13.~~**SECTION 7.13.(a)** The State Chief Information Officer (CIO) may operate a State Information Technology Innovation Center (Center) to develop and demonstrate technology solutions with potential benefit to the State and its citizens. The Center may facilitate the piloting of potential solutions to State technology requirements. In operating the Center, the State CIO shall ensure that all State laws, rules, and policies are followed. Vendor participation in the Center shall not be construed to (i) create any type of preferred status for vendors or (ii) abrogate the requirement that the State CIO ensure that agency and statewide requirements for information technology support (including those for the Office of the State CIO and the Office of Information Technology Services) are awarded based on a competitive process that follows information technology procurement guidelines. Beginning July 1, 2013, the State CIO shall report to the Joint Legislative Oversight Committee on Information Technology on a quarterly basis on initiatives being developed and implemented within the Center, as well as on the sources and amounts of resources used to support the Center.

~~"SECTION 7.13.(b) In addition to the requirements of subsection (a) of this section, the State CIO shall report to the Joint Legislative Oversight Committee on Information Technology on the results of any initiatives conducted through the Center and whether each initiative will result in a new information technology project or program."~~

SECTION 7.9.(b) A State agency that undertakes an information technology product or service integration effort shall coordinate that effort with the State Information Technology Innovation Center (Center) and shall document that coordination in writing. Agencies shall use the resources of the Center whenever practicable.

ENTERPRISE GRANTS MANAGEMENT

SECTION 7.10. Section 7.14(b) of S.L. 2013-360 reads as rewritten:

"SECTION 7.14.(b) There is established a Grants Management Oversight Committee (Committee) to coordinate the development of an enterprise grants management system. The Committee shall be chaired by the State Chief Information Officer. Committee membership shall include the Director of the Office of State Budget and Management, the State Auditor, the Department of Transportation Chief Information Officer, and the State Controller. The State Auditor shall serve as a nonvoting member. The Committee shall:

- (1) Establish priorities for moving agencies to the enterprise system.
- (2) Establish priorities for development and implementation of system capabilities.
- (3) Define system requirements.
- (4) Approve plans associated with system development and implementation.
- (5) Review costs and approve funding sources for system development and implementation.
- (6) Ensure any system benefits are realistic and realized.

The Committee shall meet at least quarterly. The Committee shall prepare and submit meeting minutes promptly to the Joint Legislative Oversight Committee on Information Technology and the Fiscal Research Division no more than five days after each meeting.

1 By August 1, 2014, the Office of the State Chief Information Officer shall identify the
2 individual and office responsible for overseeing development of the grants management system
3 and report that information to the Joint Legislative Oversight Committee on Information
4 Technology and the Fiscal Research Division."

6 **VEHICLE MANAGEMENT**

7 **SECTION 7.11.(a)** If Section 7.16(e) of S.L. 2013-360 is repealed during the 2014
8 Regular Session of the 2013 General Assembly, then Section 7.16 is amended by adding the
9 following new subsection:

10 **"SECTION 7.16.(g)** Until December 31, 2015, no State or local governmental entity or
11 officer may procure or operate an unmanned aircraft system or disclose personal information
12 about any person acquired through the operation of an unmanned aircraft system unless the
13 State CIO approves an exception specifically granting disclosure, use, or purchase. Any
14 exceptions to the prohibition in this subsection shall be reported immediately to the Joint
15 Legislative Oversight Committee on Information Technology and the Fiscal Research Division.
16 The following definitions apply in this section:

- 17 (1) "Unmanned aircraft" means an aircraft that is operated without the
18 possibility of human intervention from within or on the aircraft.
19 (2) "Unmanned aircraft system" means an unmanned aircraft and associated
20 elements, including communication links and components that control the
21 unmanned aircraft that are required for the pilot in command to operate
22 safely and efficiently in the national airspace system."

23 **SECTION 7.11.(b)** Section 7.16 of S.L. 2013-360 is amended by adding a new
24 section to read:

25 **"SECTION 7.16.(h)** The State CIO shall implement a cross-functional UAS Governance
26 Board (Board) to oversee UAS operations within the State of North Carolina. The Board shall
27 meet at least quarterly and shall provide recommendations regarding long term UAS
28 governance and operations to the Office of the State CIO and the Joint Legislative Oversight
29 Committee on Information Technology. Administrative support for the Board shall be provided
30 by the Office of the State CIO. The Board shall be composed of eleven members as follows:

- 31 (1) State Chief Information Officer, who shall serve as chair.
32 (2) These officers or their respective designees:
33 a. Secretary of the Department of Transportation.
34 b. Secretary of the Department of Environment and Natural Resources.
35 c. Secretary of the Department of Public Safety.
36 d. North Carolina Attorney General.
37 e. Director of the Next Generation Air Transportation Center.
38 (3) One member of the State Bar appointed by the Governor.
39 (4) One member of the public with aviation expertise appointed by the General
40 Assembly upon the recommendation of the President Pro Tempore of the
41 Senate.
42 (5) One member of the North Carolina Sheriffs' Association or North Carolina
43 Police Chiefs' Association appointed by the General Assembly upon the
44 recommendation of the President Pro Tempore of the Senate
45 (6) One member of the public with information privacy expertise appointed the
46 General Assembly upon the recommendation of the Speaker of the House of
47 Representatives.
48 (7) One member representing local first responders appointed by the General
49 Assembly upon the recommendation of the Speaker of the House of
50 Representatives."

USE OF MOBILE COMMUNICATIONS DEVICES

SECTION 7.12.(a) G.S. 147-33.91(a) reads as rewritten:

"(a) With respect to State agencies, the State Chief Information Officer shall exercise general coordinating authority for all telecommunications and mobile electronic communications matters relating to the internal management and operations of those agencies. In discharging that responsibility, the State Chief Information Officer, in cooperation with affected State agency heads, may:

...
(14) Monitor the use of mobile electronic communications devices within State agencies and maintain information on the following:

- a. The total number of devices issued by each agency.
- b. The total cost of mobile devices issued by each agency.
- c. The number and cost of new devices issued.
- d. The contracts used to obtain the devices."

SECTION 7.12.(b) Section 7.18 of S.L. 2013-360 is repealed.

STATE PORTAL IMPLEMENTATION/REQUIREMENTS

SECTION 7.13.(a) The State Chief Information Officer shall implement and operate a statewide electronic portal to increase the convenience of members of the public in conducting online transactions with, and obtaining information from, State government, and to facilitate their interactions and communications with government agencies. The portal shall be developed using State information technology resources, to include resources available through The University of North Carolina and its constituent institutions.

SECTION 7.13.(b) Prior to implementation of a State portal, the State Chief Information Officer shall provide all of the following to the General Assembly:

- (1) A detailed plan for development and implementation of the portal, to include a list of anticipated applications to be implemented during fiscal years 2014-2015 and 2015-2016.
- (2) A description of how the portal is to be implemented, to include detailed information on potential costs, including total cost of ownership of the portal and any applications proposed for implementation during fiscal years 2014-2015 and 2015-2016.
- (3) A funding model for the implementation that does not increase the cost of access to services for any citizen of the State.

SECTION 7.13.(c) The State portal project shall meet all requirements for project management established by the State Chief Information Officer and State law. Participation by State agencies in the State portal shall be voluntary. State agency receipts shall not be affected by the development and implementation of the State portal. Current State agency plans and operations shall not require any changes due to the development and implementation of the State portal.

SECTION 7.13.(d) Notwithstanding any other provision of law, all fees associated with the State portal shall be set by the General Assembly in the Current Operations Appropriations Act.

DEPARTMENT OF TRANSPORTATION INFORMATION TECHNOLOGY MODERNIZATION

SECTION 7.14.(a) Of the funds appropriated to the Department of Transportation (DOT), the sum of twenty-three million three hundred eighty-six thousand eight hundred

twenty-two dollars (\$23,386,822) for the 2014-2015 fiscal year is allocated for the following information technology projects and associated activities:

	<u>FY 2014-2015</u>
Replacement of the State Automated Driver License System (SADLS) – Project Phases 1, 2, and 3	\$14,946,903
Division of Motor Vehicles Mobile Unit Replacement	\$796,000
Division of Motor Vehicles Kiosk Pilot Program	\$600,000
Division of Motor Vehicles Card Payment Operations & Maintenance	\$1,512,919
Division of Motor Vehicles – Service-Oriented Architecture	\$3,000,000
Division of Motor Vehicles Channel Strategy	\$1,800,000
Division of Motor Vehicles – Online Renewal	\$475,000
Division of Motor Vehicles – Web Application Development (Hearing Fee Implementation)	\$256,000

SECTION 7.14.(b) Available funds shall be prioritized to expedite completion of the State Automated Driver License System modernization and replacement project. All DOT business intelligence activities, to include any planning and development, shall be implemented working through the Government Data Analytics Center. Service-oriented architecture efforts shall be coordinated in writing with the Office of the State Chief Information Officer. All DOT information technology product or service integration efforts shall be coordinated in writing with the State Information Technology Innovation Center.

SECTION 7.14.(c) By September 1, 2014, the DOT Chief Information Officer shall identify a responsible individual for each project listed above and provide those names to the Joint Legislative Oversight Committee on Information Technology and the Joint Legislative Transportation Oversight Committee.

SECTION 7.14.(d) Beginning October 1, 2014, the DOT Chief Information Officer shall submit a quarterly, written report on the status of each information technology project listed in this section to the Joint Legislative Oversight Committee on Information Technology and the Joint Legislative Transportation Oversight Committee. At a minimum, the report shall include all of the following:

- (1) Project status, to include any issues identified by the Enterprise Project Management Office.
- (2) Comparison of project status to the time line, with an explanation of any differences.
- (3) Any changes in project cost.
- (4) Actual expenditures to date.
- (5) Any variances from projected expenditures and the reasons for the variance.
- (6) Any potential funding shortfalls and the potential impact of the funding shortfalls.
- (7) Any issues identified by the DOT, with a corrective action plan and a time line for resolving the issues.
- (8) Impact of any issues identified on the project schedule.
- (9) Impact of any issues identified on project cost.
- (10) Any changes to the project.
- (11) Any change requests submitted to project vendors and the cost of those changes.

ENTERPRISE RESOURCE PLANNING SYSTEM

SECTION 7.15.(a) By December 1, 2014, the State Chief Information Officer (State CIO), in coordination with the Office of the State Controller and the Office of State Budget and Management, shall define the requirements and develop a detailed plan for a

statewide enterprise resource planning (ERP) system. At a minimum, the plan shall address all of the following:

- (1) Project management.
- (2) Project scope.
- (3) Specific project requirements.
- (4) Time line.
- (5) Cost by State fiscal year.
- (6) Potential funding sources.
- (7) Quality control.
- (8) Change management.
- (9) Risks associated with the project.
- (10) Stakeholder management.

SECTION 7.15.(b) By August 1, 2014, the Office of the State CIO shall identify the individual and office responsible for the development of the ERP plan required by this section and provide the name of the individual to the Joint Legislative Oversight Committee on Information Technology and the Fiscal Research Division.

STUDY FEASIBILITY OF SELLING GIS DATA

SECTION 7.16. The Center for Geographic Information and Analysis in the Office of the State Chief Information Officer shall study the feasibility of selling Geographic Information Systems data. By December 1, 2014, the Center shall report its findings to the Joint Legislative Oversight Committee on Information Technology and the Fiscal Research Division.

PART VIII. PUBLIC SCHOOLS

FUNDS FOR CHILDREN WITH DISABILITIES

SECTION 8.1. The State Board of Education shall allocate additional funds for children with disabilities on the basis of three thousand seven hundred sixty-eight dollars and eleven cents (\$3,768.11) per child for the 2014-2015 fiscal year. Each local school administrative unit shall receive funds for the lesser of (i) all children who are identified as children with disabilities or (ii) twelve and five-tenths percent (12.5%) of its 2014-2015 allocated average daily membership in the local school administrative unit. The dollar amounts allocated under this section for children with disabilities shall also adjust in accordance with legislative salary increments, retirement rate adjustments, and health benefit adjustments for personnel who serve children with disabilities.

FUNDS FOR ACADEMICALLY GIFTED CHILDREN

SECTION 8.2. The State Board of Education shall allocate additional funds for academically or intellectually gifted children on the basis of one thousand two hundred thirty-nine dollars and sixty-five cents (\$1,239.65) per child for the 2014-2015 fiscal year. A local school administrative unit shall receive funds for a maximum of four percent (4%) of its 2014-2015 allocated average daily membership, regardless of the number of children identified as academically or intellectually gifted in the unit. The dollar amounts allocated under this section for academically or intellectually gifted children shall also adjust in accordance with legislative salary increments, retirement rate adjustments, and health benefit adjustments for personnel who serve academically or intellectually gifted children.

EXTEND THE DATE FOR SCHOOL EMPLOYEES TO QUALIFY FOR CERTAIN EDUCATION BASED SALARY SUPPLEMENTS

SECTION 8.3. Section 8.22 of S.L. 2013-360 reads as rewritten:

"SECTION 8.22. Notwithstanding Section 35.11 of this act, ~~no only the following teachers and instructional support personnel, except for certified school nurses and instructional support personnel in positions for which a master's degree is required for licensure, personnel~~ shall be paid on the "M" salary schedule or receive a salary supplement for academic preparation at the six-year degree level or at the doctoral degree level for the 2014-2015 school year, ~~unless they were paid on that salary schedule or received that salary supplement prior to the 2014-2015 school year.~~ year and subsequent school years:

- (1) Certified school nurses and instructional support personnel in positions for which a master's degree is required for licensure.
- (2) Teachers and instructional support personnel who were paid on that salary schedule or received that salary supplement prior to the 2014-2015 school year.
- (3) Teachers and instructional support personnel who complete a degree at the master's, six-year, or doctoral degree level for which they completed at least one course prior to August 1, 2013."

FUNDS FOR SMALL COUNTY SCHOOL ADMINISTRATIVE UNITS AND STUDY ON CONSOLIDATION.

SECTION 8.4.(a) Section 8.4 of S.L. 2013-360, as amended by Section 3.11 of S.L. 2013-363, reads as rewritten:

"SMALL SCHOOL SYSTEM SUPPLEMENTAL FUNDING

...

"SECTION 8.4.(d) Allotment ~~Formula~~Schedule for the 2014-2015 Fiscal Year. – Except as otherwise provided in ~~subsection~~ subsections (e) and (g) of this section, for the 2014-2015 fiscal year, each eligible county school administrative unit shall receive a dollar allotment ~~equal to the product of the following:~~ according to the following schedule:

- (1) ~~A per student funding factor, equal to the product of the following:~~
 - a. ~~One, minus the local school administrative unit's average daily membership divided by the maximum small school system average daily membership.~~
 - b. ~~The maximum small school system dollars per student.~~
- (2) ~~The average daily membership of the eligible county school administrative unit.~~

<u>Allotted ADM</u>	<u>Small County Allotment</u>
<u>0-600</u>	<u>\$ 1,710,000</u>
<u>601-1,300</u>	<u>\$ 1,820,000</u>
<u>1,301-1,700</u>	<u>\$ 1,548,700</u>
<u>1,701-2,000</u>	<u>\$ 1,600,000</u>
<u>2,001-2,300</u>	<u>\$ 1,560,000</u>
<u>2,301-2,600</u>	<u>\$ 1,470,000</u>
<u>2,601-2,800</u>	<u>\$ 1,498,000</u>
<u>2,801-3,200</u>	<u>\$ 1,548,000</u>

"SECTION 8.4.(e) Phase-Out Provisions for the 2014-2015 Fiscal Year. – If a local school administrative unit becomes ineligible for funding under the ~~formula~~schedule in subsection (d) of this section in the 2014-2015 fiscal year, funding for that unit shall be phased out over a five-year period. Funding for such local administrative units shall be reduced in equal increments in each of the five years after the local administrative unit becomes ineligible. Funding shall be eliminated in the fifth fiscal year after the local administrative unit becomes ineligible.

Allotments for eligible local school administrative units shall not be reduced by more than twenty percent (20%) of the amount received in fiscal year 2013-2014 in any fiscal year.

~~"SECTION 8.4.(f) Maximum Allotments for the 2014 2015 Fiscal Year. For the 2014 2015 fiscal year, the maximum small school system dollars per student shall be two thousand ninety four dollars (\$2,094).~~

~~...."~~

SECTION 8.4.(b) It is the intent of the General Assembly to implement a plan to consolidate by region the 25 local school administrative units with the lowest average daily membership of students by the end of the 2018-2019 school year if consolidation would be feasible and result in significant operational efficiencies for those local school administrative units.

To determine the feasibility of consolidating those local school administrative units, the Department of Public Instruction shall study consolidation and shall identify, as part of the study, the benefits of consolidation, including potential operational efficiencies, barriers to implementation, including county revenue and budgeting processes, and a potential regionalization plan.

The Department shall report on the results of the study and its recommendations with any proposed legislative changes, including proposed modifications to the small school system supplemental funding formula, to the 2015 General Assembly by March 15, 2015.

REPORTING REQUIREMENT FOR THE NC CENTER FOR ADVANCEMENT OF TEACHING

SECTION 8.5. In addition to an update of any information included in the report required by Section 8.10 of S.L. 2013-360, the North Carolina Center for the Advancement of Teaching (NCCAT) shall report the following information to the Fiscal Research Division no later than February 1, 2015:

- (1) The number of teachers in service through the program.
- (2) The areas of service for teachers participating in the program.
- (3) The results of performance measures in place for determining whether the program is meeting its mission, goals, and objectives.
- (4) Recommendations for statutory, budgetary, or administrative changes needed to improve the efficiency and effectiveness of the program.

CLARIFY BUDGET REDUCTIONS/DEPARTMENT OF PUBLIC INSTRUCTION

SECTION 8.6. Section 8.6 of S.L. 2013-360 reads as rewritten:

"SECTION 8.6.(a) Notwithstanding G.S. 143C-6-4, the Department of Public Instruction may, after consultation with the Office of State Budget and Management and the Fiscal Research Division, reorganize, if necessary, to implement the budget reductions ~~set out in this act for the biennium.~~ Consultation shall occur prior to requesting budgetary and personnel changes through the budget revision process. The Department shall provide a current organization chart in the consultation process and shall report to the Joint Legislative Commission on Governmental Operations on any reorganization.

"SECTION 8.6.(b) In implementing budget reductions for the 2014-2015 fiscal year, the Department of Public Instruction shall make no reduction to funding or positions for the North Carolina Center for the Advancement of Teaching and shall make no reduction in funding to any of the following entities:

- (1) Communities in Schools of North Carolina, Inc.
- (2) Teach for America, Inc.
- (3) Beginnings For Parents of Children Who Are Deaf or Hard of Hearing, Inc."

CLARIFY CARRYFORWARD FOR SUMMER READING CAMPS

SECTION 8.7.(a) Section 8.16 of S.L. 2013-360 reads as rewritten:

"SECTION 8.16. Funds appropriated for the 2013-2015 fiscal biennium and subsequent fiscal years for summer reading camps as defined in G.S. 115C-83.3(9) shall not revert at the end of each fiscal year but shall remain available ~~until expended.~~ for expenditure until August 31 of the subsequent fiscal year."

SECTION 8.7.(b) This section becomes effective June 30, 2014.

CARRYFORWARD FOR PANIC ALARM GRANTS

SECTION 8.8.(a) Section 8.37 of S.L. 2013-360 is amended by adding a new subsection to read:

"SECTION 8.37.(b1) Grants to local school administrative units, regional schools, and charter schools shall not revert at the end of the fiscal year but shall remain available for expenditure until the end of the subsequent fiscal year."

SECTION 8.8.(b) This section becomes effective June 30, 2014.

STATE BOARD OF EDUCATION NOTIFICATION TO THE GENERAL ASSEMBLY OF FEDERAL GRANT APPLICATIONS

SECTION 8.9. G.S. 115C-12 is amended by adding a new subdivision to read:

"§ 115C-12. Powers and duties of the Board generally.

The general supervision and administration of the free public school system shall be vested in the State Board of Education. The State Board of Education shall establish policy for the system of free public schools, subject to laws enacted by the General Assembly. The powers and duties of the State Board of Education are defined as follows:

...

(42) To notify the General Assembly of federal grant applications. – The State Board of Education shall provide written notification to the General Assembly in accordance with G.S. 120-29.5 and to the Fiscal Research Division of its intent to apply for any federal grant prior to submitting the grant application."

PROPERTY INSURANCE SYSTEM FOR CHARTER SCHOOLS

SECTION 8.10. G.S. 115C-533 reads as rewritten:

"§ 115C-533. Duty of State Board to operate insurance system.

The State Board of Education shall have the duty to manage and operate a system of insurance for public school property. The State Board may offer a system of property insurance to any charter schools approved pursuant to G.S. 115C-238.29D."

NC EDUCATION ENDOWMENT FUND

SECTION 8.11.(a) Chapter 115C of the General Statutes is amended by adding a new Article to read:

"Article 32E.

"North Carolina Education Endowment Fund.

"§ 115C-472.16. Establishment of the North Carolina Education Endowment Fund.

(a) There is established the North Carolina Education Endowment Fund. The Fund shall be a special fund consisting of (i) moneys credited to it under G.S. 20-81.12 from the sale of "I Support Teachers" special registration plates; (ii) proceeds of any gifts, grants, or contributions to the State that are specifically designated for inclusion in the Fund; (iii) appropriations made to it by the General Assembly; and (iv) interest accrued to it thereon. Moneys in the Fund shall be available for expenditure only upon an act of appropriation by the General Assembly.

(b) The General Assembly shall only appropriate moneys in the North Carolina Education Endowment Fund for teacher compensation that is related directly to improving student academic outcomes in the public schools of the State.

SECTION 8.11.(b) G.S. 20-79.4(b) is amended by adding a new subdivision to read:

"(b) Types. – The Division shall issue the following types of special registration plates:

...

(I) I Support Teachers. – Issuable to the registered owner of a motor vehicle in accordance with G.S. 20-81.12. The plate shall have a gray chalkboard background with "I SUPPORT TEACHERS" written in white chalk across the top of the plate, and an image of a red apple shall be in the lower left corner with the letters "ABC" appearing in white chalk over the apple.

SECTION 8.11.(c) G.S. 20-81.12(b12) reads as rewritten:

"(b12) I Support Public Schools Teachers Plates. – The Division must receive 300 or more applications for the I Support Public Schools Teachers plate before the plate may be developed. The Division shall transfer quarterly the money in the Collegiate and Cultural Attraction Plate Account derived from the sale of I Support Public Schools Teachers plates to the Fund for the Reduction of Class Size in Public Schools created pursuant to G.S. 115C-472.10. North Carolina Education Endowment Fund established pursuant to G.S. 115C-472.16.

SECTION 8.11.(d) G.S. 20-79.7 reads as rewritten:

"§ 20-79.7. Fees for special registration plates and distribution of the fees.

...

(a1) Fees. – All other special registration plates are subject to the regular motor vehicle registration fee in G.S. 20-87 or G.S. 20-88 plus an additional fee in the following amount:

Special Plate

Additional Fee Amount

...

Harley Owners' Group	\$20.00
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<u>I Support Teachers</u>	<u>\$20.00</u>
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Jaycees	\$20.00
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...

Special Forces Association	\$20.00
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Support Public Schools	\$20.00
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US Equine Rescue League	\$20.00
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...

(b) Distribution of Fees. – The Special Registration Plate Account and the Collegiate and Cultural Attraction Plate Account are established within the Highway Fund. The Division must credit the additional fee imposed for the special registration plates listed in subsection (a) of this section among the Special Registration Plate Account (SRPA), the Collegiate and Cultural Attraction Plate Account (CCAPA), the Clean Water Management Trust Fund (CWMTF), which is established under G.S. 113A-253, and the Parks and Recreation Trust Fund, which is established under G.S. 113-44.15, as follows:

Special Plate

SRPA

CCAPA

NHTF

PRTF

...

In-State Collegiate Insignia	\$10	\$15	0	0
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<u>I Support Teachers</u>	<u>\$10</u>	<u>\$10</u>	<u>0</u>	<u>0</u>
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Jaycees	\$10	\$10	0	0
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...

Support Our Troops	\$10	\$20	0	0
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Support Public Schools	\$10	\$10	0	0
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Support Soccer	\$10	\$15	0	0
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...."

SECTION 8.11.(e) G.S. 20-63(b1) reads as rewritten:

"(b1) The following special registration plates do not have to be a "First in Flight" plate as provided in subsection (b) of this section. The design of the plates that are not "First in Flight" plates must be developed in accordance with G.S. 20-79.4(a3). For special plates authorized in G.S. 20-79.7 on or after July 1, 2013, the Division may not issue the plate on a background under this subsection unless it receives at least 200 applications for the plate in addition to the applications required under G.S. 20-79.4 or G.S. 20-81.12.

...

(43) Mountains-to-Sea Trail, Inc.

(44) I Support Teachers."

SECTION 8.11.(f) The Revisor of Statutes is authorized to alphabetize, number, and renumber the special registration plates listed in G.S. 20-79.4(b) to ensure that all the special registration plates are listed in alphabetical order and numbered accordingly.

SECTION 8.11.(g) Article 32C of Chapter 115C of the General Statutes is repealed.

SECTION 8.11.(h) Article 9 of Subchapter I of Chapter 105 of the General Statutes is amended by adding a new section to read:

"§ 105-269.7. Contribution of income tax refund or payment to the North Carolina Education Endowment Fund.

Any taxpayer entitled to a refund of income taxes under Article 4 of this Chapter, or any taxpayer who desires to make a contribution, may elect to contribute all or part of the refund or may make a contribution to the North Carolina Education Endowment Fund established pursuant to G.S. 115C-472.16 to be used in accordance with that statute. The Secretary shall provide appropriate language and space on the income tax form in which to make the election or contribution. The taxpayer's election or contribution becomes irrevocable upon filing the taxpayer's income tax return for the taxable year. The Secretary shall transmit the amounts designated pursuant to this section to the State Treasurer for credit to the North Carolina Education Endowment Fund."

SECTION 8.11.(i) Subsection (h) of this section is effective for taxable years beginning on or after January 1, 2014.

CLARIFY MILITARY SERVICE CREDIT FOR NEWLY HIRED EDUCATORS

SECTION 8.12. G.S. 115C-302.3(a) reads as rewritten:

"(a) The State Board of Education shall establish rules for awarding credit for salary purposes to principals, assistant principals, and ~~teachers~~ teachers, who (i) served in the Armed Forces of the United States and who ~~States and who~~ States; (ii) have retired or who have received an Honorable Discharge. ~~Discharge;~~ and (iii) have not been previously employed by a public school located in North Carolina. The rules shall include the following provisions:

- (1) One full year of experience credit shall be awarded for each year of full-time relevant nonteaching work experience completed (i) while on active military duty in the Armed Forces of the United States and (ii) after earning a bachelor's degree.
- (2) One full year of experience credit shall be awarded for each two years of full-time relevant nonteaching work experience completed (i) while on active duty in the Armed Forces of the United States and (ii) before earning a bachelor's degree.
- (3) One full year of experience credit shall be awarded for every two years of full-time instructional or leadership duties while on active military duty in

the Armed Forces of the United States, regardless of academic degree held while in instruction or leadership roles."

SCHOOL TRANSPORTATION FLEET MANUAL REVIEW

SECTION 8.13.(a) The Department of Public Instruction shall study and review school bus transportation maintenance issues by convening a committee of school bus transportation maintenance experts, at least half of whom shall be employees of local boards of education from around the State directly involved in the daily maintenance of school buses. The study shall specifically review the provisions of the State's School Transportation Fleet Manual. The Department shall do at least the following when conducting the review:

- (1) Specify those provisions of the current manual that are required by federal law, regulation, or guideline.
- (2) Determine if the procedures in the Manual, including the out-of-service criteria, can be streamlined and simplified to meet the minimum requirements of federal law, including Highway Safety Program Guideline No. 17 on Pupil Transportation Safety, and eliminate any unnecessary or unduly burdensome requirements.
- (3) Determine if the current 30-day school bus inspection schedule in G.S. 115C-248 is still appropriate or should be extended.

SECTION 8.13.(b) The Department of Public Instruction shall report on the study and the results of the review, along with any recommendations for statutory changes, to the Joint Legislative Education Oversight Committee by December 15, 2014.

TRANSPORTATION REDUCTION FLEXIBILITY

SECTION 8.14. The Department of Public Instruction shall have the authority to determine the amount of the budget reduction to the transportation allotment that reduces support for Driver Training and the amount of the budget reduction to the transportation allotment that reduces support for pupil transportation-related expenses for "yellow bus" use for eligible school age (K-12) students for travel to and from school and between schools.

DRIVER EDUCATION FUNDING

SECTION 8.15.(a) Effective July 1, 2015, G.S. 20-88.1(c) is repealed.

SECTION 8.15.(b) It is the intent of the General Assembly that, beginning with the 2015-2016 fiscal year, the driver education program administered by the Department of Public Instruction in accordance with G.S. 115C-215 shall no longer be paid out of the Highway Fund based on an annual appropriation by the General Assembly. Local boards of education shall use funds available to them, including a fee for instruction charged to students pursuant to G.S. 115C-216(g), to offer noncredit driver education courses in high schools.

SECTION 8.15.(c) G.S. 115C-216(g) reads as rewritten:

"(g) ~~Fee for Instruction Funding for Courses.~~ – The local boards of education shall fund driver education courses from funds available to them and may charge each student participating in a driver education course a fee of up to fifty-five dollars (\$55.00) to offset in an amount not to exceed the actual costs per student of providing the training and instruction courses."

PART IX. COMPENSATION OF PUBLIC SCHOOL EMPLOYEES/CAREER STATUS

PROFESSIONAL STATUS TEACHER SALARY SCHEDULE

SECTION 9.1.(a) The following monthly Professional Status Teacher Salary Schedule shall apply for the 2014-2015 fiscal year to licensed personnel of the public schools

who (i) are classified as teachers, (ii) voluntarily relinquish annual longevity payments and voluntarily relinquish any claim to longevity pay, (iii) voluntarily relinquish any claim to career status or to eligibility for career status, (iv) voluntarily agree to the method of computing salary supplements set out in subsection (c) of this section, and (v) are employed on a contract pursuant to G.S. 115C-325.1 through G.S. 115C-325.13 for the 2014-2015 school year. The schedule contains steps with each step corresponding to one year of teaching experience.

2014-2015 Professional Status Teacher Monthly Salary Schedule

Years of Experience	"A" Teachers
0-3	\$3,300
4	3,400
5	3,500
6	3,600
7	3,700
8	3,800
9	3,900
10	4,000
11	4,100
12	4,200
13	4,300
14	4,400
15	4,500
16	4,600
17	4,700
18	4,800
19	4,900
20+	5,000

SECTION 9.1.(b) Teachers paid on the Professional Status Teacher Salary Schedule set forth in this section shall not receive annual longevity payments.

SECTION 9.1.(c) Salary Supplements for Teachers Paid on This Salary Schedule.

—

- (1) Licensed public schoolteachers 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 public schoolteachers 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 public schoolteachers 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 public schoolteachers 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.(d) 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, and (iii) school audiologists who are licensed as audiologists at the master's degree level shall be equivalent to Step 7 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.(e) A teacher compensated in accordance with the Professional Status Teacher Salary Schedule set forth in this section shall receive an amount equal to the greater of (i) the applicable amount on the salary schedule or (ii) the sum of the teacher's salary plus the annual longevity payment that was effective for the 2013-2014 school year.

In addition, teachers whose 10-month salary and longevity, excluding local supplements, exceeded fifty thousand dollars (\$50,000) for the 2013-2014 school year shall receive the same salary they received in the 2013-2014 fiscal year plus a one percent (1%) bonus after placement on the Professional Status Teacher Salary Schedule for the 2014-2015 fiscal year.

SECTION 9.1.(f) As used in this section, the term "teacher" shall also include instructional support personnel.

SECTION 9.1.(g) Section 35.11 of S.L. 2013-360 and Section 9.2 of this act do not apply to persons paid on the Professional Status Teacher Salary Schedule.

CAREER STATUS TEACHER SALARY SCHEDULE

SECTION 9.2.(a) The following monthly salary schedules shall apply for the 2014-2015 fiscal year to certified personnel of the public schools who are classified as teachers. The schedules contain 37 steps, with each step corresponding to one year of teaching experience. Public school employees paid according to this salary schedule and receiving NBPTS certification or obtaining a master's degree shall not be prohibited from receiving the appropriate increase in salary. Provided, however, teachers employed during the 2013-2014 school year who did not work the required number of months to acquire an additional year of experience shall not receive a decrease in salary as otherwise would be required by the salary schedule below.

Teachers who do not elect to be paid on the Professional Status Teacher Salary Schedule shall be paid on the Career Status Teacher Salary Schedule, which is set out in this section.

2014-2015 Career Status Teacher Monthly Salary Schedule

"A" Teachers		
Years of Experience	"A" Teachers	NBPTS Certification
0-2	\$3,080	N/A
3-6	\$3,080	\$3,450
7	\$3,122	\$3,497
8	\$3,167	\$3,547
9	\$3,303	\$3,699
10	\$3,445	\$3,858
11	\$3,580	\$4,010
12	\$3,711	\$4,156
13	\$3,816	\$4,274
14	\$3,865	\$4,329
15	\$3,914	\$4,384
16	\$3,965	\$4,441
17	\$4,015	\$4,497
18	\$4,066	\$4,554
19	\$4,118	\$4,612
20	\$4,171	\$4,672
21	\$4,226	\$4,733

1	22	\$4,282	\$4,796
2	23	\$4,337	\$4,857
3	24	\$4,397	\$4,925
4	25	\$4,456	\$4,991
5	26	\$4,515	\$5,057
6	27	\$4,577	\$5,126
7	28	\$4,639	\$5,196
8	29	\$4,706	\$5,271
9	30	\$4,771	\$5,344
10	31	\$4,836	\$5,416
11	32	\$4,903	\$5,491
12	33	\$4,972	\$5,569
13	34	\$5,044	\$5,649
14	35	\$5,116	\$5,730
15	36	\$5,215	\$5,841
16	37+	\$5,318	\$5,956

2014-2015 Career Status Teacher Monthly Salary Schedule

"M" Teachers

Years of Experience	"M" Teachers	NBPTS Certification
0-2	\$3,388	N/A
3-6	\$3,388	\$3,795
7	\$3,434	\$3,846
8	\$3,484	\$3,902
9	\$3,633	\$4,069
10	\$3,790	\$4,245
11	\$3,938	\$4,411
12	\$4,082	\$4,572
13	\$4,198	\$4,702
14	\$4,252	\$4,762
15	\$4,305	\$4,822
16	\$4,362	\$4,885
17	\$4,417	\$4,947
18	\$4,473	\$5,010
19	\$4,530	\$5,074
20	\$4,588	\$5,139
21	\$4,649	\$5,207
22	\$4,710	\$5,275
23	\$4,771	\$5,344
24	\$4,837	\$5,417
25	\$4,902	\$5,490
26	\$4,967	\$5,563
27	\$5,035	\$5,639
28	\$5,103	\$5,715
29	\$5,177	\$5,798
30	\$5,248	\$5,878
31	\$5,320	\$5,958
32	\$5,393	\$6,040
33	\$5,469	\$6,125
34	\$5,548	\$6,214

1	35	\$5,628	\$6,303
2	36	\$5,737	\$6,425
3	37+	\$5,850	\$6,552

4 **SECTION 9.2.(b)** Annual longevity payments for teachers shall be at the rate of
5 one and one-half percent (1.5%) of base salary for 10 to 14 years of State service, two and
6 twenty-five hundredths percent (2.25%) of base salary for 15 to 19 years of State service, three
7 and twenty-five hundredths percent (3.25%) of base salary for 20 to 24 years of State service,
8 and four and one-half percent (4.5%) of base salary for 25 or more years of State service. The
9 longevity payment shall be paid in a lump sum once a year.

10 **SECTION 9.2.(c)** Certified public schoolteachers with certification based on
11 academic preparation at the six-year degree level shall receive a salary supplement of one
12 hundred twenty-six dollars (\$126.00) per month in addition to the compensation provided for
13 certified personnel of the public schools who are classified as "M" teachers. Certified public
14 schoolteachers with certification based on academic preparation at the doctoral degree level
15 shall receive a salary supplement of two hundred fifty-three dollars (\$253.00) per month in
16 addition to the compensation provided for certified personnel of the public schools who are
17 classified as "M" teachers.

18 **SECTION 9.2.(d)** The first step of the salary schedule for school psychologists
19 shall be equivalent to Step 11, corresponding to 11 years of experience, on the salary schedule
20 established in this section for certified personnel of the public schools who are classified as
21 "M" teachers. Certified psychologists shall be placed on the salary schedule at an appropriate
22 step based on their years of experience. Certified psychologists shall receive longevity
23 payments based on years of State service in the same manner as teachers.

24 Certified psychologists with certification based on academic preparation at the
25 six-year degree level shall receive a salary supplement of one hundred twenty-six dollars
26 (\$126.00) per month in addition to the compensation provided for certified psychologists.
27 Certified psychologists with certification based on academic preparation at the doctoral degree
28 level shall receive a salary supplement of two hundred fifty-three dollars (\$253.00) per month
29 in addition to the compensation provided for certified psychologists.

30 **SECTION 9.2.(e)** Speech pathologists who are certified as speech pathologists at
31 the master's degree level and audiologists who are certified as audiologists at the master's
32 degree level and who are employed in the public schools as speech and language specialists and
33 audiologists shall be paid on the school psychologist salary schedule.

34 Speech pathologists and audiologists with certification based on academic
35 preparation at the six-year degree level shall receive a salary supplement of one hundred
36 twenty-six dollars (\$126.00) per month in addition to the compensation provided for speech
37 pathologists and audiologists. Speech pathologists and audiologists with certification based on
38 academic preparation at the doctoral degree level shall receive a salary supplement of two
39 hundred fifty-three dollars (\$253.00) per month in addition to the compensation provided for
40 speech pathologists and audiologists.

41 **SECTION 9.2.(f)** Certified school nurses who are employed in the public schools
42 as nurses shall be paid on the "M" salary schedule.

43 **SECTION 9.2.(g)** As used in this section, the term "teacher" shall also include
44 instructional support personnel.

45 **SECTION 9.2.(h)** Section 35.11 of S.L. 2013-360 is repealed.
46

47 **ELECTION TO BE PAID ON THE PROFESSIONAL STATUS TEACHER SALARY** 48 **SCHEDULE**

49 **SECTION 9.3.(a)** A teacher without career status may elect to be compensated on
50 the Professional Status Teacher Salary Schedule by notifying the employing local board of

education in writing of that election by September 30, 2014. A teacher without career status who is employed by a local board of education on or after September 1, 2014, shall make the election within 30 days of the teacher's date of employment. If the teacher elects to be paid on the Professional Status Teacher Salary Schedule, the teacher shall (i) be employed on a contract pursuant to G.S. 115C-325.1 through G.S. 115C-325.13 for the 2014-2015 school year, (ii) voluntarily relinquish any claim to be eligible for career status, (iii) voluntarily relinquish any claim to be eligible for annual longevity payments and any claim to longevity pay, and (iv) voluntarily agree to the method of computing salary supplements set out in Section 9.1(c) of this act.

SECTION 9.3.(b) A career teacher may elect to be compensated on the Professional Status Teacher Salary Schedule by notifying the employing local board of education in writing of that election by September 30, 2014. If the career teacher elects to be paid on the Professional Status Teacher Salary Schedule, the teacher shall (i) be employed on a contract pursuant to G.S. 115C-325.1 through G.S. 115C-325.13 for the 2014-2015 school year, (ii) voluntarily relinquish any claim to career status, (iii) voluntarily relinquish any claim to be eligible for annual longevity payments and any claim to longevity pay, and (iv) voluntarily agree to the method of computing salary supplements set out in Section 9.1(c) of this act.

SECTION 9.3.(c). The election to be compensated under the Professional Status Teacher Salary Schedule shall be irrevocable and the teacher shall not be eligible to receive compensation under the Career Status Teacher Salary Schedule in any subsequent fiscal year. A teacher who exercises the election under this subsection shall be compensated at the applicable salary amount retroactively from July 1, 2014.

SECTION 9.3.(d) Any teacher who does not notify a local board of education in writing of the teacher's election for compensation under the Professional Status Teacher Salary Schedule by the deadline applicable to that teacher shall be paid on the Career Status Teacher Salary Schedule.

SECTION 9.3.(e) Unless a teacher is offered and accepts a four-year performance-based contract, as provided in Section 9.5 of this act, for the 2014-2015 school year, a teacher who elects to be compensated on the Professional Status Teacher Salary Schedule shall be offered a one-year contract.

REPEAL OF SESSION LAWS REPEALING CAREER STATUS

SECTION 9.4.(a) Section 9.6(a) of S.L. 2013-360 is repealed.

SECTION 9.4.(b) Section 9.6(f) of S.L. 2013-360 reads as rewritten:

"SECTION 9.6.(f) G.S. 115C-325(c)(1) through (c)(3) and G.S. 115-325(c)(5) and (c)(6) are repealed effective August 1, 2013. Individuals who have not received career status prior to the 2013-2014 school year shall not be granted career status during the 2013-2014 school year. ~~All teachers who have not been granted career status prior to the 2013-2014 school year shall be offered only one-year contracts, except for qualifying teachers offered a four-year contract as provided in subsection (g) of this section, until the 2018-2019 school year."~~

SECTION 9.4.(c) Section 9.6(i) of S.L. 2013-360 is repealed.

SECTION 9.4.(d) Section 9.6(j) of S.L. 2013-360 reads as rewritten:

"SECTION 9.6.(j) Subsection (b) of this section becomes effective July 1, 2014. G.S. 115C-325.1 through G.S. 115C-325.13, as enacted by this section, shall apply to all ~~teachers~~ teachers currently employed as of July 1, 2014, on one- or four-year contracts a contract or who are employed on contract after beginning July 1, 2014. G.S. 115C-325.1 through G.S. 115C-325.13, as enacted by this section, shall apply to all teachers employed by local boards of education or the State on or after July 1, 2018."

SECTION 9.4.(e) Section 9.6(k) of S.L. 2013-360 reads as rewritten:

"**SECTION 9.6.(k)** Subsections (c) and (d) of this section become effective July 1, 2014, and apply to all employees employed by a local board of education as of that date on or and employees hired or reemployed on or after that date."

SECTION 9.4.(f) Subsections (o) through (t) and (v) through (x) of Section 9.7 of S.L. 2013-360 are repealed.

SECTION 9.4.(g) Subsection 9.7(y) of S.L. 2013-360 reads as rewritten:

"**SECTION 9.7.(y)** Subsection (u) of this section becomes effective August 1, 2013. Subsections (a) through (n) of this section become effective July 1, 2014. ~~Subsections (o) through (t) and (v) through (x) become effective June 30, 2018.~~"

FOUR-YEAR PERFORMANCE-BASED CONTRACTS OFFERED TO CERTAIN TEACHERS

SECTION 9.5.(a) Beginning July 1, 2014 to September 30, 2014, local boards of education shall offer four-year performance-based contracts covering the 2014-2015 school year through the 2017-2018 school year to classroom teachers as follows:

(1) A local board of education shall identify eligible classroom teachers. Eligible classroom teachers are those teachers that meet all of the following conditions:

- a. Have been employed by the local board of education for at least three consecutive years, beginning with the 2011-2012 school year.
- b. Have been determined based on the most recent three years of teacher evaluations as one of the following:
 1. Effective, based on the teacher's overall status on the teacher evaluation instrument by receiving a rating of at least "proficient" on each of the Teacher Evaluation Standards 1-5 and receiving a rating of at least "meets expected growth" on Standard 6 of the Teacher Evaluation Instrument, if the teacher has received a rating on Standard 6 for those three years.
 2. Effective, based on the teacher's overall status on the teacher evaluation instrument by receiving a rating of at least "proficient" on each of the Teacher Evaluation Standards 1-5, if the teacher has not received a rating on Standard 6 for those three years.

c. Is employed as a teacher who spends at least seventy percent (70%) of his or her work time in classroom instruction and is not employed as instructional support personnel.

(2) A local board of education shall develop criteria for the selection of eligible classroom teachers to be offered four-year performance-based contracts under this subsection by considering the needs and educational priorities of that local school administrative unit.

(3) A local board of education, using the criteria it developed as required by this subsection, shall offer four-year performance-based contracts to up to twenty-five percent (25%) of the eligible classroom teachers.

SECTION 9.5.(b) No later than June 30, 2015, local boards of education shall offer four-year performance-based contracts covering the 2015-2016 school year through the 2018-2019 school year to classroom teachers as follows:

(1) A local board of education shall identify eligible classroom teachers. Eligible classroom teachers are those teachers that meet all of the following conditions:

- a. Have been employed by the local board for at least three consecutive years, beginning with the 2012-2013 school year.
 - b. Have been determined based on the most recent three years of teacher evaluations as one of the following:
 1. Effective, based on the teacher's overall status on the teacher evaluation instrument by receiving a rating of at least "proficient" on each of the Teacher Evaluation Standards 1-5 and receiving a rating of at least "meets expected growth" on Standard 6 of the Teacher Evaluation Instrument, if the teacher has received a rating on Standard 6 for those three years.
 2. Effective, based on the teacher's overall status on the teacher evaluation instrument by receiving a rating of at least "proficient" on each of the Teacher Evaluation Standards 1-5, if the teacher has not received a rating on Standard 6 for those three years.
 - c. Is employed as a teacher who spends at least seventy percent (70%) of his or her work time in classroom instruction and is not employed as instructional support personnel.
- (2) A local board of education shall develop criteria for the selection of eligible classroom teachers to be offered four-year performance-based contracts under this subsection by considering the needs and educational priorities of that local school administrative unit.
- (3) A local board of education, using the criteria it developed as required by this subsection, shall offer additional four-year performance-based contracts to eligible classroom teachers.

SECTION 9.5.(c) The total number of teachers with four-year performance-based contracts during the 2015-2016 school year, whether such contracts were accepted for the 2014-2015 school year or the 2015-2016 school year, shall not exceed thirty-five percent (35%) of the total number of eligible classroom teachers in the 2015-2016 school year. The number of eligible classroom teachers shall be determined in accordance with subsection (b)(1) of this section.

SECTION 9.5.(d) Classroom teachers employed by a local board of education on four-year performance-based contracts in accordance with subsections (a) through (f) of this section shall be compensated on the Professional Status Teacher Salary Schedule and shall receive an annual bonus of five hundred dollars (\$500.00) for the first year, one thousand dollars (\$1,000) for the second year, one thousand five hundred dollars (\$1,500) for the third year, and two thousand dollars (\$2,000) for the fourth year of the four-year performance-based contract. A classroom teacher shall no longer receive any bonus funds after the end of the four-year period of the contract unless the employee is offered and accepts another four-year performance-based contract that includes a bonus.

SECTION 9.5.(e) A classroom teacher who accepts a four-year performance-based contract in accordance with subsections (a) through (f) of this section specifically agrees to all of the following:

- (1) To voluntarily relinquish career status and voluntarily relinquish any claim to career status.
- (2) To voluntarily relinquish annual longevity payments and voluntarily relinquish any claim to longevity pay.
- (3) To voluntarily agree to the method of computing salary supplements set out in Section 9.1(c) of this act.

- (4) To receive compensation and bonuses in accordance with subsection (d) of this section.

SECTION 9.5.(f) Contracts entered into under this section are subject to the provisions of Part 3A of Article 22 of Chapter 115C of the General Statutes as recodified and amended by Section 9.7 of this act.

SECTION 9.5.(g) A teacher who entered into a four-year contract no later than June 30, 2014, pursuant to Section 9.6(g) of S.L. 2013-360 may elect to retain that contract under its terms or to waive that contract and make a new election pursuant to Sections 9.1 through 9.9 of this act. Teachers who elect to retain that contract shall not receive an annual bonus as part of that contract but shall receive a pay raise of five hundred dollars (\$500.00) for the first year, one thousand dollars (\$1,000) for the second year, one thousand five hundred dollars (\$1,500) for the third year, and two thousand dollars (\$2,000) for the fourth year of the four-year contract. These pay raises shall be a part of the employee's base salary.

Teachers who elect to retain that contract may also elect to be compensated on the Professional Status Teacher Salary Schedule in accordance with the provisions of Section 9.1 of this act.

SYSTEM OF EMPLOYMENT FOR TEACHERS WITH CAREER STATUS

SECTION 9.6. G.S. 115C-325 reads as rewritten:

"§ 115C-325. System of employment for public school teachers.

- (a) Definition of Terms. – As used in this section unless the context requires otherwise:

(1) Repealed by Session Laws 1997-221, s. 13(a).

(1a) "Career employee" as used in this section ~~means;~~includes all of the following:

a. An employee who has obtained career status with that local board as a teacher as provided in ~~G.S. 115C-325(e);~~G.S. 115C-325(c).

b. An employee who has obtained career status with that local board in an administrative position as provided in ~~G.S. 115C-325(d)(2);~~G.S. 115C-325(d)(2).

~~e. A probationary teacher during the term of the contract as provided in G.S. 115C-325(m); and~~

d. A school administrator during the term of a school administrator contract as provided in G.S. 115C-287.1(c).

(1b) "Career school administrator" means a school administrator who has obtained career status in an administrative position as provided in G.S. 115C-325(d)(2).

(1c) "Career teacher" means a teacher who has obtained career status as provided in G.S. 115C-325(c).

(1d) Repealed by Session Laws 2011-348, s. 1, effective July 1, 2011, and applicable to persons recommended for dismissal or demotion on or after that date.

(2) Repealed by Session Laws 1997, c. 221, s. 13(a).

(3) "Day" means calendar day. In computing any period of time, Rule 6 of the North Carolina Rules of Civil Procedure shall apply.

(4) "Demote" means to reduce the salary of a person who is classified or paid by the State Board of Education as a classroom teacher or as a school administrator. The word "demote" does not include: (i) a suspension without pay pursuant to G.S. 115C-325(f)(1); (ii) the elimination or reduction of bonus payments, including merit-based supplements, or a systemwide modification in the amount of any applicable local supplement; or (iii) any

- 1 reduction in salary that results from the elimination of a special duty, such as
2 the duty of an athletic coach or a choral director.
- 3 (4a) "Disciplinary suspension" means a final decision to suspend a teacher or
4 school administrator without pay for no more than 60 days under
5 G.S. 115C-325(f)(2).
- 6 (4b) ~~"Exchange teacher" means a nonimmigrant alien teacher participating in an~~
7 ~~exchange visitor program designated by the United States Department of~~
8 ~~State pursuant to 22 C.F.R. Part 62 or by the United States Department of~~
9 ~~Homeland Security pursuant to 8 C.F.R. Part 214.2(q).~~
- 10 (4c) "Hearing officer" means a person selected under G.S. 115C-325(h)(7).
- 11 (5) ~~"Probationary teacher" means a licensed person, other than a superintendent,~~
12 ~~associate superintendent, or assistant superintendent, who has not obtained~~
13 ~~career teacher status and whose major responsibility is to teach or to~~
14 ~~supervise teaching.~~
- 15 (5a) [Expired.]
- 16 (5b) "School administrator" means a principal, assistant principal, supervisor, or
17 director whose major function includes the direct or indirect supervision of
18 teaching or any other part of the instructional program as provided in
19 G.S. 115C-287.1(a)(3).
- 20 (6) "Teacher" means a person who holds at least a current, not provisional or
21 expired, Class A license or a regular, not provisional or expired, vocational
22 license issued by the State Board of Education; whose major responsibility is
23 to teach or directly supervises teaching or who is classified by the State
24 Board of Education or is paid either as a classroom teacher or instructional
25 support personnel; ~~and who is employed to fill a full-time, permanent~~
26 ~~position; and who is a career teacher.~~
- 27 (7) (See note) Redesignated.
- 28 (8) ~~"Year" for purposes of computing time as a probationary teacher shall be not~~
29 ~~less than 120 workdays performed as a probationary teacher in a full time~~
30 ~~permanent position in a school year. Workdays performed pending the~~
31 ~~outcome of a criminal history check as provided in G.S. 115C-332 are~~
32 ~~included in computing time as a probationary teacher.~~
- 33 ...
- 34 (c) (1) ~~Election of a Teacher to Career Status.—Except as otherwise provided in~~
35 ~~subdivision (3) of this subsection, when a teacher has been employed by a~~
36 ~~North Carolina public school system for four consecutive years, the board,~~
37 ~~near the end of the fourth year, shall vote upon whether to grant the teacher~~
38 ~~career status. The teacher has a right to notice and hearing prior to the~~
39 ~~board's vote as provided in G.S. 115C-325(m)(3) and G.S. 115C-325(m)(4).~~
40 ~~The board shall give the teacher written notice of that decision by June 15 or~~
41 ~~such later date as provided in G.S. 115C-325(m)(7). If a majority of the~~
42 ~~board votes to grant career status to the teacher, and if it has notified the~~
43 ~~teacher of the decision, it may not rescind that action but must proceed under~~
44 ~~the provisions of this section for the demotion or dismissal of a teacher if it~~
45 ~~decides to terminate the teacher's employment. If a majority of the board~~
46 ~~votes against granting career status, the teacher shall not teach beyond the~~
47 ~~current school term. If the board fails to vote on granting career status, the~~
48 ~~teacher shall be entitled to an additional month's pay for every 30 days or~~
49 ~~portion thereof after June 16 or such later date as provided in~~

- ~~G.S. 115C-325(m)(7) if a majority of the board belatedly votes against granting career status.~~
- (2) ~~Employment of a Career Teacher. — A teacher who has obtained career status in any North Carolina public school system need not serve another probationary period of more than one year. The board may grant career status immediately upon employing the teacher, or after the first year of employment. The teacher has a right to notice and hearing prior to the board's vote as provided in G.S. 115C-325(m)(3) and G.S. 115C-325(m)(4). The board shall give the teacher written notice of that decision by June 15 or such later date as provided in G.S. 115C-325(m)(7). If a majority of the board votes against granting career status, the teacher shall not teach beyond the current term. If after one year of employment, the board fails to vote on the issue of granting career status, the teacher shall be entitled to one additional month's pay for every 30 days or portion thereof beyond June 16 or such later date as provided in G.S. 115C-325(m)(7) if a majority of the board belatedly voted against granting career status.~~
- (2a) ~~Notice of Teachers Eligible to Achieve Career Status. — At least 30 days prior to any board action granting career status, the superintendent shall submit to the board a list of the names of all teachers who are eligible to achieve career status. Notwithstanding any other provision of law, the list shall be a public record under Chapter 132 of the General Statutes.~~
- (3) ~~Ineligible for Career Status. — No employee of a local board of education except a teacher as defined by G.S. 115C-325(a)(6) is eligible to obtain career status or continue in a career status as a teacher if he no longer performs the responsibilities of a teacher as defined in G.S. 115C-325(a)(6). No person who is employed as a school administrator who did not acquire career status as a school administrator by June 30, 1997, shall have career status as an administrator. Further, no director or assistant principal is eligible to obtain career status as a school administrator unless he or she has already been conferred that status by the local board of education.~~
- (4) ~~Leave of Absence. — A career teacher who has been granted a leave of absence by a board shall maintain his career status if he returns to his teaching position at the end of the authorized leave.~~
- (5) ~~Consecutive Years of Service. —~~
- a. ~~If a probationary teacher in a full-time permanent position does not work for at least 120 workdays in a school year because the teacher is on sick leave, disability leave, or both, that school year shall not be deemed to constitute (i) a consecutive year of service for the teacher or (ii) a break in the continuity in consecutive years of service for the teacher.~~
- b. ~~If a probationary teacher in a full-time permanent position is nonrenewed because of a decrease in the number of positions due to decreased funding, decreased enrollment, or a district reorganization, and is subsequently rehired by the same school system within three years, the intervening years when the teacher was not employed by the local school administrative unit shall not be deemed to constitute (i) a consecutive year of service for the teacher or (ii) a break in the continuity of years of service. However, if at the time of the teacher's nonrenewal for the reasons described in this subsection, the teacher was eligible for career status after being employed four consecutive~~

~~years pursuant to G.S. 115C-325(c)(1), or one year pursuant to G.S. 115C-325(c)(2), and the board subsequently rehires the teacher within three years, the teacher will be eligible for a career status decision after one additional year of employment. Unless the superintendent unilaterally grants a teacher the benefit set forth in this subsection pursuant to a policy adopted by the board of education for this purpose, the teacher is entitled to such benefit only if the teacher notifies the head of human resources for the local school administrative unit in writing within 60 calendar days after the first day of employment upon being rehired that the teacher was nonrenewed because of a decrease in the number of positions triggered by decreased funding, decreased enrollment, or a district reorganization, and therefore the teacher's nonrenewal did not constitute a break in service for purposes of determining eligibility for career status. The local school administrative unit shall notify the teacher of the 60-day deadline as described herein in the employment application, contract, or in some other method reasonably calculated to provide the teacher actual notice within 30 calendar days after the first day of employment for the rehired teacher. The burden is on the teacher to submit information establishing that the teacher was nonrenewed because of a decrease in the number of positions triggered by decreased funding, decreased enrollment, or a district reorganization. If the local school administrative unit fails to provide notice to the teacher within this 30-day period, then the teacher's obligation to notify the local school administrative unit within 60 days does not commence until such time that the teacher is notified of the 60-day deadline.~~

~~The superintendent or designee will inform the teacher on whether the teacher qualifies for the benefit of this subsection within a reasonable period of time after receiving the information submitted by the teacher. This decision is final and the teacher has no right to a hearing or appeal except that the teacher may petition the board in writing within 10 calendar days after receiving the decision of the superintendent or designee, and the board or board panel shall review the matter on the record and provide the teacher a written decision. Notwithstanding any other provision of law, no appeal to court or otherwise is permitted in regard to the benefits provided under this subsection. This subsection creates no private right of action or basis for any liability on the part of the school system, nor does it create any reemployment rights for a nonrenewed probationary teacher.~~

~~The provisions of this subsection also shall apply to a probationary teacher in a full-time permanent position who resigns effective the end of the school year in good standing after receiving documentation that the teacher's position may be eliminated because of a decrease in the number of positions triggered by decreased funding, decreased enrollment, or a district reorganization, and is subsequently rehired by the same school system.~~

- ~~(6) Status of Exchange Teachers. — Exchange teachers shall not be eligible to obtain career status. However, for purposes of determining eligibility to receive employment benefits under this Chapter, including personal leave,~~

~~annual vacation leave, and sick leave, an exchange teacher shall be considered a permanent teacher if employed with the expectation of at least six full consecutive monthly pay periods of employment and if employed at least 20 hours per week.~~

(d) ~~Career Teachers and Career School Administrators.~~ Teachers.

(1) A career teacher ~~or career school administrator~~ shall not be subjected to the requirement of annual appointment nor shall he be dismissed, demoted, or employed on a part-time basis without his consent except as provided in subsection (e).

(2) a. ~~The provisions of this subdivision do not apply to a person who is ineligible for career status as provided by G.S. 115C-325(e)(3).~~

b. Repealed by Session Laws 1997, c. 221, s. 13(a).

c. Subject to G.S. 115C-287.1, when a teacher has performed the duties of supervisor or principal for three consecutive years, the board, near the end of the third year, shall vote upon his employment for the next school year. The board shall give him written notice of that decision by June 1 of his third year of employment as a supervisor or principal. If a majority of the board votes to reemploy the teacher as a principal or supervisor, and it has notified him of that decision, it may not rescind that action but must proceed under the provisions of this section. If a majority of the board votes not to reemploy the teacher as a principal or supervisor, he shall retain career status as a teacher if that status was attained prior to assuming the duties of supervisor or principal. A supervisor or principal who has not held that position for three years and whose contract will not be renewed for the next school year shall be notified by June 1 and shall retain career status as a teacher if that status was attained prior to assuming the duties of supervisor or principal.

A year, for purposes of computing time as a probationary principal or supervisor, shall not be less than 145 workdays performed as a full-time, permanent principal or supervisor in a contract year.

~~A principal or supervisor who has obtained career status in that position in any North Carolina public school system may be required by the board of education in another school system to serve an additional three year probationary period in that position before being eligible for career status. However, he may, at the option of the board of education, be granted career status immediately or after serving a probationary period of one or two additional years. A principal or supervisor with career status who resigns and within five years is reemployed by the same school system need not serve another probationary period in that position of more than two years and may, at the option of the board, be reemployed immediately as a career principal or supervisor or be given career status after only one year. In any event, if he is reemployed for a third consecutive year, he shall automatically become a career principal or supervisor.~~

...

(3) Inadequate Performance. – In determining whether the professional performance of a career employee is adequate, consideration shall be given to regular and special evaluation reports prepared in accordance with the

published policy of the employing local school administrative unit and to any published standards of performance which shall have been adopted by the board. Failure to notify a career employee of an inadequacy or deficiency in performance shall be conclusive evidence of satisfactory performance. Inadequate performance for a teacher shall mean (i) the failure to perform at a proficient level on any standard of the evaluation instrument or (ii) otherwise performing in a manner that is below standard. ~~However, for a probationary teacher, a performance rating below proficient may or may not be deemed adequate at that stage of development by a superintendent or designee.~~ For a career teacher, a performance rating below proficient shall constitute inadequate performance unless the principal noted on the instrument that the teacher is making adequate progress toward proficiency given the circumstances.

...

(m) ~~Probationary Teacher.~~

- (1) ~~The board of any local school administrative unit may not discharge a probationary teacher during the school year except for the reasons for and by the procedures by which a career employee may be dismissed as set forth in subsections (e), (f), (f1), and (h) to (j3) above.~~
- (2) ~~The board, upon recommendation of the superintendent, may refuse to renew the contract of any probationary teacher or to reemploy any teacher who is not under contract for any cause it deems sufficient. Provided, however, that the cause may not be arbitrary, capricious, discriminatory or for personal or political reasons.~~
- (3) ~~The superintendent shall provide written notice to a probationary teacher no later than May 15 of the superintendent's intent to recommend nonrenewal and the teacher's right, within 10 days of receipt of the superintendent's recommendation, to (i) request and receive written notice of the reasons for the superintendent's recommendation for nonrenewal and the information that the superintendent may share with the board to support the recommendation for nonrenewal; and (ii) request a hearing for those teachers eligible for a hearing under G.S. 115C-325(m)(4). The failure to file a timely request within the 10 days shall result in a waiver of the right to this information and any right to a hearing. If a teacher files a timely request, the superintendent shall provide the requested information and arrange for a hearing, if allowed, and the teacher shall be permitted to submit supplemental information to the superintendent and board prior to the board making a decision or holding a hearing as provided in this section. The board shall adopt a policy to provide for the orderly exchange of information prior to the board's decision on the superintendent's recommendation for nonrenewal.~~
- (4) ~~If the probationary teacher is eligible for career status pursuant to G.S. 115C-325(c)(1) and (c)(2) and the superintendent recommends not to give the probationary teacher career status, the probationary teacher has the right to a hearing before the board unless the reason is a justifiable board or superintendent approved decrease in the number of positions due to district reorganization, decreased enrollment, or decreased funding.~~
- (5) ~~For probationary contracts that are not in the final year before the probationary teacher is eligible for career status, the probationary teacher shall have the right to petition the local board of education for a hearing, and~~

~~the local board may grant a hearing regarding the superintendent's recommendation for nonrenewal. The local board of education shall notify the probationary teacher making the petition of its decision whether to grant a hearing.~~

~~(6) Any hearing held according to this subsection shall be pursuant to the provisions of G.S. 115C-45(c).~~

~~(7) The board shall notify a probationary teacher whose contract will not be renewed for the next school year of its decision by June 15; provided, however, if a teacher submits a request for information or a hearing, the board shall provide the nonrenewal notification by July 1 or such later date upon the written consent of the superintendent and teacher.~~

~~(n) Appeal. Any career employee who has been dismissed or demoted under G.S. 115C-325(e)(2), or under G.S. 115C-325(j2), or who has been suspended without pay under G.S. 115C-325(a)(4a), or any school administrator whose contract is not renewed in accordance with G.S. 115C-287.1, or any probationary teacher whose contract is not renewed under G.S. 115C-325(m)(2) shall have the right to appeal from the decision of the board to the superior court for the superior court district or set of districts as defined in G.S. 7A-41.1 in which the career employee is employed. This appeal shall be filed within a period of 30 days after notification of the decision of the board. The cost of preparing the transcript shall be determined under G.S. 115C-325(j2)(8) or G.S. 115C-325(j3)(10). A career employee who has been demoted or dismissed, or a school administrator whose contract is not renewed, who has not requested a hearing before the board of education pursuant to this section shall not be entitled to judicial review of the board's action.~~

~~(o) Resignation. –~~

~~...~~

~~(2) A teacher, career or probationary, career teacher who is not recommended for dismissal should not resign without the consent of the superintendent unless he or she has given at least 30 days' notice. If a teacher who is not recommended for dismissal does resign without giving at least 30 days' notice, the board may request that the State Board of Education revoke the teacher's license for the remainder of that school year. A copy of the request shall be placed in the teacher's personnel file.~~

~~(p) Section Applicable to Certain Institutions. – Notwithstanding any law or regulation to the contrary, this section shall apply to all persons who are employed as career teachers in teaching and related educational classes in the schools and institutions of the Departments of Health and Human Services and Public Instruction and the Divisions of Juvenile Justice and Adult Correction of the Department of Public Safety regardless of the age of the students.~~

~~(p1) Procedure for Dismissal of School Administrators and Teachers Employed in Low-Performing Residential Schools. –~~

~~(1) Notwithstanding any other provision of this section or any other law, this This subdivision shall govern the dismissal by the Secretary of Health and Human Services of teachers, principals, assistant principals, directors, supervisors, and other licensed personnel who are career employees and are assigned to a residential school that the State Board has identified as low-performing and to which the State Board has assigned an assistance team under Part 3A of Article 3 of Chapter 143B of the General Statutes. The Secretary shall dismiss a teacher, principal, assistant principal, director, supervisor, or other licensed personnel when the Secretary receives two consecutive evaluations that include written findings and recommendations regarding that person's inadequate performance from the assistance team.~~

These findings and recommendations shall be substantial evidence of the inadequate performance of the teacher or school administrator.

The Secretary may dismiss a teacher, principal, assistant principal, director, supervisor, or other licensed personnel when:

- a. The Secretary determines that the school has failed to make satisfactory improvement after the State Board assigned an assistance team to that school under Part 3A of Article 3 of Chapter 143B of the General Statutes; and
- b. That assistance team makes the recommendation to dismiss the teacher, principal, assistant principal, director, supervisor, or other licensed personnel for one or more grounds established in G.S. 115C-325(e)(1) for dismissal or demotion of a career employee.

Within 30 days of any dismissal under this subdivision, a teacher, principal, assistant principal, director, supervisor, or other licensed personnel may request a hearing before a panel of three members designated by the Secretary. The Secretary shall adopt procedures to ensure that due process rights are afforded to persons recommended for dismissal under this subdivision. Decisions of the panel may be appealed on the record to the Secretary, with further right of judicial review under Chapter 150B of the General Statutes.

...

(q) ~~Procedure for Dismissal of School Administrators and Teachers Employed in Low-Performing Schools. –~~

~~(1) Notwithstanding any other provision of this section or any other law, this subdivision governs the State Board's dismissal of principals assigned to low-performing schools to which the Board has assigned an assistance team:~~

- ~~a. The State Board through its designee may, at any time, recommend the dismissal of any principal who is assigned to a low-performing school to which an assistance team has been assigned. The State Board through its designee shall recommend the dismissal of any principal when the Board receives from the assistance team assigned to that principal's school two consecutive evaluations that include written findings and recommendations regarding the principal's inadequate performance.~~
- ~~b. If the State Board through its designee recommends the dismissal of a principal under this subdivision, the principal shall be suspended with pay pending a hearing before a panel of three members of the State Board. The purpose of this hearing, which shall be held within 60 days after the principal is suspended, is to determine whether the principal shall be dismissed.~~
- ~~c. The panel shall order the dismissal of the principal if it determines from available information, including the findings of the assistance team, that the low performance of the school is due to the principal's inadequate performance.~~
- ~~d. The panel may order the dismissal of the principal if (i) it determines that the school has not made satisfactory improvement after the State Board assigned an assistance team to that school; and (ii) the assistance team makes the recommendation to dismiss the principal for one or more grounds established in G.S. 115C-325(e)(1) for dismissal or demotion of a career employee.~~

- ~~e. If the State Board or its designee recommends the dismissal of a principal before the assistance team assigned to the principal's school has evaluated that principal, the panel may order the dismissal of the principal if the panel determines from other available information that the low performance of the school is due to the principal's inadequate performance.~~
- ~~f. In all hearings under this subdivision, the burden of proof is on the principal to establish that the factors leading to the school's low performance were not due to the principal's inadequate performance. In all hearings under sub-subdivision d. of this subdivision, the burden of proof is on the State Board to establish that the school failed to make satisfactory improvement after an assistance team was assigned to the school and to establish one or more of the grounds established for dismissal or demotion of a career employee under G.S. 115C-325(e)(1).~~
- ~~g. In all hearings under this subdivision, two consecutive evaluations that include written findings and recommendations regarding that person's inadequate performance from the assistance team are substantial evidence of the inadequate performance of the principal.~~
- ~~h. The State Board shall adopt procedures to ensure that due process rights are afforded to principals under this subdivision. Decisions of the panel may be appealed on the record to the State Board, with further right of judicial review under Chapter 150B of the General Statutes.~~

- (2) Notwithstanding any other provision of this section or any other law, this subdivision shall govern the State Board's dismissal of teachers, assistant principals, directors, and supervisors who are career employees assigned to schools that the State Board has identified as low-performing and to which the State Board has assigned an assistance team under Article 8B of this Chapter. The State Board shall dismiss a teacher, assistant principal, director, or supervisor when the State Board receives two consecutive evaluations that include written findings and recommendations regarding that person's inadequate performance from the assistance team. These findings and recommendations shall be substantial evidence of the inadequate performance of the teacher or school administrator.

The State Board may dismiss a teacher, assistant principal, director, or supervisor when:

- a. The State Board determines that the school has failed to make satisfactory improvement after the State Board assigned an assistance team to that school under G.S. 115C-105.38; and
- b. That assistance team makes the recommendation to dismiss the teacher, assistant principal, director, or supervisor for one or more grounds established in G.S. 115C-325(e)(1) for dismissal or demotion of a career teacher.

A teacher, assistant principal, director, or supervisor may request a hearing before a panel of three members of the State Board within 30 days of any dismissal under this subdivision. The State Board shall adopt procedures to ensure that due process rights are afforded to persons recommended for dismissal under this subdivision. Decisions of the panel may be appealed on

the record to the State Board, with further right of judicial review under Chapter 150B of the General Statutes.

- ...
- (3) ~~The State Board of Education or a local board may terminate the contract of a school administrator dismissed under this subsection.~~ Nothing in this subsection shall prevent a local board from refusing to renew the contract of any person employed in a school identified as low-performing under G.S. 115C-105.37.
- (4) ~~Neither party to a school administrator contract is entitled to damages under this subsection.~~
- (5) The State Board shall have the right to subpoena witnesses and documents on behalf of any party to the proceedings under this subsection."

TEACHER EMPLOYMENT CONTRACTS

SECTION 9.7.(a) Part 3A of Article 22 of Chapter 115C of the General Statutes, consisting of G.S. 115C-326.5, is recodified as Part 3B of Article 22 of Chapter 115C of the General Statutes. G.S. 115C-325.1 through G.S. 115C-325.13 are recodified as Part 3A of Article 22 of Chapter 115C of the General Statutes, to be entitled "Teacher Employment Contracts."

SECTION 9.7.(b) G.S. 115C-325.1 reads as rewritten:

"§ 115C-325.1. Purpose; definitions. Definitions."

(a) Purpose. – The purpose of this Part is to authorize a system of employment for teachers to provide maximum flexibility to local boards of education in regularly evaluating the performance of teachers and employing the most effective teachers in the public schools of the State. This system of employment is designed to further the following objectives:

- (1) Ensure State and local funds to support the public schools shall be utilized in providing the greatest student outcomes in relation to the expenditure of those funds.
- (2) Allow local boards of education to make teacher employment decisions that are driven by the specific needs of their students.
- (3) Provide that employment decisions shall be based on teacher performance and that those decisions are independent from the consideration of the length of years a teacher has been employed as a teacher.
- (4) Provide that teachers that are identified as effective in the classroom shall have the opportunity to be recognized, rewarded, and retained by local boards of education to ensure student growth and improved student outcomes.

(b) Definitions. – As used in this Part, the following definitions apply:

- (1) "Day" means calendar day. In computing any period of time, Rule 6 of the North Carolina Rules of Civil Procedure shall apply.
- (2) "Demote" means to reduce the salary of a person who is classified or paid by the State Board of Education as a classroom teacher or as a school administrator during the ~~time~~term of the contract. The word "demote" does not include (i) a suspension without pay pursuant to G.S. 115C-325.5(a); (ii) the elimination or reduction of bonus payments, including merit-based supplements or a systemwide modification in the amount of any applicable local supplement; (iii) any reduction in salary that results from the elimination of a special duty, such as the duty of an athletic coach or a choral director; ~~or~~ (iv) any reduction of pay as compared to a prior term of

~~contract~~; or (v) a statewide modification or reduction of the teacher salary schedules.

(3) "Disciplinary suspension" means a final decision to suspend a teacher or school administrator without pay for no more than 60 days under G.S. 115C-325.5(b).

(4) "Residential school" means a school operated by the Department of Health and Human Services that provides residential services to students pursuant to Part 3A of Article 3 of Chapter 143B of the General Statutes or a school operated pursuant to Article 9C of Chapter 115C of the General Statutes.

(5) "School administrator" means a principal, assistant principal, supervisor, or director whose major function includes the direct or indirect supervision of teaching or any other part of the instructional program, as provided in G.S. 115C-287.1(a)(3).

(6) "Teacher" means a person meeting each of the following requirements:

a. Who holds at least one of the following licenses issued by the State Board of Education:

1. A current standard professional educator's license.

2. A current lateral entry teaching license.

3. A regular, not expired, vocational license.

b. Whose major responsibility is to teach or directly supervise teaching or who is classified by the State Board of Education or is paid either as a classroom teacher or instructional support personnel.

c. Who is employed to fill a full-time, permanent position.

d. Who is not a career teacher as defined in G.S. 115C-325(a)(1c).

(7) ~~"Year" means a calendar year beginning July 1 and ending June 30.~~ means, for purposes of computing time of employment as a teacher, no less than 120 workdays performed as a teacher in a full-time, permanent position in a school year. Workdays performed pending the outcome of a criminal history check as provided in G.S. 115C-332 are included in computing time as a teacher."

SECTION 9.7.(c) G.S. 115C-325.3 is amended by adding a new subsection to read:

"(a1) Contract Shall Be in Writing. – An employment contract between the local board of education and a teacher shall be in writing and shall include the following terms:

(1) Length of contract.

(2) Licensure requirements.

(3) A clause stating that teacher compensation for professional services performed pursuant to the contract shall be at a rate consistent with the North Carolina General Statutes, the salary schedule established by the State of North Carolina for the fiscal year in which the professional services are performed, and any local supplement that may apply. If a teacher is paid from local funds, the clause shall state that the teacher compensation shall be consistent with the local salary schedule adopted pursuant to G.S. 115C-302.1(h).

(4) A clause stating that the contract is subject to modifications as a result of subsequent legislative enactments."

SECTION 9.7.(d) G.S. 115C-325.10 reads as rewritten:

"§ 115C-325.10. Application to certain institutions.

Notwithstanding any law or regulation to the contrary, this Part shall apply to all persons employed in teaching and related educational classes in the schools and institutions of

1 the Departments of Health and Human Services and Public Instruction and the Divisions of
2 Juvenile Justice and Adult Correction of the Department of Public ~~Safety~~, Safety who are not
3 career teachers as defined in G.S. 115C-325(a)(1c), regardless of the age of the students."

4 **SECTION 9.7.(e)** Contracts for 2014-2015 School Year Shall Be for One Year
5 Only. – For the 2014-2015 school year only and notwithstanding G.S. 115C-325.3(a), all
6 contracts entered into pursuant to Part 3A of Article 22 of Chapter 115C of the General
7 Statutes, except for four-year performance-based contracts entered into under Section 9.5 of
8 this act, shall be for one year only.

10 CONFORMING CHANGES

11 **SECTION 9.8.(a)** G.S. 115C-105.25(b)(5b) reads as rewritten:

12 "(5b) Except as provided in subdivision (5a) of this subsection, positions allocated
13 for classroom teachers and instructional support personnel may be converted
14 to dollar equivalents for any purpose authorized by the policies of the State
15 Board of Education. These positions shall be converted at the salary on the
16 first step of the "A" ~~Teachers~~ Career Status Teacher Salary Schedule.
17 Certified position allotments shall not be transferred to dollars to hire the
18 same type of position."

19 **SECTION 9.8.(b)** G.S. 115C-105.26(b)(2) reads as rewritten:

20 "(2) State rules and policies, except those pertaining to public school State salary
21 schedules and employee benefits for school employees, the instructional
22 program that must be offered under the Basic Education Program, the system
23 of employment for public school teachers and administrators set out in
24 G.S. 115C-287.1 and in Part 3 and Part 3A of Article 22 of this Chapter,
25 health and safety codes, compulsory attendance, the minimum lengths of the
26 school day and year, and the Uniform Education Reporting System."

27 **SECTION 9.8.(c)** G.S. 115C-105.37B(a)(2) reads as rewritten:

28 "(2) Restart model, in which the State Board of Education would authorize the
29 local board of education to operate the school with the same exemptions
30 from statutes and rules as a charter school authorized under Part 6A of
31 Article 16 of this Chapter, or under the management of an educational
32 management organization that has been selected through a rigorous review
33 process. A school operated under this subdivision remains under the control
34 of the local board of education, and employees assigned to the school are
35 employees of the local school administrative unit with the protections
36 provided by Part 3 or Part 3A of Article 22 of this Chapter."

37 **SECTION 9.8.(d)** G.S. 115C-276(l) reads as rewritten:

38 "(l) To Maintain Personnel Files and to Participate in Firing and Demoting of Staff. –
39 The superintendent shall maintain in his or her office a personnel file for each teacher that
40 contains complaints, commendations, or suggestions for correction or improvement about the
41 teacher and shall participate in the firing and demoting of staff, as provided in Part 3 and Part
42 3A of Article 22 of this Chapter."

43 **SECTION 9.8.(e)** G.S. 115C-335(b) reads as rewritten:

44 "(b) Training. – The State Board, in collaboration with the Board of Governors of The
45 University of North Carolina, shall develop programs designed to train principals and
46 superintendents in the proper administration of the employee evaluations developed by the
47 State Board. The Board of Governors shall use the professional development programs for
48 public school employees that are under its authority to make this training available to all
49 principals and superintendents at locations that are geographically convenient to local school
50 administrative units. The programs shall include methods to determine whether an employee's

performance has improved student learning, the development and implementation of appropriate professional growth and mandatory improvement plans, the process for contract nonrenewal, and the dismissal process under Part 3 and Part 3A of Article 22 of this Chapter. The Board of Governors shall ensure that the subject matter of the training programs is incorporated into the masters in school administration programs offered by the constituent institutions. The State Board, in collaboration with the Board of Governors, also shall develop in-service programs for licensed public school employees that may be included in a mandatory improvement plan created under G.S. 115C-333(b) or G.S. 115C-333.1(b). The Board of Governors shall use the professional development programs for public school employees that are under its authority to make this training available at locations that are geographically convenient to local school administrative units."

EFFECT OF POTENTIAL LITIGATION

SECTION 9.9.(a) If any section or provision of Sections 9.1 through 9.9 of this act is enjoined or declared unconstitutional or invalid by a court of competent jurisdiction as it applies to the election made by certain classes of teachers to be compensated on the Professional Status Teacher Salary Schedule or the Career Status Teacher Salary Schedule, all such teachers subject to such injunction or declaration shall be compensated on the Career Status Teacher Salary Schedule. If a court of competent jurisdiction makes a final determination that such provision is constitutional and valid and all opportunities for appellate review of such determination are exhausted or abandoned, the following shall apply to teachers subject to the earlier order:

- (1) A teacher who entered into a contract electing to be paid on the Professional Status Teacher Salary Schedule prior to the entry of the earlier order shall be paid on that schedule retroactive to July 1, 2014. A teacher who entered into a four-year performance-based contract shall receive the annual bonuses associated with that contract.
- (2) A teacher who elects to enter into a contract electing to be paid on the Professional Status Teacher Salary Schedule within 30 days of entry of the final order shall be paid on that schedule retroactive to July 1, 2014. A teacher who enters into a four-year performance-based contract shall receive the annual bonuses associated with that contract.
- (3) A teacher who elects not to enter into a contract and to be paid on the Career Status Teacher Salary Schedule shall continue to be paid in accordance on that schedule.

SECTION 9.9.(b) If any section or provision of Sections 9.1 through 9.9 of this act is enjoined or declared unconstitutional or invalid by a court of competent jurisdiction as it applies to the offer to and acceptance of four-year performance-based contracts by certain classes of teachers in accordance with Section 9.5 of this act or one-year contracts in accordance with Section 9.7 of this act, all such teachers subject to such injunction or declaration shall be compensated on the Career Status Teacher Salary Schedule. If a court of competent jurisdiction makes a final determination that such provision is constitutional and valid and all opportunities for appellate review of such determination are exhausted or abandoned, the following shall apply to teachers subject to the earlier order:

- (1) A teacher who entered into a four-year performance-based contract electing to be paid on the Professional Status Teacher Salary Schedule prior to the entry of the earlier order shall be paid on that schedule retroactive to July 1, 2014, and shall receive the annual bonuses associated with that contract.
- (2) A teacher who elects to enter into a four-year performance-based contract electing to be paid on the Professional Status Teacher Salary Schedule

within 30 days of entry of the final order shall be paid on that schedule retroactive to July 1, 2014, and shall receive the annual bonuses associated with that contract.

- (3) A teacher who elects not to enter into a contract and to be paid on the Career Status Teacher Salary Schedule shall continue to be paid in accordance with that schedule.

SECTION 9.9.(c) If any section or provision of Sections 9.1 through 9.9 of this act is enjoined or declared unconstitutional or invalid by a court of competent jurisdiction as it applies to voluntary relinquishment of rights and claims related to longevity pay, career status, or computation of salary supplements by certain classes of teachers in accordance with Sections 9.1(a), 9.3, or 9.5 of this act, all such teachers subject to such injunction or declaration shall be compensated on the Career Status Teacher Salary Schedule. If a court of competent jurisdiction makes a final determination that such provision is constitutional and valid and all opportunities for appellate review of such determination are exhausted or abandoned, the following shall apply to teachers subject to the earlier order:

- (1) A teacher who entered into a contract electing to be paid on the Professional Status Teacher Salary Schedule prior to the entry of the earlier order shall be paid on that schedule retroactive to July 1, 2014. A teacher who entered into a four-year performance-based contract shall receive the annual bonuses associated with that contract.
- (2) A teacher who elects to enter into a contract electing to be paid on the Professional Status Teacher Salary Schedule within 30 days of entry of the final order shall be paid on that schedule retroactive to July 1, 2014. A teacher who enters into a four-year performance-based contract shall receive the annual bonuses associated with that contract.
- (3) A teacher who elects not to enter into a contract and to be paid on the Career Status Teacher Salary Schedule shall continue to be paid in accordance on that schedule.

SECTION 9.9.(d) If any section or provision of Sections 9.1 through 9.9 of this act is enjoined or declared unconstitutional or invalid by a court of competent jurisdiction, on any basis other than provided in subsection (a), (b), or (c) of this section, all such teachers subject to such injunction or declaration shall be compensated on the Career Status Teacher Salary Schedule. If a court of competent jurisdiction makes a final determination that such provision is constitutional and valid and all opportunities for appellate review of such determination are exhausted or abandoned, the following shall apply to teachers subject to the earlier order:

- (1) A teacher who entered into a contract electing to be paid on the Professional Status Teacher Salary Schedule prior to the entry of the earlier order shall be paid on that schedule retroactive to July 1, 2014. A teacher who entered into a four-year performance-based contract shall receive the annual bonuses associated with that contract.
- (2) A teacher who elects to enter into a contract electing to be paid on the Professional Status Teacher Salary Schedule within 30 days of entry of the final order shall be paid on that schedule retroactive to July 1, 2014. A teacher who enters into a four-year performance-based contract shall receive the annual bonuses associated with that contract.
- (3) A teacher who elects not to enter into a contract and to be paid on the Career Status Teacher Salary Schedule shall continue to be paid in accordance on that schedule.

INTERPRETATION OF THIS PART

SECTION 9.10. Except with respect to the requirements of G.S. 115C-325.3(a1), as enacted by this act, to create express written contracts as to the term of employment for teachers, Sections 9.1 through 9.9 of this act shall be construed to declare a policy that will be followed until the law is changed by the General Assembly. Sections 9.1 through 9.9 of this act shall not be construed to manifest a legislative intent to create private contract rights enforceable against the State or local school administrative units. The General Assembly reserves the right to alter, amend, or repeal Sections 9.1 through 9.9 of this act.

SCHOOL-BASED ADMINISTRATOR SALARY SCHEDULE

SECTION 9.11.(a) The following base salary schedule for school-based administrators shall apply only to principals and assistant principals. This base salary schedule shall apply for the 2014-2015 fiscal year commencing July 1, 2014.

2014-2015 Principal and Assistant Principal Salary Schedules
Classification

Years of Exp	Assistant	Prin I	Prin II	Prin III	Prin IV
Principal	(0-10)	(11-21)	(22-32)	(33-43)	
0-9	\$3,828	-	-	-	-
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
26	\$5,119	\$5,119	\$5,188	\$5,263	\$5,335
27	\$5,188	\$5,188	\$5,263	\$5,335	\$5,409
28	\$5,263	\$5,263	\$5,335	\$5,409	\$5,483
29	\$5,335	\$5,335	\$5,409	\$5,483	\$5,561
30	\$5,409	\$5,409	\$5,483	\$5,561	\$5,641
31	\$5,483	\$5,483	\$5,561	\$5,641	\$5,722
32	\$5,561	\$5,561	\$5,641	\$5,722	\$5,794
33	\$5,641	\$5,641	\$5,722	\$5,794	\$5,909
34	\$5,722	\$5,722	\$5,794	\$5,909	\$6,027
35	\$5,794	\$5,794	\$5,909	\$6,027	\$6,148
36	\$5,909	\$5,909	\$6,027	\$6,148	\$6,271
37	-	\$6,027	\$6,148	\$6,271	\$6,396
38	-	-	\$6,271	\$6,396	\$6,524
39	-	-	\$6,396	\$6,524	\$6,654
40	-	-	-	\$6,654	\$6,787
41	-	-	-	\$6,787	\$6,923

42	-	-	-	-	\$7,061
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2014-2015 Principal and Assistant Principal Salary Schedules
Classification

Years of Exp (44-54)	Prin V (55-65)	Prin VI (66-100)	Prin VII (101+)	Prin VIII
0-19	\$4,918	-	-	-
20	\$4,983	-	-	-
21	\$5,050	\$5,119	-	-
22	\$5,119	\$5,188	\$5,335	-
23	\$5,188	\$5,263	\$5,409	\$5,483
24	\$5,263	\$5,335	\$5,483	\$5,561
25	\$5,335	\$5,409	\$5,561	\$5,641
26	\$5,409	\$5,483	\$5,641	\$5,722
27	\$5,483	\$5,561	\$5,722	\$5,794
28	\$5,561	\$5,641	\$5,794	\$5,909
29	\$5,641	\$5,722	\$5,909	\$6,027
30	\$5,722	\$5,794	\$6,027	\$6,148
31	\$5,794	\$5,909	\$6,148	\$6,271
32	\$5,909	\$6,027	\$6,271	\$6,396
33	\$6,027	\$6,148	\$6,396	\$6,524
34	\$6,148	\$6,271	\$6,524	\$6,654
35	\$6,271	\$6,396	\$6,654	\$6,787
36	\$6,396	\$6,524	\$6,787	\$6,923
37	\$6,524	\$6,654	\$6,923	\$7,061
38	\$6,654	\$6,787	\$7,061	\$7,202
39	\$6,787	\$6,923	\$7,202	\$7,346
40	\$6,923	\$7,061	\$7,346	\$7,493
41	\$7,061	\$7,202	\$7,493	\$7,643
42	\$7,202	\$7,346	\$7,643	\$7,796
43	\$7,346	\$7,493	\$7,796	\$7,952
44	-	\$7,643	\$7,952	\$8,111
45	-	\$7,796	\$8,111	\$8,273
46+	-	-	\$8,273	\$8,438

SECTION 9.11.(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
Principal II	11-21 Teachers
Principal III	22-32 Teachers
Principal IV	33-43 Teachers
Principal V	44-54 Teachers
Principal VI	55-65 Teachers
Principal VII	66-100 Teachers
Principal VIII	More than 100 Teachers

1 The number of teachers supervised includes teachers and assistant principals paid
2 from State funds only; it does not include teachers or assistant principals paid from non-State
3 funds or the principal or teacher assistants.

4 The beginning classification for principals in alternative schools and in cooperative
5 innovative high school programs shall be the Principal III level. Principals in alternative
6 schools who supervise 33 or more teachers shall be classified according to the number of
7 teachers supervised.

8 **SECTION 9.11.(c)** A principal shall be placed on the step on the salary schedule
9 that reflects total number of years of experience as a certificated employee of the public schools
10 and an additional step for every three years of experience as a principal. A principal or assistant
11 principal shall also continue to receive any additional State-funded percentage increases earned
12 for the 1997-1998, 1998-1999, and 1999-2000 school years for improvement in student
13 performance or maintaining a safe and orderly school.

14 **SECTION 9.11.(d)** Principals and assistant principals with certification based on
15 academic preparation at the six-year degree level shall be paid a salary supplement of one
16 hundred twenty-six dollars (\$126.00) per month and at the doctoral degree level shall be paid a
17 salary supplement of two hundred fifty-three dollars (\$253.00) per month.

18 **SECTION 9.11.(e)** Longevity pay for principals and assistant principals shall be as
19 provided for State employees under the North Carolina Human Resources Act.

20 **SECTION 9.11.(f)** If a principal is reassigned to a higher job classification because
21 the principal is transferred to a school within a local school administrative unit with a larger
22 number of State-allotted teachers, the principal shall be placed on the salary schedule as if the
23 principal had served the principal's entire career as a principal at the higher job classification.

24 If a principal is reassigned to a lower job classification because the principal is
25 transferred to a school within a local school administrative unit with a smaller number of
26 State-allotted teachers, the principal shall be placed on the salary schedule as if the principal
27 had served the principal's entire career as a principal at the lower job classification.

28 This subsection applies to all transfers on or after the effective date of this section,
29 except transfers in school systems that have been created, or will be created, by merging two or
30 more school systems. Transfers in these merged systems are exempt from the provisions of this
31 subsection for one calendar year following the date of the merger.

32 **SECTION 9.11.(g)** Participants in an approved full-time masters in-school
33 administration program shall receive up to a 10-month stipend at the beginning salary of an
34 assistant principal during the internship period of the masters program. The stipend shall not
35 exceed the difference between the beginning salary of an assistant principal plus the cost of
36 tuition, fees, and books and any fellowship funds received by the intern as a full-time student,
37 including awards of the Principal Fellows Program. The Principal Fellows Program or the
38 school of education where the intern participates in a full-time masters in-school administration
39 program shall supply the Department of Public Instruction with certification of eligible
40 full-time interns.

41 **SECTION 9.11.(h)** During the 2013-2015 fiscal biennium, the placement on the
42 salary schedule of an administrator with a one-year provisional assistant principal's certificate
43 shall be at the entry-level salary for an assistant principal or the appropriate step on the teacher
44 salary schedule, whichever is higher.

45 **SECTION 9.11.(i)** Effective July 1, 2014, any assistant principal paid on years 0-8
46 on the State Salary Schedule in the 2013-2014 school year and employed on July 1, 2014, shall
47 receive a nonrecurring salary bonus of eight hundred nine dollars (\$809.00).

49 CENTRAL OFFICE SALARIES

50 **SECTION 9.12.** Section 35.13 of S.L. 2013-360 reads as rewritten:

"**SECTION 35.13.(a)** The monthly salary ranges that follow, which apply to assistant superintendents, associate superintendents, directors/coordinators, supervisors, and finance officers, shall ~~remain unchanged for the 2013-2015 fiscal biennium, beginning July 1, 2013,~~ be increased by five hundred dollars (\$500.00) annually as follows:

School Administrator I	\$3,349 <u>\$3,391</u>	\$6,281 <u>\$6,323</u>
School Administrator II	\$3,550 <u>\$3,592</u>	\$6,662 <u>\$6,704</u>
School Administrator III	\$3,769 <u>\$3,811</u>	\$7,068 <u>\$7,110</u>
School Administrator IV	\$3,920 <u>\$3,962</u>	\$7,349 <u>\$7,391</u>
School Administrator V	\$4,078 <u>\$4,120</u>	\$7,647 <u>\$7,689</u>
School Administrator VI	\$4,326 <u>\$4,368</u>	\$8,109 <u>\$8,151</u>
School Administrator VII	\$4,500 <u>\$4,542</u>	\$8,436 <u>\$8,478</u>

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 35.13.(b)** The monthly salary ranges that follow, which apply to public school superintendents, shall ~~remain unchanged for the 2013-2015 fiscal biennium, beginning July 1, 2013,~~ be increased beginning July 1, 2014, as follows:

Superintendent I	\$4,777 <u>\$4,819</u>	\$8,949 <u>\$8,991</u>
Superintendent II	\$5,071 <u>\$5,113</u>	\$9,490 <u>\$9,532</u>
Superintendent III	\$5,380 <u>\$5,422</u>	\$10,067 <u>\$10,109</u>
Superintendent IV	\$5,710 <u>\$5,752</u>	\$10,679 <u>\$10,721</u>
Superintendent V	\$6,060 <u>\$6,102</u>	\$11,330 <u>\$11,372</u>

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.

"**SECTION 35.13.(c)** Longevity pay for superintendents, assistant superintendents, associate superintendents, directors/coordinators, supervisors, and finance officers shall be as provided for State employees under the State Personnel Act.

"**SECTION 35.13.(d)** Superintendents, assistant superintendents, associate superintendents, directors/coordinators, supervisors, and finance officers with certification 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 compensation provided pursuant to this section. Superintendents, assistant superintendents, associate superintendents, directors/coordinators, supervisors, and finance officers with certification 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 compensation provided for under this section.

"**SECTION 35.13.(e)** The State Board of Education shall not permit local school administrative units to transfer State funds from other funding categories for salaries for public school central office administrators.

"**SECTION 35.13.(f)** The annual salaries of all permanent, full-time personnel paid from the Central Office Allotment shall remain unchanged for the 2013-2015 fiscal biennium, be increased by five hundred dollars (\$500.00)."

NONCERTIFIED PERSONNEL SALARIES

SECTION 9.13. Section 35.14 of S.L. 2013-360 reads as rewritten:

1 **"SECTION 35.14.** The annual salary for permanent, full-time ~~and part-time~~ noncertified
2 public school employees whose salaries are supported from the State's General Fund shall be
3 ~~remain unchanged for the 2013-2015 fiscal biennium.~~ increased by five hundred dollars
4 (\$500.00). Part-time, noncertified public school employees shall receive the increase authorized
5 by this section on a prorated and equitable basis."

6 7 **PART X. COMMUNITY COLLEGES**

8 9 **CONTINUE COMMUNITY COLLEGES PROGRAM AUDIT**

10 **SECTION 10.1.** Section 10.15(a) of S.L. 2013-360 is repealed.

11 12 **PROCESS FOR PERIODICALLY REVISING ENROLLMENT TIERS**

13 **SECTION 10.2.** The State Board of Community Colleges shall develop a process
14 for periodically reviewing and revising how courses and programs are classified into tiers in the
15 enrollment funding model. The process shall be developed by March 1, 2015, and reported to
16 the Office of State Budget and Management and the Fiscal Research Division of the North
17 Carolina General Assembly.

18 The State Board of Community Colleges shall identify those courses and programs
19 in high-need areas and may suggest any revisions to the model. These revisions shall be
20 submitted as part of their budget requests for the 2017-2019 fiscal biennium.

21 22 **FEES COLLECTED AND ASSESSED BY THE MANUFACTURING SOLUTIONS** 23 **CENTER AND THE TEXTILE TECHNOLOGY CENTER**

24 **SECTION 10.3.** The State Board of Community Colleges shall report, no later than
25 January 15, 2015, to the Joint Legislative Education Oversight Committee, the Fiscal Research
26 Division, and the Office of State Budget and Management on the structure of the fees assessed
27 and the total fees collected by the Manufacturing Solutions Center at Catawba Valley
28 Community College and by the Textile Technology Center at Gaston College during the
29 2012-2013 and 2013-2014 fiscal years.

30 31 **PART XI. UNIVERSITIES**

32 33 **STRATEGIC PLAN AND DISTINGUISHED PROFESSOR ENDOWMENT FUND**

34 **SECTION 11.1.(a)** Notwithstanding the provisions of G.S. 116-11 and
35 G.S. 116-30.2, the Board of Governors and the campuses of the constituent institutions shall
36 consider reducing State funds for centers and institutes, speaker series, and other nonacademic
37 activities by up to fifteen million dollars (\$15,000,000); if reductions are taken, then the Board
38 of Governors may use those reductions to do either or both of the following:

- 39 (1) Provide a State match of up to ten million dollars (\$10,000,000) for gifts
40 from private sources for the Distinguished Professors Endowment Trust
41 Fund.
- 42 (2) Expend up to five million dollars (\$5,000,000) to implement provisions of
43 The University of North Carolina Strategic Plan as set out in the report "Our
44 Time, Our Future: The University of North Carolina Compact with North
45 Carolina." These funds are in addition to the fifteen million dollars
46 (\$15,000,000) that may be expended pursuant to subsection (h) of Section
47 11.13 of S.L. 2013-360.

48 **SECTION 11.1.(b)** Notwithstanding the provisions of G.S. 116-41.13 through
49 G.S. 116-41.19, for the 2014-2015 fiscal year, no State match shall be required to use donations
50 and gifts that were or are intended by the donor as matching funds for a State appropriation for

distinguished professorships. If the terms of a particular donation or gift require a State match, then this subsection shall not apply without the written consent of the donor.

UNC TO FUND NORTH CAROLINA RESEARCH CAMPUS

SECTION 11.2. Of the funds appropriated in this act to the Board of Governors of The University of North Carolina, the Board of Governors shall use twenty-nine million dollars (\$29,000,000) to support UNC-related activities at the North Carolina Research Campus at Kannapolis.

UNC BUDGET REDUCTIONS

SECTION 11.3. Notwithstanding any other provisions of this act, no reduction in State funds, except reductions based on enrollment growth model changes, shall be allocated to any of the following:

- (1) Any special responsibility constituent institution which has been granted a basic type designation of "Special Focus Institution" under the Carnegie Classification of Institutions of Higher Education.
- (2) Any special responsibility constituent institution which has been granted a basic type designation of "Baccalaureate Colleges—Arts & Sciences" under the Carnegie Classification of Institutions of Higher Education.
- (3) Any constituent high school of The University of North Carolina.

REPORT ON INSTITUTIONAL TRUST FUNDS

SECTION 11.4. G.S. 116-36.1(e) reads as rewritten:

"(e) Each institution shall submit such reports or other information concerning its trust fund accounts as may be required by the ~~Board~~ Board and by the Director of the Budget."

REPORT ON ACADEMIC SUMMER BRIDGE

SECTION 11.5. No later than November 1, 2014, the Board of Governors of The University of North Carolina shall report to the Office of State Budget and Management and the Joint Legislative Education Oversight Committee on the impact of Academic Summer Bridge programs on student outcomes. At a minimum, the report shall include information by institution on graduation rates, average time to degree, and student academic performance at multiple intervals over a four-year course of study.

UNC/DEVELOP PLAN TO DISSOLVE CONSTITUENT INSTITUTIONS WITH LARGE DECLINE IN STUDENT ENROLLMENT

SECTION 11.6. The Board of Governors of The University of North Carolina shall study the feasibility of dissolving any constituent institution whose fall full-time equivalent student enrollment declined by more than twenty percent (20%) between the 2010-2011 fiscal year and the 2013-2014 fiscal year and shall develop a plan for its dissolution. The Board of Governors shall report its findings and recommendations, including the plan for dissolution, to the 2015 General Assembly.

OPERATION OF 4-H CAMPS AND USE OF VARIOUS SITES OF DEFUNCT 4-H CAMPS AND TRANSFER 4-H CAMP SERTOMA/MOORE SPRINGS TO THE STATE PARKS SYSTEM.

SECTION 11.7.(a) Part 5 of Article 1 of Chapter 116 of the General Statutes is amended by adding a new section to read:

"§ 116-43.20. Operation of 4-H camps.

(a) North Carolina State University shall not close the 4-H camps listed in subdivisions (1) through (3) of this subsection. Further, North Carolina State University shall continue to operate each of those camps as 4-H camps and to offer programs and services at the sites of each of those camps at a level that is at least equivalent to the programs and services offered at each site as of June 30, 2013. The following three 4-H camps are to continue and are to be operated as 4-H camps as provided by this subsection:

(1) Eastern 4-H Center located in Columbia, NC.

(2) Millstone 4-H Camp located near Ellerbe, NC.

(3) Betsy-Jeff Penn 4-H Educational Center located near Reidsville, NC.

(b) The 4-H camps that were located at the sites listed in subdivisions (1) and (2) of this subsection have ceased to operate as 4-H camps. At the request of the board of county commissioners of any county that is the site of one of the defunct 4-H camps listed in this subsection, North Carolina State University shall consult with the board regarding actions that may be taken to reopen the 4-H camp in that county and other options that may be available for the use of the site.

Within 90 days after any consultation with a board of county commissioners conducted pursuant to this subsection, North Carolina State University shall submit a written report to the Joint Legislative Education Oversight Committee, the Senate Appropriations Committee on Education/Higher Education, the House of Representatives Appropriations Subcommittee on Education, and the Fiscal Research Division regarding the feasibility of reopening the site as a 4-H camp and any other options considered for the use of the site.

The list of defunct 4-H camps follows:

(1) Anita-Alta 4-H Camp in the Pisgah National Forest in Lenoir, NC.

(2) Swannanoa 4-H Camp located at Swannanoa, NC.

(c) North Carolina State University shall take all practicable measures to operate the 4-H camps in a manner that will generate a positive fund balance in the institutional trust funds that account for the activities of the 4-H camps."

SECTION 11.7.(b) Article 7 of Chapter 146 of the General Statutes is amended by adding a new section to read:

"§ 146-30.1. Application of net proceeds of disposition or use of real property allocated to the 4-H Camping Program.

(a) Limitation. – Notwithstanding G.S. 146-30 or any other provision of law, and subject to the limitations contained in any applicable deed, the net proceeds of any disposition of, use of, or activity on real property allocated to the 4-H Camping Program shall be used solely for the operation of the 4-H Camping Program, for the acquisition of real property for the 4-H Camping Program, or for the funding of an endowment to support these purposes. These proceeds shall not be used to pay any debt or other financial obligation owed to a State agency that arose prior to the effective date of this section.

(b) Definition of Net Proceeds. – For purposes of this section, the term "net proceeds" shall have the same meaning as in G.S. 146-30.

(c) No Supplanting of General Fund Support. – It is the intent of the General Assembly that appropriations for the 4-H Camping Program not be reduced as a result of the realization of proceeds under this section. Instead, the General Assembly intends that the amount of appropriations be determined as if no proceeds had been realized under this section. The Director of the Budget shall not decrease the recommended continuation budget requirements for the 4-H Camping Program as a result of proceeds being realized under this section.

(d) Proceeds Must Be Appropriated. – Nothing in this section shall be construed to appropriate the proceeds described in this section."

SECTION 11.7.(c) If on the effective date of this section the net proceeds of any use of, or activity on, real property allocated to the 4-H Camping Program are being used in a

manner prohibited by G.S. 146-30.1, then notwithstanding that section they may continue to be used in that manner.

SECTION 11.7.(d) The Department of Administration shall reallocate all of the approximately 716 acres of State-owned real property that is part of Camp Sertoma/Moore Springs property to the Department of Environment and Natural Resources. The General Assembly authorizes the Department of Environment and Natural Resources to add this property to the State Parks System as provided in G.S. 113-44.14(b).

SECTION 11.7.(e) Of the funds appropriated by this act for the 2014-2015 fiscal year to the Board of Governors of The University of North Carolina for North Carolina State University the sum of seven hundred twenty-five thousand dollars (\$725,000) in recurring funds shall be allocated equally among all operating 4-H camps, including any currently defunct 4-H camp that reopens and operates as a 4-H camp. The funds allocated under this section shall be used for the operation, repair, and renovation of operating 4-H camps.

STUDY FINANCIAL AID PAYMENT SCHEDULE TO INCENTIVIZE THIRTY COMPLETED HOURS PER YEAR

SECTION 11.8. Section 11.15(h) of S.L. 2013-360 reads as rewritten:

"SECTION 11.15.(h) The State Education Assistance ~~Authority shall structure its payment schedule~~ Authority, in consultation with The University of North Carolina, the North Carolina Community College System, and the North Carolina Independent Colleges and Universities, shall study ways to structure its financial aid payment schedules to encourage students to complete an average of 30 credit hours per academic year. The State Education Assistance Authority shall report to the Joint Legislative Education Oversight Committee by ~~March 1, 2014, October 1, 2015, regarding the measures implemented by the Authority pursuant to this subsection.~~ outcomes of this study."

UNC FACULTY TUITION WAIVER

SECTION 11.9.(a) G.S. 116-143(d) reads as rewritten:

"(d) Notwithstanding the above provision relating to the abolition of free tuition, the Board of Governors of The University of North Carolina may, in its discretion, provide regulations under which a full-time faculty member of the rank of full-time instructor or above, and any full-time staff member of The University of North Carolina may during the period of normal employment enroll for not more than two courses per year in The University of North Carolina free of charge for ~~tuition, tuition and fees,~~ provided such enrollment does not interfere with normal employment obligations and further provided that such enrollments are not counted for the purpose of receiving general fund appropriations."

SECTION 11.9.(b) This section applies to the 2014-2015 fall academic semester and each subsequent academic semester.

STATE EDUCATION ASSISTANCE AUTHORITY TO ASSUME RESPONSIBILITY FOR NORTH CAROLINA TEACHING FELLOWS SCHOLARSHIP LOANS

SECTION 11.10.(a) The Office of State Budget and Management shall transfer to the State Education Assistance Authority the cash balance remaining in the Teaching Fellows Trust Fund as of December 31, 2014. The funds shall be taken from Budget Code 63501 unless otherwise determined by the Office of State Budget and Management. The Teaching Fellows Commission shall make scholarship loan awards for the 2015 spring academic semester prior to the transfer of the cash balance from the Teaching Fellows Trust Fund. The Office of State Budget and Management shall work with the State Education Assistance Authority to determine the schedule for implementing the transfer of funds; however, the transfer of funds required by this section shall be completed no later than December 31, 2014.

1 **SECTION 11.10.(b)** Article 23 of Chapter 116 of the General Statutes is amended
2 by adding a new section to read:

3 **"§ 116-209.27. Administration of scholarships previously awarded by Teaching Fellows**
4 **Program.**

5 (a) The Authority shall, as of January 1, 2015, administer all outstanding scholarship
6 loans previously awarded by the former Teaching Fellows Commission and subject to
7 repayment under the former North Carolina Teaching Fellows Program.

8 (b) Scholarship loans previously awarded by the Teaching Fellows Commission by
9 notes payable to the Commission shall be deemed payable to the Authority, as the successor in
10 interest to the Teaching Fellows Commission, by the same terms stated in the note.

11 (c) The Authority, as administrator for the Teaching Fellows Program, may use up to
12 seventy-five thousand dollars (\$75,000) annually of the fund balance for costs associated with
13 administration of the Teaching Fellows Program.

14 (d) All funds received by the Authority in association with its administration of the
15 Teaching Fellows Program, including all funds received as repayment of scholarship loans, and
16 all interest earned on these funds shall be deposited into the Forgivable Education Loans for
17 Service Fund established in G.S. 116-209.45."

18 **SECTION 11.10.(c)** The Teaching Fellows Commission shall deliver to the State
19 Education Assistance Authority, in a format acceptable to the Authority, complete electronic
20 and paper records on all outstanding scholarship loans previously awarded, but not canceled by
21 service or otherwise satisfied in full as of the date of delivery, including records of applicable
22 teaching service performed to that date, no later than November 15, 2014. Prior to the transfer
23 of any such outstanding scholarship loan and related records the Teaching Fellows Commission
24 shall discharge its reporting obligations under G.S. 147-86.26 and specifically confirm for the
25 Authority that no account subject to write-off in accordance with the Statewide Accounts
26 Receivable Program has been transferred under this section.

27
28 **REPORT ON COLLEGE FOUNDATION OF NORTH CAROLINA SUSTAINABILITY**

29 **SECTION 11.11.** No later than December 1, 2014, the State Education Assistance
30 Authority shall report to the Office of State Budget and Management and the Fiscal Research
31 Division of the General Assembly on its progress toward funding operations of the College
32 Foundation of North Carolina entirely from non-General Fund sources. This report shall
33 include all of the following:

- 34 (1) The status of fundraising efforts to date.
35 (2) A detailed plan and time line for generating additional revenues.
36 (3) Estimated expenditures and revenues by type for the next four fiscal years.
37 (4) Potential reduction measures and alternative funding options should General
38 Fund appropriations not be provided in the next biennium.

39
40 **TUITION ASSISTANCE TO VETERANS WHO PARTICIPATE IN THE YELLOW**
41 **RIBBON PROGRAM AND THEIR SPOUSES AND DEPENDENT RELATIVES**

42 **SECTION 11.12.(a)** Article 14 of Chapter 116 of the General Statutes is amended
43 by adding a new section to read:

44 **"§ 116-143.8. Tuition assistance for certain veterans and their dependents.**

45 (a) The following definitions apply in this section:

- 46 (1) Institution of higher education. – Has the same meaning as in
47 G.S. 116-143.1(a)(1).
48 (2) Yellow Ribbon Program. – Yellow Ribbon G.I. Education Enhancement
49 Program, 38 U.S.C. § 3317.

(b) The Board of Governors of The University of North Carolina shall annually enter into an agreement with the United States Secretary of Veterans Affairs for one or more of the constituent institutions to participate in the Yellow Ribbon Program. The State Board of Community Colleges shall annually enter into an agreement with the United States Secretary of Veterans Affairs for one or more of the community colleges to participate in the Yellow Ribbon Program. The agreements shall include all of the following terms:

(1) A grant of ninety percent (90%) of the cost of tuition and mandatory fees not otherwise covered shall be provided for every eligible veteran or eligible spouse or dependent relative of a veteran who is enrolled or will be enrolled as an undergraduate student at a constituent institution or as a student at a community college.

(2) To be eligible for grants under the Yellow Ribbon Program, a student must meet all program requirements established by the federal government. In addition, to be eligible for a Yellow Ribbon grant in which the school share of the grant is paid with State appropriation, a student must be enrolled as an undergraduate student at a constituent institution or as a student at a North Carolina community college.

(c) This section is not intended to prohibit constituent institutions from using private funds to provide Yellow Ribbon grants for students enrolled in master's, or doctoral level programs.

(d) The General Assembly encourages private institutions of higher education in North Carolina to participate in the Yellow Ribbon Program."

SECTION 11.12.(b) It is the intent of the General Assembly to establish two reserve funds for the purpose of forward funding tuition assistance to students who participate in the Yellow Ribbon Program. Therefore, the General Assembly establishes the two following reserve funds:

(1) There is established the UNC Yellow Ribbon Reserve to be managed by the Board of Governors of The University of North Carolina. Of the funds appropriated by this act to the Board of Governors, the sum of four million eight hundred sixty-three thousand two hundred seventy-six dollars (\$4,863,276) shall be allocated to the UNC Yellow Ribbon Reserve and shall be held in reserve for the 2014-2015 fiscal year. Beginning with the 2015-2016 fiscal year, the funds in the UNC Yellow Ribbon Reserve shall be used to fund undergraduate tuition assistance to participants in the Yellow Ribbon Program for the 2015-2016 academic year and each subsequent academic year.

(2) There is established the Community College Yellow Ribbon Reserve to be managed by the State Board of Community Colleges. Of the funds appropriated by this act to the Community Colleges System Office, the sum of one million dollars (\$1,000,000) shall be allocated to the Community College Yellow Ribbon Reserve and shall be held in reserve for the 2014-2015 fiscal year. Beginning with the 2015-2016 fiscal year, the funds in the Community College Yellow Ribbon Reserve shall be used to fund tuition assistance to participants in the Yellow Ribbon Program for the 2015-2016 academic year and each subsequent academic year.

SECTION 11.12.(c) The Board of Governors and the State Board of Community Colleges shall each report to the Joint Legislative Education Oversight Committee by January 1, 2015, regarding their planned participation in the Yellow Ribbon Program for the 2015-16 academic year. Each report shall include the following information:

- (1) The number and identity of constituent institutions or community colleges that will participate in the Yellow Ribbon Program.
- (2) The methodology used by each governing board to select the institutions of higher education that will participate in the Yellow Ribbon Program.
- (3) For each institution that will participate, the maximum number of students and the maximum award amount per student.
- (4) A list of the institutions of higher education that will not participate in the Yellow Ribbon Program and the reason each institution is not participating.

SECTION 11.12.(d) Except as otherwise provided, subsection (a) of this section applies to the 2015-2016 academic year and each subsequent academic year.

OPTOMETRY/FORGIVABLE EDUCATION LOANS FOR SERVICE

SECTION 11.13. In implementing the Forgivable Education Loans for Service program authorized under G.S. 116-209.45, the State Education Assistance Authority shall adopt rules and polices necessary to ensure that the annual loan amount for a student attending an optometry program at an eligible institution is twenty-eight thousand dollars (\$28,000), except that the annual loan amount shall not exceed the annual cost of attendance of the program in which the student is enrolled.

In establishing the criteria for loan forgiveness, the State Education Assistance Authority shall consider establishing a service schedule that rewards students practicing in an optometry health professional shortage area as determined by the Health Resources and Services Administration of the US Department of Health and Human Services.

PART XII. DEPARTMENT OF HEALTH AND HUMAN SERVICES

SUBPART XII-A. CENTRAL MANAGEMENT AND SUPPORT

HHS COMPETITIVE GRANTS PROCESS REVISIONS

SECTION 12A.1. Section 12A.2 of S.L. 2013-360 reads as rewritten:

"FUNDING FOR NONPROFIT ORGANIZATIONS/ESTABLISH COMPETITIVE GRANTS PROCESS

"SECTION 12A.2.(a) Of the funds appropriated in this act to the Department of Health and Human Services, Division of Central Management and Support, the sum of nine million five hundred twenty-nine thousand one hundred thirty-four dollars (\$9,529,134) in recurring funds for ~~each year of the 2013-2015 fiscal biennium, the 2013-2014 fiscal year and the sum of~~ nine million three hundred three thousand nine hundred eleven dollars (\$9,303,911) in recurring funds for the 2014-2015 fiscal year, the sum of three hundred seventeen thousand four hundred dollars (\$317,400) in nonrecurring funds for each year of the 2013-2015 fiscal biennium, and the sum of three million eight hundred fifty-two thousand five hundred dollars (\$3,852,500) appropriated in Section 12J.1 of this act in Social Services Block Grant funds for each year of the 2013-2015 fiscal biennium shall be used to allocate funds for nonprofit organizations.

...

"SECTION 12A.2.(d) It is the intent of the General Assembly that, beginning fiscal year 2014-2015, the Department implement a competitive grants process for nonprofit funding. To that end, the Department shall develop a plan that establishes a competitive grants process to be administered by the Division of Central Management and Support. The Department shall develop a plan that, at a minimum, includes each of the following:

- (1) A request for application (RFA) process to allow nonprofits to apply for and receive State funds on a competitive basis.

- (2) A requirement that nonprofits match a minimum of ten percent (10%) of the total amount of the grant award.
- (3) A requirement that the Secretary prioritize grant awards to those nonprofits that are able to leverage non-State funds in addition to the grant award.
- (4) A process that awards grants to nonprofits ~~dedicated to providing that have the capacity to provide~~ services on a statewide basis and that support any of the following State health and wellness initiatives:
- a. A program targeting advocacy, support, education, or residential services for persons diagnosed with autism.
 - b. ~~A comprehensive program of education, advocacy, and support related to brain injury and those affected by brain injury.~~
 - c. A system of residential supports for those afflicted with substance abuse addiction.
 - d. A program of advocacy and supports for individuals with intellectual and developmental disabilities or severe and persistent mental illness, substance abusers, or the elderly.
 - e. Supports and services to children and adults with developmental disabilities or mental health diagnoses.
 - f. A food distribution system for needy individuals.
 - g. The provision and coordination of services for the homeless.
 - h. The provision of services for individuals aging out of foster care.
 - i. Programs promoting wellness, physical activity, and health education programming for North Carolinians.
 - j. A program focused on enhancing vision screening through the State's public school system.
 - k. Provision for the delivery of after-school services for mentoring at-risk youth.
 - l. The provision of direct services for amyotrophic lateral sclerosis (ALS) and those diagnosed with the disease.
 - m. The provision of assistive information technology services for blind and disabled persons.
- (5) Ensures that funds received by the Department to implement the plan supplement and do not supplant existing funds for health and wellness programs and initiatives.

...
"SECTION 12A.2.(h) For fiscal year 2014-2015 only, from the sum of nine million three hundred three thousand nine hundred eleven dollars (\$9,303,911) referred to in subsection (a) of this section, the Department shall allocate the sum of three hundred seventy-five thousand dollars (\$375,000) to the Big Brothers Big Sisters of the Triangle, Inc., for the purpose of mentoring at-risk youth. Big Brothers Big Sisters of the Triangle, Inc., shall be required to seek future funding through the competitive grants process in accordance with subsection (d) of this section."

FUNDS FOR STATEWIDE HEALTH INFORMATION EXCHANGE

SECTION 12A.2.(a) It is the intent of the General Assembly:

- (1) To maximize receipt of federal funds for administration and support of the statewide health information exchange network (HIE Network).
- (2) To allow the North Carolina Health Information Exchange (NC HIE), the nonprofit corporation responsible for overseeing and administering the HIE Network, to receive the State's share of available federal funds for

administration and support of the HIE Network in order to reduce the operating costs of the HIE Network by an amount sufficient to allow for the elimination or reduction of the participation fee the NC HIE currently imposes on hospitals required to connect to the HIE Network pursuant to G.S. 90-413.3A.

- (3) Beginning with the 2015-2016 fiscal year, to make the Department of Health and Human Services, Division of Central Management and Support, responsible for using State funds to draw down available matching federal funds for administration and support of the HIE Network.

SECTION 12A.2.(b) From the funds appropriated in this act to the Department of Health and Human Services, Division of Central Management and Support, for the health information exchange for the 2014-2015 fiscal year, the Department shall allocate to the North Carolina Health Information Exchange, a nonprofit corporation, an amount sufficient to represent the State share for the maximum amount of approved federal matching funds for allowable Medicaid administrative costs related to the HIE Network.

SINGLE SYSTEM OF MEDICAID CLAIM ADJUDICATION FOR ENTITIES UNDER CONTRACT WITH THE DEPARTMENT OF HEALTH AND HUMAN SERVICES

SECTION 12A.3.(a) Section 12A.4(j) of S.L. 2013-360 reads as rewritten:

"SECTION 12A.4.(j) The Department shall plan and implement system modifications necessary to enable entities under contract with the Department to perform Medicaid claim adjudication in the replacement MMIS. The Department shall implement these system modifications by the earlier of ~~January 1, 2015~~, July 1, 2017, or prior to renewing any contract currently in effect with an entity required to perform Medicaid claim adjudication in the replacement MMIS pursuant to this section. Upon implementation of these system modifications, the Department shall require all Medicaid claim adjudication to be performed by the replacement MMIS, including all Medicaid claim adjudication performed by entities under contract with the Department. The Department may require entities under contract with the Department to contract directly with the State's Medicaid fiscal agent to provide technical support for Medicaid claim adjudication performed by the replacement MMIS for these entities, subject to prior approval of contract terms by the Department. The Department may charge entities under contract with the Department a fee not to exceed the amount necessary to cover the full operating cost of Medicaid claim adjudication performed by the replacement MMIS for these entities."

SECTION 12A.3.(b) Section 12A.4(k) of S.L. 2013-360, as amended by Section 4.11 of S.L. 2013-363, reads as rewritten:

"SECTION 12A.4.(k) Subsection (j) of this section becomes effective ~~January 1, 2015~~, January 1, 2016."

SECTION 12A.3.(c) The Department of Health and Human Services shall develop a plan to implement a single system of Medicaid claim adjudication compatible with the replacement Medicaid Management Information System (MMIS), to be used by all entities under contract with the Department until the Department implements system modifications necessary to enable these entities to perform Medicaid claim adjudication in the replacement MMIS. The Department shall submit the plan to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division no later than May 1, 2015.

SUBPART XII-B. DIVISION OF CHILD DEVELOPMENT AND EARLY EDUCATION

CHILD CARE SUBSIDY RATES/REVISE CO-PAYMENTS AND ELIGIBILITY CRITERIA

SECTION 12B.1. Section 12B.3 of S.L. 2013-360 reads as rewritten:

"CHILD CARE SUBSIDY RATES

"SECTION 12B.3.(a) ~~The Beginning September 1, 2014, the maximum gross annual income for initial eligibility, adjusted biennially, for subsidized child care services shall be seventy five percent (75%) of the State median income, adjusted for family size, determined based on a percentage of the federal poverty level as follows:~~

<u>AGE</u>	<u>INCOME PERCENTAGE LEVEL</u>
<u>0-5</u>	<u>200%</u>
<u>6-12</u>	<u>133%</u>

The eligibility for any child with special needs, including a child who is 13 years of age or older, shall be two hundred percent (200%) of the federal poverty level.

"SECTION 12B.3.(b) ~~Fees—Beginning September 1, 2014, fees for families who are required to share in the cost of care shall be established based on a ten percent (10%) of gross family income and adjusted for family size. Fees shall be determined as follows: income. Co-payments shall not be prorated for part-time care.~~

FAMILY SIZE	PERCENT OF GROSS FAMILY INCOME
1-3	10%
4-5	9%
6 or more	8%

"SECTION 12B.3.(b1) No later than January 1, 2015, the Department of Health and Human Services, Division of Child Development and Early Education, shall revise its child care subsidy policy to include in the policy's definition of "income unit" the following:

- (1) A stepparent and the stepparent's child, if applicable.
- (2) A nonparent relative caretaker, and the caretaker's spouse and child, if applicable, when the parent of the child receiving child care subsidy does not live in the home with the child.

...

"SECTION 12B.3.(h) ~~Payment for subsidized child care services provided with Work First Temporary Assistance for Needy Families Block Grant funds shall comply with all regulations and policies issued by the Division of Child Development for the subsidized child care program.~~

...."

**EARLY CHILDHOOD EDUCATION AND DEVELOPMENT INITIATIVES
ENHANCEMENTS/CODIFY TANF MAINTENANCE OF EFFORT
REQUIREMENT**

SECTION 12B.2. G.S. 143B-168.15(g) reads as rewritten:

"(g) Not less than thirty percent (30%) of the funds spent in each year of each local partnership's direct services allocation shall be used to expand child care subsidies. To the extent practicable, these funds shall be used to enhance the affordability, availability, and quality of child care services as described in this section. The North Carolina Partnership may increase this percentage requirement up to a maximum of fifty percent (50%) when, based upon a significant local waiting list for subsidized child care, the North Carolina Partnership determines a higher percentage is justified. Local partnerships shall spend an amount for child care subsidies that provides at least fifty-two million dollars (\$52,000,000) for the Temporary Assistance to Needy Families (TANF) maintenance of effort requirement and the Child Care Development Fund and Block Grant match requirement."

STUDY CHILD CARE SUBSIDY FOR 11- AND 12-YEAR OLDS

SECTION 12B.3.(a) The Department of Health and Human Services, Division of Child Development and Early Education, shall study child care subsidy for 11- and 12-year olds. The Division shall study (i) available options for 11- and 12- year olds for before and after school care, (ii) available resources other than child care subsidy to pay for before and after school care, and (iii) the average cost of care for 11- and 12- year olds.

SECTION 12B.3.(b) The Division shall report its findings and recommendations to the Joint Legislative Committee on Health and Human Services and the Fiscal Research Division no later than November 30, 2014.

REVISE CHILD CARE ALLOCATION FORMULA

SECTION 12B.4. Section 12B.4 of S.L. 2013-360 reads as rewritten:
"CHILD CARE ALLOCATION FORMULA

"SECTION 12B.4.(a) The Department of Health and Human Services shall allocate child care subsidy voucher funds to pay the costs of necessary child care for minor children of needy families. The mandatory thirty percent (30%) North Carolina Partnership for Children, Inc., subsidy allocation under G.S. 143B-168.15(g) shall constitute the base amount for each county's child care subsidy allocation. The Department of Health and Human Services shall use the following method when allocating federal and State child care funds, not including the aggregate mandatory thirty percent (30%) North Carolina Partnership for Children, Inc., subsidy allocation:

- (1) Funds shall be allocated to a county based upon the projected cost of serving children under age 11 in families with all parents working who earn less than ~~seventy five percent (75%) of the State median income.~~the applicable federal poverty level percentage set forth in Section 12B.3(a) of this act, as amended.
- (2) No county's allocation shall be less than ninety percent (90%) of its State fiscal year 2001-2002 initial child care subsidy allocation.
- (3) For fiscal years 2013-2014 and 2014-2015, the Division of Child Development and Early Education shall base the formula identified in subdivision (1) of this subsection on the same data source used for the 2012-2013 fiscal year.
- (4) The Department of Health and Human Services shall allocate to counties all State funds appropriated for child care subsidy and shall not withhold funds during the 2013-2014 and 2014-2015 fiscal years.

"SECTION 12B.4.(b) The Department of Health and Human Services may reallocate unused child care subsidy voucher funds in order to meet the child care needs of low-income families. Any reallocation of funds shall be based upon the expenditures of all child care subsidy voucher funding, including North Carolina Partnership for Children, Inc., funds within a county. Beginning with any funding reallocated in the 2013-2014 fiscal year, reallocated funds shall become part of a county's allocation formula in future fiscal years and, beginning with the 2014-2015 fiscal year, shall apply to both increased and decreased allocations."

SUBPART XII-C. DIVISION OF SOCIAL SERVICES

CHILD PROTECTIVE SERVICES IMPROVEMENT INITIATIVE

SECTION 12C.1.(a) Findings and Intent. – The General Assembly makes the following findings:

- (1) Child Protective Services' policy from the Department of Health and Human Services, Division of Social Services, recommends that the average child protective services caseload be no greater than 10 families at any time for

workers performing child protective services assessments and 10 families at any time for staff providing in-home services. However, data suggests that in 43 of the counties in this State, 21 have a caseload size of over 15 cases per worker; and further, in nine of those 21 counties, there is an average caseload size of over 20 cases per worker.

(2) During the 2013-2014 fiscal year, county departments of social services lost federal funding for child protective services under the Temporary Assistance of Needy Families (TANF) Block Grant and Title IV-E funding. However, the number of Child Protective Services investigations has grown by twenty percent (20%) from fiscal year 2002 to fiscal year 2012.

(3) There is no current, statewide data available on the performance of county departments of social services regarding child protective services.

(4) There exists the potential for a conflict of interest to arise when a county department of social services has been appointed as guardian for both (i) a child who is the subject of a report of abuse, neglect, or dependency that would be investigated by Child Protective Services and (ii) for the parent or legal guardian of the child.

It is the intent of the General Assembly to (i) reduce caseload size for Child Protective Services' workers to the recommended standard, (ii) provide adequate resources for county departments of social services to provide child protective services for abused, neglected, and dependent children, (iii) provide for a comprehensive evaluation of various functions and funding regarding child protective services, and (iv) study ways to reduce conflicts of interest regarding guardianship and child protective services. To that end, the General Assembly supports the initiatives and the allocation of funds for child welfare services as described in this section.

SECTION 12C.1.(b) Funds for Child Protective Services. – Of the funds appropriated in this act to the Department of Health and Human Services, Division of Social Services, the sum of eight million three hundred twenty-six thousand six hundred twenty-seven dollars (\$8,326,627) shall be allocated to provide additional child protective services workers at county departments of social services to reduce caseloads to the recommended standard.

SECTION 12C.1.(c) Funds for In-Home Services. – Of the funds appropriated in this act to the Department of Health and Human Services, Division of Social Services, the sum of four million five hundred thousand dollars (\$4,500,000) shall be allocated for Child Welfare in-home services to provide and coordinate interventions and services that focus on child safety and protection, family preservation, and the prevention of further abuse or neglect.

SECTION 12C.1.(d) Funds for Oversight of Child Welfare Services. – Of the funds appropriated in this act to the Department of Health and Human Services, Division of Social Services, the sum of seven hundred fifty thousand dollars (\$750,000) shall be allocated to fund nine positions to the Division to enhance oversight of child welfare services in county departments of social services. These positions shall be used to monitor, train, and provide technical assistance to the county departments of social services to ensure children and families are provided services that address the safety, permanency, and well-being of children served by child welfare services.

SECTION 12C.1.(e) Pilot Program. – Of the funds appropriated in this act to the Department of Health and Human Services, Division of Social Services, the sum of three hundred thousand dollars (\$300,000) shall be used to establish and implement a child protective services pilot program. The funds shall be used to enhance coordination of services and information among county departments of social services, local law enforcement agencies, the court system, guardian ad litem programs, and other agencies as deemed appropriate by the

Department. The Department shall determine the number of sites that may participate in the pilot program and include regions that are geographically diverse.

The Division shall make a progress report on the pilot program to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division no later than March 1, 2015. The Division shall make a final report of its findings and recommendations on the pilot program to the Joint Legislative Oversight Committee on Health and Human Services no later than March 1, 2016.

SECTION 12C.1.(f) Statewide Evaluation. – Of the funds appropriated in this act to the Department of Health and Human Services, Division of Social Services, the sum of seven hundred thousand dollars (\$700,000) shall be used to provide for a comprehensive, statewide evaluation of the State's child protective services system. The Division of Social Services shall contract for an independent evaluation of the system, which evaluation shall include developing recommendations on the following:

- (1) The performance of county departments of social services as related to child protective services.
- (2) Caseload sizes.
- (3) The administrative structure of the child protective services system in the State.
- (4) Any funding needs.
- (5) Child protective services' worker turnover.
- (6) Monitoring and oversight of county departments of social services.

The Division shall report the findings and recommendations from the evaluation to the Joint Legislative Oversight Committee on Health and Human Services no later than January 1, 2016.

SECTION 12C.1.(g) Study Conflicts of Interest/Public Guardianship and Child Protective Services. – The Department of Health and Human Services, Division of Social Services, shall study the issue of conflicts of interest in child welfare cases as related to public guardianship. In conducting the study, the Department shall consider the following regarding addressing potential conflicts of interest:

- (1) Creating internal firewalls to prevent information sharing and influence among staff members involved with the conflicting cases.
- (2) Creating a formal or an informal "buddy system" allowing a county with a conflict to refer a case to a neighboring county.
- (3) Referring the guardianship to a corporate guardian until the child welfare case is resolved.
- (4) Having the Department assume responsibility for either the guardianship or the child welfare case.
- (5) Recommending legislation to permit the clerk the option to appoint a public agency or official, other than the Director of Social Services, to serve as a disinterested public agent in exceptional circumstances only.
- (6) Any other issues specific to this matter the Department deems appropriate.

The Division shall submit a final report of its findings and recommendations to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division no later than February 1, 2015.

CLARIFY WORK FIRST FAMILY ASSISTANCE INCOME LEVELS

SECTION 12C.2. G.S. 108A-27.01 reads as rewritten:

"§ 108A-27.01. Income eligibility and payment level for Work First Family Assistance.

The maximum net family annual income eligibility standards for Work First Family Assistance are ~~the same standards of need for eligibility for the categorically needy under the Medicaid Program as provided in the table below.~~ The payment level for Work First Family Assistance shall be fifty percent (50%) of the standard of need."

<u>Family</u>	<u>Income</u>
<u>Size</u>	<u>Level</u>
<u>1</u>	<u>\$ 4,344</u>
<u>2</u>	<u>5,664</u>
<u>3</u>	<u>6,528</u>
<u>4</u>	<u>7,128</u>
<u>5</u>	<u>7,776</u>
<u>6</u>	<u>8,376</u>
<u>7</u>	<u>8,952</u>
<u>8</u>	<u>9,256"</u>

EASTERN BAND OF CHEROKEE INDIANS/ASSUMPTION BY TRIBE OF VARIOUS HUMAN SERVICES

SECTION 12C.3.(a) The purpose of this section is to enable the Eastern Band of Cherokee Indians to assume responsibility for certain social services, healthcare benefit programs, ancillary services, including Medicaid administrative and service related functions, and related reimbursements.

SECTION 12C.3.(b) Beginning October 1, 2014, the Eastern Band of Cherokee Indians shall begin assuming the responsibility for the Supplemental Nutrition Assistance Program (SNAP). When the Eastern Band of Cherokee Indians assumes responsibility for SNAP, then any State statutes, portions of statutes, or rules relating to the provision of social services regarding SNAP services by a county department of social services for members of the Eastern Band of Cherokee Indians shall no longer apply to the Tribe, and the functions, administration, and funding requirements relating to those social services are thereby delegated to the Eastern Band of Cherokee Indians.

No later than October 1, 2015, and with the exception of services related to special assistance, childcare, and adult care homes, the Eastern Band of Cherokee Indians shall assume responsibility for other programs as described under G.S. 108A-25(e), enacted in subsection (c) of this section. When the Eastern Band of Cherokee Indians assumes responsibility for any of those other programs, then any State statutes, portions of statutes, or rules relating to the provision of services for those programs by a county department of social services for members of the Eastern Band of Cherokee Indians shall no longer apply to the Tribe, and the functions, administration, and funding requirements relating to those programs are thereby delegated to the Eastern Band of Cherokee Indians.

SECTION 12C.3.(c) G.S. 108A-25 reads as rewritten:

"§ 108A-25. Creation of ~~programs~~ programs; assumption by federally recognized tribe of programs.

...

(e) When any federally recognized Native American tribe within the State assumes responsibility for any social services, healthcare benefit programs, and ancillary services, including Medicaid administrative and service functions, that are otherwise the responsibility of a county under State law, then, notwithstanding any other provision of law, the county shall be relieved of the legal responsibility related to the tribe's assumption of those services."

SECTION 12C.3.(d) G.S. 108A-87 reads as rewritten:

"§ 108A-87. Allocation of nonfederal shares.

(a) The nonfederal share of the annual cost of each public assistance and social services program and related administrative costs may be divided between the State and counties as determined by the General Assembly and in a manner consistent with federal laws and regulations.

(b) The nonfederal share of the annual cost of public assistance and social services programs and related administrative costs provided to Indians living on federal reservations held in trust by the United States on their behalf shall be borne entirely by the State.

(c) Notwithstanding subsections (a) and (b) of this section, when the Eastern Band of Cherokee Indians assumes responsibility for a program described under G.S. 108A-25(e), the following shall occur:

(1) Nonfederal matching funds designated to Jackson and Swain counties to serve the Eastern Band of Cherokee Indians for that program previously borne by the State shall be allocated directly to the Eastern Band of Cherokee Indians rather than to those counties.

(2) Any portion of nonfederal matching funds borne by counties for public assistance and social services programs and related administrative costs shall be borne by the Eastern Band of Cherokee Indians."

SECTION 12C.3.(e) The Department of Health and Human Services, Division of Medical Assistance, shall submit to the Centers of Medicare and Medicaid Services (CMS) any Medicaid state plan amendments necessary to effectuate the changes required by this section no later than October 1, 2014. The state plan amendments shall have an effective date no later than October 1, 2015.

SUBPART XII-D. DIVISION OF AGING AND ADULT SERVICES

ELIGIBILITY FOR STATE-COUNTY SPECIAL ASSISTANCE PROGRAM

SECTION 12D.1.(a) G.S. 108A-41(b) reads as rewritten:

"(b) Assistance shall be granted to any person ~~who~~who meets all of the following criteria:

(1) Meets one of the following:

a. Is 65 years of age ~~and older, is or older.~~

b. Is between the ages of 18 and 65, and is permanently and totally disabled or is legally blind pursuant to ~~G.S. 111-11; and~~G.S. 111-11.

(2) Meets one of the following:

a. ~~Has~~Applies for assistance prior to November 1, 2014, and has both (i) insufficient income ~~or~~and (ii) insufficient other resources to provide a reasonable subsistence compatible with decency and health as determined by the rules and regulations of the Social Services Commission; andCommission in effect at the time of application.

b. Applies for assistance on or after November 1, 2014, and has both (i) income at or below one hundred percent (100%) of the federal poverty level guidelines published by the United States Department of Health and Human Services and (ii) insufficient other resources to provide a reasonable subsistence compatible with decency and health as determined by the rules and regulations of the Social Services Commission.

(3) Is one of the following:

a. A resident of North Carolina for at least 90 days immediately prior to receiving this ~~assistance;~~assistance.

- b. ~~A person coming to North Carolina to join a close relative who has resided in North Carolina for at least 180 consecutive days immediately prior to the person's application. The close relative shall furnish verification of his or her residency to the local department of social services at the time the applicant applies for special assistance. As used in this sub-subdivision, a close relative is the person's parent, grandparent, brother, sister, spouse, or child; or~~
- c. A person discharged from a State facility who was a patient in the facility as a result of an interstate mental health ~~compact~~ compact that requires the State to continue treating the person within the State. As used in this sub-subdivision the term State facility is a facility listed under G.S. 122C-181."

SECTION 12D.1.(b) This section shall not affect the eligibility of State-County Special Assistance applicants approved to receive State-County Special Assistance benefits prior to November 1, 2014.

STATE-COUNTY SHARE OF COSTS FOR SPECIAL ASSISTANCE PROGRAM

SECTION 12D.2. G.S. 143B-139.5 reads as rewritten:

"§ 143B-139.5. Department of Health and Human Services; adult care State/county share of costs; maintenance of State/county budget allocations costs for State-County Special Assistance programs.

State funds available to the Department of Health and Human Services shall pay fifty percent (50%), and the counties shall pay fifty percent (50%) of the authorized rates for care in adult care homes including area mental health agency-operated or contracted-group homes. ~~The Department shall maintain the State's appropriation to the State-County Special Assistance program at one hundred percent (100%) of the State certified budget enacted by the General Assembly for the 2012-2013 fiscal year. The Department shall use these appropriated funds for the State's appropriation to the State-County Special Assistance program, program for this program, for the State-County Special Assistance in-home program, and for rental assistance. Each county department of social services shall maintain its allocation to the State-County Special Assistance program at one hundred percent (100%) of the county funds budgeted for this program for the 2011-2012 fiscal year. Each county shall use these county funds budgeted for the State-County Special Assistance program, program for this program, for the State-County Special Assistance in-home program, and for rental assistance."~~

EXAMINATION OF WAYS TO IMPROVE THE PUBLIC GUARDIANSHIP SYSTEM

SECTION 12D.3.(a) The Department of Health and Human Services (Department), Division of Aging and Adult Services, shall collaborate with the Administrative Office of the Courts to develop a plan regarding the Department's evaluation of complaints pertaining to wards under the care of publicly funded guardians in order to ensure that, in addition to current requirements, the complaint process incorporates a face-to-face observation of the ward, an interview with the ward, or both. The plan shall include a requirement that an individual with experience in understanding the unique needs and abilities of the ward be assigned to conduct the observation or interview.

SECTION 12D.3.(b) The Department shall continue utilizing existing safeguards regarding guardians as paid service providers. In addition, the Division of Aging and Adult Services shall consult with the clerks of superior court, local management entities that have been approved as managed care organizations, the North Carolina Bar Association Section on Elder Law, and any other interested groups to develop a model plan for transitioning a ward to an alternative guardianship arrangement when an individual guardian of the person becomes

unable or unwilling to serve. The model plan shall focus on ways to prevent the appointment of a public guardian.

SECTION 12D.3.(c) The Department shall continue to study whether utilization of care coordination services would provide needed oversight to safeguard against conflicts of interest when guardians serve as paid providers.

SECTION 12D.3.(d) The Department shall submit a final report of its findings and recommendations for each of the issues described in subsections (a) through (c) of this section to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division no later than October 1, 2014.

STATUS REPORTS FILED BY CORPORATIONS OR DISINTERESTED PUBLIC AGENTS SERVING AS GUARDIANS FOR INCOMPETENT WARDS

SECTION 12D.4.(a) G.S. 35A-1202(14) reads as rewritten:

"(14) "Status report" means the report required by G.S. 35A-1242 to be filed by the general guardian or guardian of the person. ~~A status report shall include a report of a recent medical and dental examination of the ward by one or more physicians or dentists, a report on the guardian's performance of the duties set forth in this Chapter and in the clerk's order appointing the guardian, and a report on the ward's condition, needs, and development. The clerk may direct that the report contain other or different information. The report may also contain, without limitation, reports of mental health or mental retardation professionals, psychologists, social workers, persons in loco parentis, a member of a multidisciplinary evaluation team, a designated agency, a disinterested public agent or agency, a guardian ad litem, a guardian of the estate, an interim guardian, a successor guardian, an officer, official, employee or agent of the Department of Health and Human Services, or any other interested persons including, if applicable to the ward's situation, group home parents or supervisors, employers, members of the staff of a treatment facility, or foster parents.~~"

SECTION 12D.4.(b) G.S. 35A-1242 reads as rewritten:

"§ 35A-1242. Status reports for incompetent wards.

(a) Any corporation or disinterested public agent that is guardian of the person for an incompetent person, within six months after being appointed, shall file an initial status report with ~~the designated agency, if there is one, or with the clerk. the clerk and submit a copy of the initial status report to the designated agency, if there is one.~~ Such guardian shall file a second status report with ~~the designated agency or the clerk one year after being appointed, and subsequent reports annually thereafter. The clerk may order any other guardian of the person to file status reports. If a guardian required by this section to file a status report is employed by the designated agency, the guardian shall file any required status report with both the designated agency and the clerk.~~ the clerk and submit a copy of the status report to the designated agency.

(a1) Each status report shall include all of the following:

- (1) A report of recent medical and dental examinations of the ward by one or more physicians and dentists.
- (2) A report on the guardian's performance of the duties set forth in this Chapter and in the clerk's order appointing the guardian.
- (3) A report on the ward's residence, education, employment, and rehabilitation or habilitation.
- (4) A report of the guardian's efforts to restore competency.
- (5) A report of the guardian's efforts to seek alternatives to guardianship.

(6) If the guardian is a disinterested public agent or corporation, a report of the efforts to identify alternative guardians.

(7) The guardian's recommendations for implementing a more limited guardianship, preserving for the ward the opportunity to exercise rights that are within the ward's comprehension and judgment.

(8) Any additional reports or information required by the clerk.

(a2) The guardian may include in each status report additional information pertaining to the ward's best interests.

(b) Each status report shall be filed under the guardian's oath or affirmation that the report is complete and accurate so far as ~~he~~the guardian is informed and can determine.

(c) A clerk or designated agency that receives a status report shall not make the status report available to anyone other than the guardian, the ward, the court, or State or local human resource services agencies providing services to the ward.

(d) The clerk, on the clerk's own motion, or any interested party, may file a motion in the cause pursuant to G.S. 35A-1207 with the clerk in the county where the guardianship is docketed to request modification of the order appointing the guardian or guardians or for consideration of any matters contained in the status report."

SECTION 12D.4.(c) This section becomes effective October 1, 2014.

SUBPART XII-E. DIVISION OF PUBLIC HEALTH

CHILDREN'S DEVELOPMENTAL SERVICES AGENCIES

SECTION 12E.1. Section 12E.4 of S.L. 2013-360 reads as rewritten:

~~"SECTION 12E.4. SECTION 12E.4.(a)~~ In order to achieve the reduced amount of State funds appropriated in this act for the Children's Developmental ~~Service~~Services Agencies (CDSAs) program, the Department of Health and Human Services, Division of Public Health, ~~may shall~~ close up to four State-operated CDSAs, effective ~~July 1, 2014. January 1, 2015.~~ The Department shall retain the CDSA located in the City of Morganton and the CDSAs with the highest caseloads of children residing in rural and medically underserved areas. ~~If the Department elects to close one or more CDSAs pursuant to this section, it~~ The Department shall submit a report to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division no later than ~~March 1, 2014, March 1, 2015,~~ identifying the CDSAs selected for closure.

~~"SECTION 12E.4.(b)~~ For the 2014-2015 fiscal year, the Department shall maintain the same eligibility requirements for the CDSA program that were in effect on June 30, 2013."

REDIRECTION OF SCHOOL NURSE FUNDING INITIATIVE TO TIER 1 COUNTIES

SECTION 12E.2. Section 12E.3 of S.L. 2013-360 reads as rewritten:

~~"SECTION 12E.3.(a)~~ All funds appropriated in this act for the School Nurse Funding Initiative for the 2014-2015 fiscal year shall be distributed only to local health departments located in counties designated as Tier 1 counties by the North Carolina Department of Commerce. These funds shall be used to supplement and not supplant other State, local, or federal funds appropriated or allocated for this purpose. Communities ~~All Tier 1 counties~~ shall maintain their current level of effort and funding for school nurses. These funds shall not be used to fund nurses for State agencies. These funds shall be distributed to local health departments according to a formula that includes all of the following:

(1) School nurse-to-student ratio.

(2) Percentage of students eligible for free or reduced meals.

(3) Percentage of children in poverty.

- (4) Per capita income.
- (5) Eligibility as a low-wealth county.
- (6) Mortality rates for children between one and 19 years of age.
- (7) Percentage of students with chronic illnesses.
- (8) Percentage of county population consisting of minority persons.

"SECTION 12E.3.(b) The Division of Public Health shall ensure that school nurses ~~funded with State funds located in counties designated as Tier 1 counties, who are funded by appropriations for the School Nurse Funding Initiative for the 2014-2015 fiscal year~~ (i) do not assist in any instructional or administrative duties associated with a school's curriculum and (ii) perform all of the following with respect to school health programs:

- (1) Serve as the coordinator of the health services program and provide nursing care.
- (2) Provide health education to students, staff, and parents.
- (3) Identify health and safety concerns in the school environment and promote a nurturing school environment.
- (4) Support healthy food services programs.
- (5) Promote healthy physical education, sports policies, and practices.
- (6) Provide health counseling, assess mental health needs, provide interventions, and refer students to appropriate school staff or community agencies.
- (7) Promote community involvement in assuring a healthy school and serve as school liaison to a health advisory committee.
- (8) Provide health education and counseling and promote healthy activities and a healthy environment for school staff.
- (9) Be available to assist the county health department during a public health emergency.

"SECTION 12E.3.(c) Section 6.9(b) of S.L. 2011-145, as amended by Section 6.2 of S.L. 2012-142, is repealed."

INCREASED FEE FOR PRIVATE WELL-WATER TESTING

SECTION 12E.3.(a) G.S. 130A-5(16) reads as rewritten:

"(16) To charge a fee of up to ~~fifty-five dollars (\$55.00)~~ seventy-four dollars (\$74.00) for analyzing private well-water samples sent to the State Laboratory of Public Health by local health departments. The fee shall be imposed only for analyzing samples from newly constructed and existing wells. The fee shall be computed annually by the Director of the State Laboratory of Public Health by analyzing the previous year's testing at the State Laboratory of Public Health, and applying the amount of the total cost of the private well-water testing, minus State appropriations that support this effort. The fee includes the charge for the private well-water panel test kit."

SECTION 12E.3.(b) Subsection (a) of this section becomes effective July 1, 2014, and applies to private well-water samples analyzed on or after that date.

TRANSFER OF ON-SITE WATER PROTECTION BRANCH FROM DIVISION OF PUBLIC HEALTH TO DIVISION OF WATER RESOURCES, DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

SECTION 12E.4.(a) The On-Site Water Protection Branch of the Environmental Section of the Division of Public Health within the Department of Health and Human Services, is hereby transferred to the Division of Water Resources within the Department of Environmental and Natural Resources, by a Type I transfer, as defined in G.S. 143A-6, where it will be known as the On-Site Water Protection Section.

SECTION 12E.4.(b) G.S. 90A-51(2a) reads as rewritten:

"(2a) "Environmental health practice" means the provision of environmental health services, including administration, organization, management, education, enforcement, and consultation regarding environmental health services provided to or for the public. These services are offered to prevent environmental hazards and promote and protect the health of the public in the following areas: food, lodging, and institutional sanitation; on-site wastewater treatment and disposal; public swimming pool sanitation; childhood lead poisoning prevention; well permitting and inspection; tattoo parlor sanitation; and all other areas of environmental health requiring the delegation of authority by the Division of Public Health of the Department of Health and Human Services or the On-Site Water Protection Section of the Division of Water Resources of the Department of Environment and Natural Resources to State and local environmental health professionals to enforce rules adopted by the Commission for Public ~~Health~~. Health or the Environmental Management Commission. The definition also includes local environmental health professionals enforcing rules of local boards of health for on-site wastewater systems and wells."

SECTION 12E.4.(c) G.S. 90A-55(a) reads as rewritten:

"(a) Board Membership. – The Board shall consist of ~~12~~ nine members who shall serve staggered terms: the Secretary of ~~Health and Human Services~~, Environment and Natural Resources or the Secretary's duly authorized representative, one public-spirited citizen, ~~one environmental sanitation educator from an accredited college or university, one local health director,~~ a representative of the Division of Public Health of the Department of Health and Human Services, and ~~seven~~ six practicing environmental health ~~specialists~~ specialists, including one environmental sanitation educator from an accredited college or university, and one local health director, who qualify by education and experience for registration under this ~~Article, six of whom~~ Article. The six members who are practicing environmental health specialists shall represent the Western, Piedmont, and Eastern Regions of the State as described more specifically in the rules adopted by the Board.

SECTION 12E.4.(d) Transition of Membership of the Board of Environmental Health Specialist Examiners. –

- (1) The terms of all members of the Board of Environmental Health Specialist Examiners as of the effective date of this act shall expire on July 31, 2014. A new Board of nine members shall be appointed consistent with the requirements specified in G.S. 90A-55(a), as amended by subsection (c) of this section.
- (2) Notwithstanding the provisions of G.S. 90A-55(b), the initial term of office for the following persons appointed to the Board of Environmental Health Specialist Examiners shall be two years: (i) one public-spirited citizen, (ii) a representative of the Division of Public Health of the Department of Health and Human Services, and (iii) three practicing environmental health specialists. At the end of these initial two-year appointments, the term of office for their successors shall be four years. The remaining members of the Board shall be appointed for an initial term of four years and the term of office for their successors shall be four years. Initial terms shall begin on August 1, 2014, and expire on July 31 of the year of expiration as set forth in this subdivision.

SECTION 12E.4.(e) G.S. 90A-71(4) reads as rewritten:

"(4) "Department" means the Department of ~~Health and Human Services~~ Environment and Natural Resources."

SECTION 12E.4.(f) G.S. 90A-81(b) reads as rewritten:

"(b) Arbitration. – The Board may establish a voluntary arbitration procedure to resolve complaints concerning a certified contractor or inspector or any work performed by a certified contractor or inspector, or conflicts involving any certified contractor or inspector and ~~the Division of Public Health of the Department or a local health department.~~"

SECTION 12E.4.(g) G.S. 130A-4(c) reads as rewritten:

"(c) The Secretary of Environment and Natural Resources shall administer and enforce the provisions of ~~Articles 9 and 10~~ Articles 9, 10, and 11 of this Chapter and the rules of the Commission.

SECTION 12E.4.(h) G.S. 130A-17(b) reads as rewritten:

"(b) The Secretary of Environment and Natural Resources and a local health director shall have the same rights enumerated in subsection (a) of this section to enforce the provisions of ~~Articles 9 and 10~~ Articles 9, 10, and 11 of this Chapter."

SECTION 12E.4.(i) G.S. 130A-18(b) reads as rewritten:

"(b) The Secretary of Environment and Natural Resources and a local health director shall have the same rights enumerated in subsection (a) of this section to enforce the provisions of ~~Articles 9 and 10~~ Articles 9, 10, and 11 of this Chapter."

SECTION 12E.4.(j) G.S. 130A-19(b) reads as rewritten:

"(b) The Secretary of Environment and Natural Resources and a local health director shall have the same rights enumerated in subsection (a) of this section to enforce the provisions of ~~Articles 9 and 10~~ Articles 9, 10, and 11 of this Chapter."

SECTION 12E.4.(k) G.S. 130A-20(b) reads as rewritten:

"(b) The Secretary of Environment and Natural Resources and a local health director shall have the same rights enumerated in subsection (a) of this section to enforce the provisions of ~~Articles 9 and 10~~ Articles 9, 10, and 11 of this Chapter."

SECTION 12E.4.(l) G.S. 130A-22(c) reads as rewritten:

"(c) The Secretary of Environment and Natural Resources may impose an administrative penalty on a person who willfully violates Article 11 of this Chapter, rules adopted by the Commission pursuant to Article 11 or any condition imposed upon a permit issued under Article 11. An administrative penalty may not be imposed upon a person who establishes that neither the site nor the system may be improved or a new system installed so as to comply with Article 11 of this Chapter. Each day of a continuing violation shall constitute a separate violation. The penalty shall not exceed fifty dollars (\$50.00) per day in the case of a wastewater collection, treatment and disposal system with a design daily flow of no more than 480 gallons or in the case of any system serving a single one-family dwelling. The penalty shall not exceed three hundred dollars (\$300.00) per day in the case of a wastewater collection, treatment and disposal system with a design daily flow of more than 480 gallons which does not serve a single one-family dwelling."

SECTION 12E.4.(m) G.S. 130A-23(e) reads as rewritten:

"(e) The Secretary of Environment and Natural Resources shall have all of the applicable rights enumerated in this section to enforce the provisions of ~~Articles 9 and 10~~ Articles 9, 10, and 11 of this Chapter."

SECTION 12E.4.(n) G.S. 130A-24(e) reads as rewritten:

"(e) The appeals procedures enumerated in this section shall apply to appeals concerning the enforcement of rules, the imposition of administrative penalties, or any other action taken by the Department of Environment and Natural Resources pursuant to ~~Articles 8, 9, 10, 11, and 12~~ Articles 9, 10, and 11 of this Chapter."

SECTION 12E.4.(o) G.S. 130A-34.1(a) reads as rewritten:

"(a) The Local Health Department Accreditation Board is established within the North Carolina Institute for Public Health. The Board shall be composed of 17 members appointed by the Secretary of the Department of Health and Human Services as follows:

(1) Four shall be county commissioners recommended by the North Carolina Association of County Commissioners, and four shall be members of a local board of health as recommended by the Association of North Carolina Boards of Health.

(2) Three local health directors.

(3) ~~Three~~ Two staff members from the Division of Public Health, Department of Health and Human Services.

(4) ~~Repealed by Session Laws 2011-145, s. 13.3(zz), effective July 1, 2011. One~~
staff member from the Division of Environmental Health, recommended by the Secretary of Environment and Natural Resources.

(5) Three at large."

SECTION 12E.4.(p) G.S. 130A-334(1) is recodified as G.S. 130A-334(1a).

SECTION 12E.4.(q) G.S. 130A-334 (1a) is recodified as G.S. 130A-334(1b) and reads as rewritten:

~~"(1a)(1b) "Department" means the Department of Health and Human Services.~~
Environmental and Natural Resources."

SECTION 12E.4.(r) G.S. 130A-334 is amended by adding a new subdivision to read:

"(1) "Commission" means the Environmental Management Commission."

SECTION 12E.4.(s) G.S. 130A-335(b) reads as rewritten:

"(b) ~~All wastewater~~ Wastewater systems including all of the following shall be regulated by the Department under rules adopted by the ~~Commission except for the following wastewater systems that shall be regulated by the Department under rules adopted by the Environmental Management Commission:~~

(1) Wastewater collection, treatment, and disposal systems designed to discharge effluent to the land surface or surface waters.

(2) Wastewater systems designed for groundwater remediation, groundwater injection, or landfill leachate collection and disposal.

(3) Wastewater systems designed for the complete recycle or reuse of industrial process wastewater.

(4) Gray water systems as defined in G.S. 143-350."

SECTION 12E.4.(t) G.S. 130A-335(h) reads as rewritten:

"(h) Except as provided in this subsection, a chemical or portable toilet may be placed at any location where the chemical or portable toilet can be operated and maintained under sanitary conditions. A chemical or portable toilet shall not be used as a replacement or substitute for a water closet or urinal where a water closet or urinal connected to a permanent wastewater treatment system is required by the North Carolina State Building Code, except that a chemical or portable toilet may be used to supplement a water closet or urinal during periods of peak use. A chemical or portable toilet shall not be used as an alternative to the repair of a water closet, urinal, or wastewater treatment system. It shall be unlawful to discharge sewage or other waste from a chemical or portable toilet used for human waste except into a wastewater system that has been approved by the Department under rules adopted by the Commission ~~or by the Environmental Management Commission~~ or at a site that is permitted by the Department under G.S. 130A-291.1."

SECTION 12E.4.(u) The Revisor of Statutes may conform names and titles changed by this section, and may correct statutory references as required by this section,

throughout the General Statutes. In making the changes authorized by this section, the Revisor may also adjust subject and verb agreement and the placement of conjunctions.

PROGRAM EVALUATION STUDY OF CHIEF MEDICAL EXAMINER'S OFFICE

SECTION 12E.5. The Joint Legislative Program Evaluation Oversight Committee shall consider including in the 2014-2015 Work Plan for the Program Evaluation Division of the General Assembly a study on ways to improve North Carolina's medical examiner system. The study shall include (i) an evaluation of the Office of the Chief Medical Examiner within the Epidemiology Section of the Department of Health and Human Services, Division of Public Health, and that Office's policies and procedures with respect to death investigations and (ii) recommendations for best practices in death investigations to achieve greater efficiencies.

SUBPART XII-F. DIVISION OF MH/DD/SAS AND STATE OPERATED HEALTHCARE FACILITIES

TRAUMATIC BRAIN INJURY FUNDING

SECTION 12F.1. Of the funds appropriated to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, for the 2014-2015 fiscal year, the sum of two million three hundred seventy-three thousand eighty-six dollars (\$2,373,086) shall be used exclusively to support traumatic brain injury (TBI) services as follows:

- (1) The sum of three hundred fifty-nine thousand two hundred eighteen dollars (\$359,218) shall be used to fund contracts with the Brain Injury Association of North Carolina and Carolinas Rehabilitation.
- (2) The sum of seven hundred ninety-six thousand nine hundred thirty-four dollars (\$796,934) shall be used to support residential programs across the State that are specifically designed to serve individuals with TBI.
- (3) The sum of one million two hundred sixteen thousand nine hundred thirty-four dollars (\$1,216,934) shall be used to support requests submitted by individual consumers for assistance with residential support services, home modifications, transportation, and other requests deemed necessary by the consumer's local management entity and primary care physician.

CLOSURE OF WRIGHT SCHOOL

SECTION 12F.2.(a) The Department of Health and Human Services shall not allow any new admissions or readmissions to the Wright School after July 1, 2014. The Department shall, in consultation with local management entities that are approved to operate as managed care organizations, develop a plan to transition all students enrolled at the Wright School to other appropriate educational and treatment settings.

SECTION 12F.2.(b) By September 30, 2014, the Department shall permanently cease operations at the Wright School.

SECTION 12F.2.(c) G.S. 122C-181(a)(5)b. is repealed effective October 1, 2014.

REPORT ON STRATEGIES FOR IMPROVING MENTAL HEALTH, DEVELOPMENTAL DISABILITIES, AND SUBSTANCE ABUSE SERVICES

SECTION 12F.3.(a) The Department of Health and Human Services (Department) shall submit a report to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division by November 1, 2014, that includes all of the following components:

- (1) A strategy for improving communication and coordination among all divisions within the Department that administer funds or programs related to the delivery of behavioral health services, especially regarding the most appropriate and efficient uses of public and private inpatient behavioral health services. The Department shall include as part of its strategy a process to address shortages and deficiencies identified in the annual State Medical Facilities Plan.
- (2) A plan developed in collaboration with local management entities that have been approved to operate as managed care organizations (LME/MCOs) to increase access to, and availability of, community-based outpatient crisis and emergency services for the stabilization and treatment of individuals experiencing mental health, developmental disability, or substance abuse crises in settings other than local hospital emergency departments and State-operated psychiatric hospitals.
- (3) A plan to ensure that a comprehensive array of outpatient treatment and crisis prevention and intervention services are available and accessible to children, adolescents, and adults in every LME/MCO catchment area. The plan shall ensure that an adequate number of crisis stabilization units are available in each LME/MCO catchment area.
- (4) Findings and recommendations for increasing the inventory of inpatient psychiatric and substance abuse services within the State. In developing its findings and recommendations, the Department shall examine the advantages and disadvantages of increasing this inventory of services through (i) additional State-operated facilities, (ii) community hospital beds, (iii) United States Department of Veterans Affairs beds, and (iv) community-based services that decrease the need for inpatient treatment.
- (5) A plan for offering hospitals and other entities incentives to apply for licenses to begin offering new inpatient behavioral health services, or to begin operating existing licensed beds that are currently unstaffed, or both.
- (6) Recommendations on the use of the existing Cherry Hospital buildings after patients and operations are relocated to the replacement facility. In developing its findings and recommendations, the Department shall conduct a study that includes development of an inventory and assessment of the condition of every building located on the existing Cherry Hospital campus. The study shall include an examination of the feasibility of using the existing Cherry Hospital facility to provide community-based and facility-based behavioral health services, including additional child and adolescent inpatient beds.
- (7) A method by which the Division of Health Service Regulation can begin tracking and separately reporting no later than January 1, 2015, on the inventory of inpatient behavioral health beds for children ages six through 12 and for adolescents over age 12.
- (8) A status update on the implementation of each component of the 2008 Mental Health Commission Workforce Development Plan.

SECTION 12F.3.(b) The Department shall submit a report to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division by March 1, 2015, that includes all of the following components:

- (1) A comprehensive strategy, developed in collaboration with stakeholders deemed relevant by the Department, to address the dearth of licensed child

and adolescent inpatient psychiatric beds throughout the State. The strategy shall:

- a. Ensure that an adequate inventory of child and adolescent beds are available in each LME/MCO catchment area.
- b. Include the development and implementation of a child and adolescent psychiatric bed registry to provide real-time information on the number of beds available at each licensed inpatient facility in the State.

- (2) Recommendations for meaningful outcome measures to be implemented by State-operated alcohol and drug abuse treatment centers to assess the impact of inpatient treatment on an individual's substance use following discharge from a State-operated alcohol and drug abuse treatment center. The recommendations shall include a proposed time line for implementation of these outcome measures.

SUBPART XII-G. DIVISION OF HEALTH SERVICE REGULATION

TECHNICAL CORRECTION TO CERTIFICATE OF NEED EXEMPTION FOR REPLACEMENT OF PREVIOUSLY APPROVED EQUIPMENT

SECTION 12G.1.(a) G.S. 131E-184(f) reads as rewritten:

"(f) The Department shall exempt from certificate of need review the purchase of any replacement equipment that exceeds the two million dollar (\$2,000,000) threshold set forth in ~~G.S. 131E-176(22)~~ G.S. 131E-176(22a) if all of the following conditions are met:

- (1) The equipment being replaced is located on the main campus.
- (2) The Department has previously issued a certificate of need for the equipment being replaced. This subdivision does not apply if a certificate of need was not required at the time the equipment being replaced was initially purchased by the licensed health service facility.
- (3) The licensed health service facility proposing to purchase the replacement equipment shall provide prior written notice to the Department, along with supporting documentation to demonstrate that it meets the exemption criteria of this subsection."

SECTION 12G.1.(b) This section is effective when it becomes law.

HEALTH CARE COST REDUCTION AND TRANSPARENCY ACT REVISIONS

SECTION 12G.2. G.S. 131E-214.13 reads as rewritten:

"§ 131E-214.13. Disclosure of prices for most frequently reported DRGs, CPTs, and HCPCSs.

- (a) The following definitions apply in this Article:

- (1) Ambulatory surgical facility. – A facility licensed under Part 4 of Article 6 of this Chapter.
- (2) Commission. – The North Carolina Medical Care Commission.
- (3) Health insurer. – ~~As defined in G.S. 108A-55.4, provided that "health insurer" shall not include self-insured plans and group health plans as defined in section 607(1) of the Employee Retirement Income Security Act of 1974.~~ Includes self-insured plans, group health plans (as defined in section 607(1) of the Employee Retirement Income Security Act of 1974, [29 U.S.C. § 1167(1)]), service benefit plans, managed care organizations, or other parties that are, by statute, contract, or agreement, legally responsible for

payment of a claim for a health care item or service as a condition of doing business in the State.

(4) Hospital. – A medical care facility licensed under Article 5 of this Chapter or under Article 2 of Chapter 122C of the General Statutes.

(5) Public or private third party. – Includes the State, the federal government, employers, health insurers, third-party administrators, and managed care organizations.

(b) Beginning with the quarter ending June 30, 2014, and quarterly thereafter, each hospital shall provide to the Department of Health and Human Services, utilizing electronic health records software, the following information about the 100 most frequently reported admissions by DRG for inpatients as established by the ~~Commission~~ Department:

(1) The amount that will be charged to a patient for each DRG if all charges are paid in full without a public or private third party paying for any portion of the charges.

(2) The average negotiated settlement on the amount that will be charged to a patient required to be provided in subdivision (1) of this subsection.

(3) The amount of Medicaid reimbursement for each DRG, including claims and pro rata supplemental payments.

(4) The amount of Medicare reimbursement for each DRG.

(5) For each of the five largest health insurers providing payment to the hospital on behalf of insureds and teachers and State employees, the range and the average of the amount of payment made for each DRG. Prior to providing this information to the Department, each hospital shall redact the names of the health insurers and any other information that would otherwise identify the health insurers.

A hospital shall not be required to report the information required by this subsection for any of the 100 most frequently reported admissions where the reporting of that information reasonably could lead to the identification of the person or persons admitted to the hospital in violation of the federal Health Insurance Portability and Accountability Act of 1996 (HIPAA) or other federal law.

(c) The Commission shall adopt rules on or before March 1, 2014, to ensure that subsection (b) of this section is properly implemented and that hospitals report this information to the Department in a uniform manner. The rules shall include all of the following:

(1) The method by which the Department shall determine the 100 most frequently reported DRGs for inpatients for which hospitals must provide the data set out in subsection (b) of this section.

(2) Specific categories by which hospitals shall be grouped for the purpose of disclosing this information to the public on the Department's Internet Web site.

(d) Beginning with the quarter ending September 30, 2014, and quarterly thereafter, each hospital and ambulatory surgical facility shall provide to the Department, utilizing electronic health records software, information on the total costs for the 20 most common surgical procedures and the 20 most common imaging procedures, by volume, performed in hospital outpatient settings or in ambulatory surgical facilities, along with the related CPT and HCPCS codes. Hospitals and ambulatory surgical facilities shall report this information in the same manner as required by subdivisions (b)(1) through (5) of this section, provided that hospitals and ambulatory surgical facilities shall not be required to report the information required by this subsection where the reporting of that information reasonably could lead to the identification of the person or persons admitted to the hospital in violation of the federal Health Insurance Portability and Accountability Act of 1996 (HIPAA) or other federal law.

(e) The Commission shall adopt rules on or before June 1, 2014, to ensure that subsection (d) of this section is properly implemented and that hospitals and ambulatory surgical facilities report this information to the Department in a uniform manner. The rules shall include the ~~list of method by which the Department shall determine the 20 most common surgical procedures and the 20 most common imaging procedures, by volume, performed in a hospital outpatient setting and those performed in an ambulatory surgical facility, along with the related CPT and HCPCS codes.~~ procedures for which the hospitals must provide the data set out in subsection (d) of this section.

(f) Upon request of a patient for a particular DRG, imaging procedure, or surgery procedure reported in this section, a hospital or ambulatory surgical facility shall provide the information required by subsection (b) or subsection (d) of this section to the patient in writing, either electronically or by mail, within three business days after receiving the request.

(g) G.S. 150B-21.3 does not apply to rules adopted under this section. A rule adopted under this section becomes effective on the last day of the month following the month in which the rule is approved by the Commission."

STUDY CONCERNING EXPANSION OF HEALTH CARE COST REDUCTION AND TRANSPARENCY ACT TO ADDITIONAL HEALTH CARE PROVIDERS

SECTION 12G.3. By December 1, 2014, the Department of Health and Human Services shall study and submit a written report to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division summarizing its recommendations for extending North Carolina's Health Care Cost Reduction and Transparency Act of 2013 (the Act) to additional health care providers. The report shall identify all of the following:

- (1) Recommended categories of additional health care providers that should be subject to the requirements of the Act.
- (2) Recommended data to be collected for the purpose of transparency from each category of identified health care providers.
- (3) Recommended exemptions, if any, from certain requirements of the Act for each category of identified health care providers.
- (4) Recommended effective dates for the applicability of the Act to each category of identified health care providers.

MORATORIUM ON HOME CARE AGENCY LICENSES FOR IN-HOME AIDE SERVICES

SECTION 12G.4.(a) Notwithstanding the provisions of the Home Care Agency Licensure Act set forth in Part 3 of Article 6 of Chapter 131E of the General Statutes or any rules adopted pursuant to that Part, the Department of Health and Human Services shall not issue any licenses for home care agencies as defined in G.S. 131E-136(2) that intend to offer in-home aide services. This prohibition does not apply to companion and sitter services and shall not restrict the Department from doing any of the following:

- (1) Issuing a license to a certified home health agency as defined in G.S. 131E-176(12) that intends to offer in-home aide services.
- (2) Issuing a license to an agency that needs a new license for an existing home care agency being acquired.
- (3) Issuing a license for a new home care agency in any area of the State upon a determination by the Secretary of the Department of Health and Human Services that increased access to care is necessary in that area.

SECTION 12G.4.(b) This section shall not expire until the General Assembly enacts legislation to lift the moratorium established by this section.

MORATORIUM ON SPECIAL CARE UNIT LICENSES

SECTION 12G.5.(a) Section 12G.1(a) of S.L. 2013-360 reads as rewritten:

"SECTION 12G.1.(a) ~~For the period beginning July 31, 2013, and ending July 1, 2016,~~ Notwithstanding the provisions of Article 1 of Chapter 131D of the General Statutes, Article 6 of Chapter 131E of the General Statutes, and any rules adopted pursuant to these Articles, the Department of Health and Human Services, Division of Health Service Regulation (Department), shall not issue any licenses for special care units as defined in G.S. 131D-4.6 and G.S. 131E-114. This prohibition shall not restrict the Department from doing any of the following:

- (1) Issuing a license to a facility that is acquiring an existing special care unit.
- (2) Issuing a license for a special care unit in any area of the State upon a determination by the Secretary of the Department of Health and Human Services that increased access to this type of care is necessary in that ~~area during the three-year moratorium imposed by this section.~~
- (3) Processing all completed applications for special care unit licenses received by the Division of Health Service Regulation along with the applicable license fee prior to June 1, 2013.
- (4) Issuing a license to a facility that was in possession of a certificate of need as of July 31, 2013, that included authorization to operate special care unit beds."

SECTION 12G.5.(b) Section 12G.1(a) of S.L. 2013-360, as amended by subsection (a) of this section, shall not expire until the General Assembly enacts legislation to lift the moratorium established by that Section.

SUBPART XII-H. DIVISION OF MEDICAL ASSISTANCE (MEDICAID)**MEDICAID REORGANIZATION TO WORK TOWARDS REFORM**

SECTION 12H.1.(a) It is the intent of the General Assembly to transfer the Medicaid and NC Health Choice programs to a new state entity that will define a new, more successful direction for the programs and that will be able to focus more clearly on the operation of the programs. Specifically, the Medicaid program shall move away from unmanaged fee-for-service towards a system that manages care. To that end, Medicaid shall include all dimensions of care for a recipient through full-risk, provider-led and non-provider-led, capitated health plans. Such full-risk capitated health plans shall include all aspects of care, without exceptions, so that the State will bear only the risk of enrollment numbers and enrollment mix.

The governance structure of the new State entity shall include a board. In the short-term, the new State entity shall do the following:

- (1) Strategically design a program that meets the primary goal of providing budget predictability as well as the following goals:
 - a. Controls the growth of program expenditures.
 - b. Reduces programmatic spending, both on payments to providers of services or insurance and on administrative spending.
 - c. Provides "whole person" care.
 - d. Establishes provider accountability for budget and program outcomes, while integrating quality into the basic payment model.
 - e. Maintains administrative accountability for budget and program outcomes.

- f. Ensures transparency of reporting, provider information, decision making, and administrative functions.
- g. Ensures recipient access to appropriate care and services.
- (2) Carefully select individuals to serve in the key leadership positions within the new State entity.
- (3) Develop a detailed timeline for a reform.
- (4) Propose statutory changes or other legal authorization to allow the reform to be implemented.
- (5) Prepare draft State Plan Amendments and waivers necessary to effectuate the reform.
- (6) Design a robust information technology infrastructure, including a strategy to transfer existing data and resources at the Department of Health and Human Services to the new entity.

SECTION 12H.1.(b) The Department of Health and Human Services shall cease any activities related to implementing Medicaid reform based on its proposed accountable care organization (ACO) model.

SECTION 12H.1.(c) Funds appropriated elsewhere in this act to the Department of Health and Human Services, Division of Medical Assistance, for Medicaid reform shall be transferred to the Office of State Budget and Management, which shall then transfer the funds to the appropriate new entity that is contemplated in subsection (a) of this section. Such funds may be used only for Medicaid reorganization and reform and, notwithstanding the State Budget Act, may not be used for any other purpose such as funding any shortfalls in the Medicaid program.

REINSTATE MEDICAID ANNUAL REPORT

SECTION 12H.2. The Department of Health and Human Services, Division of Medical Assistance, shall reinstate the publication of the Medicaid Annual Report and accompanying tables, which was discontinued after 2008. The Division shall publish the report and tables on its Web site and shall not publish copies in print.

ADJUSTMENTS TO MEDICAID ELIGIBILITY

SECTION 12H.3.(a) Effective January 1, 2015, the following adjustments are made to eligibility for the Medicaid Program:

- (1) Categorical coverage for recipients of the optional state supplemental program State-County Special Assistance is eliminated.
- (2) Coverage for the medically needy is eliminated, except those categories that the State is prohibited from eliminating by the maintenance of effort requirement of the Patient Protection and Affordable Care Act. Effective October 1, 2019, coverage for all medically needy categories is eliminated.

SECTION 12H.3.(b) It is the intent of the General Assembly to reduce optional coverage for certain aged, blind, and disabled persons effective July 1, 2015, while meeting the State's obligation under the Americans with Disabilities Act and the United States Supreme Court decision in *Olmstead v. L.C. ex rel. Zimring*, 527 U.S. 581 (1999). No later than March 1, 2015, the Department of Health and Human Services, Division of Medical Assistance, shall submit to the House Appropriations Subcommittee on Health and Human Services and the Senate Appropriations Committee on Health and Human Services a draft waiver or other proposal that limits Medicaid coverage for the aged, blind, and disabled to the minimum required to meet mandatory requirements of the Medicaid program and the Americans with Disabilities Act. The Department may submit drafts of the waiver to the Centers for Medicare

1 and Medicaid Services (CMS) to solicit feedback but shall not submit the waiver for CMS
2 approval until authorized by the General Assembly.

3 4 **MODIFY INTENSIVE IN-HOME SERVICE**

5 **SECTION 12H.4.** No later than October 1, 2014, the Department of Health and
6 Human Services, Division of Medical Assistance, shall modify the service definition for the
7 Intensive In-Home Service to reflect a team-to-family ratio of one Intensive In-Home team to
8 12 families for both the Medicaid and NC Health Choice programs.

9 10 **STUDY ADDITIONAL 1915(c) WAIVER**

11 **SECTION 12H.5.** The Department of Health and Human Services, Division of
12 Medical Assistance, shall design and draft a 1915(c) wavier that meets the following
13 requirements:

- 14 (1) The waiver should create 1,000 new slots each year for 3 years, to serve a
15 total of 3,000 additional adults with developmental disabilities from January
16 1, 2016, to June 30, 2019.
- 17 (2) The budget for each slot should be capped at twenty thousand dollars
18 (\$20,000) per plan year per beneficiary, and slots will target individuals on
19 the registry of unmet needs.
- 20 (3) The slots should be managed as part of the LME/MCO managed care
21 system.

22 The Department shall report the draft waiver, other findings, and any other options
23 or recommendations to best serve the additional adults with developmental disabilities on the
24 registry of unmet needs to the House Appropriations Subcommittee on Health and Human
25 Services and the Senate Appropriations Committee on Health and Human Services by March 1,
26 2015. The Department may submit drafts of the waiver to the Centers for Medicare and
27 Medicaid Services (CMS) to solicit feedback but shall not submit the waiver for CMS approval
28 until authorized by the General Assembly.

29 30 **TRAUMATIC BRAIN INJURY WAIVER**

31 **SECTION 12H.6.** The Department of Health and Human Services, Division of
32 Medical Assistance, shall design and draft a waiver to add a new service package for Medicaid
33 eligibles with traumatic brain injury (TBI). This draft waiver may be based on an update to the
34 2010 report on a waiver to serve individuals with traumatic brain injury. The Department shall
35 report the draft waiver, other findings, and any other options to provide Medicaid services to
36 those suffering from TBI to the House Appropriations Subcommittee on Health and Human
37 Services and the Senate Appropriations Committee on Health and Human Services by February
38 1, 2015. The Department may submit drafts of the waiver to the Centers for Medicare and
39 Medicaid Services (CMS) to solicit feedback but shall not submit the waiver for CMS approval
40 until authorized by the General Assembly.

41 42 **FREEZE NURSING HOME CASE MIX INDEX**

43 **SECTION 12H.7.** Section 12H.13(b) of S.L. 2013-360 reads as rewritten:

44 **"SECTION 12H.13.(b)** Effective July 1, 2013, any rate methodologies that contain an
45 automatic inflationary or increase factor shall not increase above the rate in effect on June 30,
46 2013, unless the rate is otherwise increased by the General Assembly. Interim hospital
47 outpatient services' percentage of cost used for payment shall be adjusted to compensate for
48 expected inflation that hospitals would be eligible for, and cost settlement will only be up to the
49 percentage in subsection (e) of this section. The following rates are excluded from this
50 subsection: Federally Qualified Health Centers, Rural Health Centers, critical access hospitals,

1 State-Operated services, Hospice, Part B and D Premiums, third-party and HMO premiums,
2 drugs, MCO capitation payments, and nursing home direct care services case mix index
3 increases. Notwithstanding the foregoing, the exclusion from this subsection for nursing home
4 direct care services case mix index increases expires January 1, 2015, and the rate for nursing
5 home direct care services case mix shall not increase above the rate in effect on December 31,
6 2014."
7

8 **DRUG REIMBURSEMENT USING AVERAGE ACQUISITION COST**

9 **SECTION 12H.8.(a)** The Department of Health and Human Services, Division of
10 Medical Assistance, shall adopt an average acquisition cost methodology for brand and generic
11 drug ingredient pricing to be effective beginning on January 1, 2015. The drug ingredient
12 pricing methodology shall be consistent with new federal requirements or, if the new federal
13 requirements have not yet been finalized by October 1, 2014, consistent with the draft federal
14 requirements. In adopting a new drug ingredient pricing methodology, the Department shall
15 also adjust the rates for dispensing drugs as follows:

- 16 (1) Raise dispensing fees so that the average acquisition cost ingredient pricing
17 plus the dispensing fees, net of any drug rebates, generates nine hundred
18 seventy-five thousand dollars (\$975,000) in savings in General Fund
19 appropriations.
- 20 (2) Maintain a distinction between the dispensing fees for preferred and brand
21 drugs.

22 **SECTION 12H.8.(b)** The Department of Health and Human Services, Division of
23 Medical Assistance, shall issue a request for proposals (RFP) for a contractor to perform a
24 statewide drug dispensing fee study to begin on July 1, 2015. The Department shall, no later
25 than May 1, 2015, submit a cost estimate of such a study (i) to the chairs of the House
26 Appropriations Subcommittee on Health and Human Services and the Senate Appropriations
27 Committee for Health and Human Services and (ii) to the Fiscal Research Division.
28

29 **MENTAL HEALTH DRUG MANAGEMENT**

30 **SECTION 12H.9.(a)** Effective January 1, 2015, Section 12H.13(g) of S.L.
31 2013-360, as amended by Section 4.4 of S.L. 2013-363, is repealed.

32 **SECTION 12H.9.(b)** Effective January 1, 2015, the Department of Health and
33 Human Services, Division of Medical Assistance, shall impose prior authorization
34 requirements, when such prior authorization requirements are cost-effective, or other
35 restrictions on medications prescribed to Medicaid and Health Choice recipients for the
36 treatment of mental illness that are sufficient to produce twelve million dollars (\$12,000,000),
37 net of rebates, in recurring annual savings to General Fund appropriations to the Medicaid
38 program. Notwithstanding the foregoing, because of the effective date of this section, savings
39 in fiscal year 2014-2015 shall be six million dollars (\$6,000,000).

40 **SECTION 12H.9.(c)** No later than October 1, 2015, the Department of Health and
41 Human Services, Division of Medical Assistance, shall report to the Joint Legislative Oversight
42 Committee on Health and Human Services on the Department's fiscal year 2014-2015 savings
43 from making the changes required by subsection (b) of this section.
44

45 **PERSONAL CARE SERVICES MANAGEMENT**

46 **SECTION 12H.10.(a)** The Department of Health and Human Services, Division of
47 Medical Assistance, shall implement the rate reduction specified in Section 2 of S.L. 2013-306
48 retroactively to October 1, 2013, by recouping all payments in excess of the rate approved in
49 the State plan amendment required in Section 3 of the Session Law. The Department shall then

1 additionally recoup the three percent (3%) reduction required by Section 12H.18(b) of S.L.
2 2013-360.

3 **SECTION 12H.10.(b)** Effective July 1, 2014, the Department of Health and
4 Human Services, Division of Medical Assistance, shall further reduce the rate paid for personal
5 care services (PCS) in order to remain within the fiscal year 2013-2014 certified budget for
6 PCS, code 1310, North Carolina Accounting System code 536144, in the Division of Medical
7 Assistance fund 14445. In calculating the reduced rate, the Department shall anticipate usage
8 growth for fiscal year 2014-2015 and factor that rate into the calculation. Any State plan
9 amendments required to implement this section shall not be subject to the 90 day prior
10 submission requirement of G.S. 108A-54.1A(e).

11 **SECTION 12H.10.(c)** The Joint Legislative Oversight Committee on Health and
12 Human Services shall engage a contractor to study issues related to reforming and redesigning
13 personal care services (PCS) while meeting the State's obligations under the Americans with
14 Disabilities Act and the United States Supreme Court's decision in *Olmstead v. L.C. ex rel.*
15 *Zimring*, 527 U.S. 581 (1999). The study shall examine the following issues:

- 16 (1) What categories of Medicaid recipients are currently receiving PCS, and in
17 what settings are they being served?
- 18 (2) What is the total number of Medicaid recipients receiving PCS in each
19 category, and what is the anticipated growth in each category?
- 20 (3) What is the current cost of serving Medicaid recipients in each setting, and
21 specifically, the sources of public funding utilized to serve those
22 individuals?
- 23 (4) What alternative, more cost-effective assistance models could be
24 implemented for each category of Medicaid recipient?
- 25 (5) Specifically, whether more cost-effective assistance could be offered
26 through the new 1915(i) State plan home- and community-based services
27 and 1915 waiver options for each category of Medicaid recipient.
- 28 (6) Recommendations regarding what outcomes the redesigned program should
29 be designed to achieve.
- 30 (7) Other areas as deemed appropriate by the chairs of the Joint Legislative
31 Oversight Committee on Health and Human Services.

32 No later than December 1, 2015, the contractor shall report the results and
33 recommendations of the study to the Joint Legislative Oversight Committee on Health and
34 Human Services. The Department of Health and Human Services shall give the contractor full
35 access to all data necessary to complete the study and the report. The Department of Health and
36 Human Services shall make payments to the contractor hired by the Joint Legislative Oversight
37 Committee on Health and Human Services from the two hundred thousand dollars (\$200,000)
38 appropriated elsewhere in this budget for this contract as well as from federal Medicaid
39 matching funds available for this contract.

40 **ADULT CARE HOME COST REPORTING**

41 **SECTION 12H.11.** The Department of Health and Human Services shall require
42 compliance with the adult care home cost reporting requirements set forth in G.S. 131D-4.2.
43 The Department shall make available the data collected from the cost reporting in a
44 character-separated values (CSV) plain text format or other file format that may easily be
45 imported into software used for spreadsheets, databases, and data analytics.
46

47 **CREATE STATEWIDE HOSPITAL BASE RATE**

48 **SECTION 12H.12.(a)** Section 12H.20(b) of S.L. 2013-360 is repealed.
49

SECTION 12H.12.(b) Effective January 1, 2015, the individualized base rates for hospital inpatient services under the Medicaid and NC Health Choice programs are hereby replaced with a single statewide base rate for hospital inpatient services equal to the sum of two thousand seven hundred eighty-eight dollars (\$2,788) or the statewide median rate on June 30, 2014, whichever is less. This subsection does not apply to the UNC Health Care System or Vidant Medical Center, which was previously known as Pitt County Memorial Hospital, and their base rates shall not be included in the calculation of the statewide median rate.

SUPPLEMENTAL PAYMENTS TO ELIGIBLE MEDICAL PROFESSIONAL PROVIDERS

SECTION 12H.13.(a) Effective July 1, 2014, supplemental payments that increase reimbursement to the average commercial rate for certain eligible medical providers described in the Medicaid State Plan, Attachment 4.19-B, Section 5, Pages 2 and 3, shall be modified to limit the number of eligible medical professional providers as follows:

- (1) 375 with the East Carolina University (ECU) Brody School of Medicine,
- (2) 1,176 with the University of North Carolina at Chapel Hill (UNC) Faculty Physicians,
- (3) 14 with the UNC Hospitals Pediatric Clinic,
- (4) 75 with UNC Physicians Network,
- (5) 18 with Chatham Hospital.

The Department of Health and Human Services shall not make any other modifications to the portion of the Medicaid State Plan referenced in this section, except as provided herein.

SECTION 12H.13.(b) Beginning on December 31, 2014, and annually thereafter, UNC and ECU shall submit an annual report based on their preceding fiscal year to the Joint Legislative Oversight Committee on Health and Human Services containing all of the following information for each individual provider for whom this supplemental payment is received:

- (1) For each service provided by the provider and for which the supplemental payment is received, the location where the service was provided, including county, municipality, and zip code.
- (2) The percentage of the provider's total time spent serving Medicaid recipients annually that is for services provided at locations other than the ECU Brody School of Medicine, the Firetower Medical Office, or the UNC School of Medicine.
- (3) The amount of Medicaid reimbursement for each service for which a supplemental payment was made for services provided by the provider.
- (4) The percentage of the provider's time spent in clinical practice, the percentage of time spent teaching, and the percentage of time engaging in research on an annual basis.

SECTION 12H.13.(c) The entities receiving the supplemental payments addressed in subsection (a) of this section shall transfer an amount to the Department of Health and Human Services, Division of Medical Assistance, sufficient to ensure that after reducing the transfer by twenty-eight and eighty-five hundredths percent (28.85%) there are funds for the State share necessary to make the supplemental payments. That twenty-eight and eighty-five hundredths percent (28.85%) shall be retained by the State for the Medicaid program.

SECTION 12H.13.(d) Any state plan amendments required to implement this section shall not be subject to the 90-day prior submission requirement of G.S. 108A-54.1A(e).

REPEAL SHARED SAVINGS PROGRAM; MAINTAIN CERTAIN RATE REDUCTIONS

SECTION 12H.14.(a) All subsections of Section 12H.18 of S.L. 2013-360, except for subsection (b), are repealed.

SECTION 12H.14.(b) Section 12H.18(b) of S.L. 2013-360 reads as rewritten:

"SECTION 12H.18.(b) During the 2013-2015 fiscal biennium, the Department of Health and Human Services shall ~~withhold~~reduce by three percent (3%) ~~of the~~ payments for the following services rendered to Medicaid and NC Health Choice recipients on or after January 1, 2014:

...

~~Funds from payments withheld under this section that are budgeted to be shared with providers shall not revert to the General Fund."~~

SECTION 12H.14.(c) Effective January 1, 2015, Section 12H.18(b) of S.L. 2013-360, as amended by subsection (b) of this section, reads as rewritten:

"SECTION 12H.18.(b) During the 2013-2015 fiscal biennium, the Department of Health and Human Services shall reduce by three percent (3%) the payments for the following services rendered to Medicaid and NC Health Choice recipients on or after January 1, 2014:

- (1) Inpatient hospital.
- (2) Physician, excluding primary care until January 1, 2015.
- (3) Dental.
- ~~(4) Optical services and supplies.~~
- ~~(5) Podiatry.~~
- ~~(6) Chiropractors.~~
- ~~(7) Hearing aids.~~
- (8) Personal care services.
- (9) Nursing homes.
- (10) Adult care homes.
- (11) Dispensing drugs."

PUBLISH MEDICAID PAYMENTS TO PROVIDERS

SECTION 12H.15.(a) For payments made in fiscal year 2013-2014 and for subsequent fiscal years, the Department of Health and Human Services, Division of Medical Assistance, shall publish on its Web site comprehensive information on Medicaid payments made to providers. The information shall be updated annually within three months of the close of a State fiscal year to include payments for that fiscal year. The information published shall include all of the following for each individual providing Medicaid services:

- (1) Name of the individual providing the service.
- (2) Location of service provider's principal place of business.
- (3) Location of provided services, listed with both municipality and county. If an individual provides services in multiple locations, then those shall be specified and the items in subdivisions (6) through (10) of this subsection shall be provided for each location.
- (4) Practice name, hospital name, or other business name with which the individual providing service is affiliated.
- (5) Type of service provider and practice area.
- (6) Number of Medicaid patients seen.
- (7) Number of visits with Medicaid patients.
- (8) Number of procedures performed or items furnished for Medicaid patients.
- (9) Amount of Medicaid service payments received.
- (10) Amount of Medicaid supplemental payments received.

(11) Amount of Medicaid settlement payments received.

(12) Amount of Medicaid recoupments.

The information shall be published in a character-separated values (CSV) plain text format or other file format that may easily be imported into software used for spreadsheets, databases, and data analytics. The Department shall ensure that no protected patient information be published.

SECTION 12H.15.(b) The Department of Health and Human Services, Division of Medical Assistance, shall begin discussions with the UNC School of Public Health or any other appropriate party of an educational or nonprofit nature to perform analytics on the information or to generate an interactive Web site to access the information contained within the data required to be reported under subsection (a) of this section. Such a Web site should be designed to exceed the functionality of South Carolina's HealthViz Medicaid statistics Web site.

STUDY PHYSICIAN ASSESSMENT

SECTION 12H.16. The Department of Health and Human Services, in consultation with the North Carolina Medical Society and any other appropriate groups, shall study the imposition of an assessment on physicians as part of the federally authorized Medicaid assessment program. The study shall consider the opportunities to increase funding to the Medicaid program and to providers by collecting additional State funds to leverage additional federal funding. The Department shall report its findings and recommendations to the Joint Legislative Oversight Committee on Health and Human Services by December 1, 2014.

INCREASE HOSPITAL ASSESSMENT RETENTION BY STATE

SECTION 12H.17.(a) G.S. 108A-121(8) reads as rewritten:

"(8) State's annual Medicaid payment. – For an assessment collected under this Article, an amount equal to ~~twenty-five and nine-tenths percent (25.9%)~~ twenty-eight and eighty-five one hundredths percent (28.85%) of the total amount collected under the assessment."

SECTION 12H.17.(b) G.S. 108A-128 reads as rewritten:

"§ 108A-128. Payment for providers formerly subject to this Article.

If a hospital provider (i) is exempt from both the equity and UPL assessments under this Article, (ii) makes an intergovernmental transfer (IGT) to the Department of Health and Human Services to be used to draw down matching federal funds, and (iii) has acquired, merged, leased, or managed another provider on or after March 25, 2011, then the hospital provider shall transfer to the State an additional amount, which shall be retained by the State. The additional amount shall be ~~twenty-five and nine-tenths percent (25.9%)~~ a percentage of the amount of funds that (i) would be transferred to the State through such an IGT and (ii) are to be used to match additional federal funds that the hospital provider is able to receive because of the acquired, merged, leased, or managed provider. That percentage shall be the same percentage provided in the definition of "State's annual Medicaid payment" under G.S. 108-121."

ASSESSMENT FOR LME/MCOS

SECTION 12H.18. The Secretary of Health and Human Services shall implement a Medicaid assessment program for local management entities/managed care organizations (LME/MCOs) at a rate of three and one-half percent (3.5%). The Department of Health and Human Services shall retain for the Medicaid program sixty-five percent (65%) of the amount collected from the assessment program. Collections shall be based on payments to the LME/MCOs for services performed on or after July 1, 2014. Any assessment funds not retained

by the Department shall be used to draw federal Medicaid matching funds for implementing increased rates or new reimbursement plans for the LME/MCOs.

Receipts from this assessment program are hereby appropriated for the 2014-2015 fiscal year, as well as for any future fiscal years, for the purposes set out in this section.

REPEAL PLANNED CCNC PAYMENT OF PMPMs

SECTION 12H.19. It is the intent of the General Assembly that the structure of per member per month (PMPM) payments or other payments to providers participating in Community Care of North Carolina (CCNC) programs be considered as a part of any Medicaid reform plan for the State. Therefore, Section 12H.22 of S.L. 2013-360 is repealed.

CCNC CONTRACT ADJUSTMENTS

SECTION 12H.20.(a) It is the intent of the General Assembly to grant agency to the new Medicaid entity, which is contemplated in Section 12H.1 of this act, to act on behalf of the Department of Health and Human Services, Division of Medical Assistance, with respect to the authority to terminate without cause contract #28023 on 30 days written notice to North Carolina Community Care Networks, Inc., (CCNC).

SECTION 12H.20.(b) The Department of Health and Human Services shall not exercise the option to renew contract #28023 with CCNC, which contract expires on December 31, 2015.

SECTION 12H.20.(c) The Department of Health and Human Services shall not enter into any new contract with CCNC that would have a termination date after December 31, 2015.

ADDITIONAL NOTICE ON SPAs

SECTION 12H.21.(a) G.S. 108A-54.1A reads as rewritten:
"§ 108A-54.1A. Amendments to Medicaid State Plan and Medicaid Waivers.

...

(d) No fewer than 10 days prior to submitting an amendment to the State Plan to the federal government, the Department shall post the amendment on its Web site and notify the members of the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division that the amendment has been posted. This requirement shall not apply to draft or proposed amendments submitted to the federal government for comments but not submitted for approval. The amendment shall remain posted on the Department's Web site at least until the plan has been approved, rejected, or withdrawn. If the authority for submitting the amendment to the State Plan is pursuant to subdivision (3), (4), (5), or (6) of subsection (b) of this section, then, prior to submitting an amendment to the federal government, the Department shall submit to the General Assembly members receiving notice under this subsection and to the Fiscal Research Division an explanation of the amendment, the need for the amendment, and the federal time limits required for implementation of the amendment.

(e) The Department shall submit an amendment to the State Plan to the federal government by a date sufficient to provide the federal government adequate time to review and approve the amendment so the amendment may be effective by the date required by the directing authority in subsection (b) of this section. Additionally, if a change is made to the Medicaid program by the General Assembly and that change requires an amendment to the State Plan, then the amendment shall be submitted at least 90 days prior to the effective date of the change as provided in the legislation.

(f) Any public notice required under 42 C.F.R. 447.205 shall, in addition to any other posting requirements under federal law, be posted on the Department's Web site. Upon posting such a public notice, the Department shall notify the members of the Joint Legislative

Oversight Committee on Health and Human Services and the Fiscal Research Division that the public notice has been posted. Public notices shall remain posted on the Department's Web site."

SECTION 12H.21.(b) G.S. 108A-55(c) reads as rewritten:

"(c) The Department shall reimburse providers of services, equipment, or supplies under the Medical Assistance Program in the following amounts:

- (1) The amount approved by the ~~Health Care Financing Administration~~Centers for Medicare & Medicaid Services (CMS) of the United States Department of Health and Human Services, if ~~that Administration~~CMS approves an exact reimbursement ~~amount;~~amount.
- (2) The amount determined by application of a method approved by the ~~Health Care Financing Administration~~Centers for Medicare & Medicaid Services (CMS) of the United States Department of Health and Human Services, if ~~that Administration~~CMS approves the method by which a reimbursement amount is determined, and not the exact amount.

The Department shall establish the methods by which reimbursement amounts are determined in accordance with Chapter 150B of the General Statutes. A change in a reimbursement amount becomes effective as of the date for which the change is approved by the ~~Health Care Financing Administration~~Centers for Medicare & Medicaid Services (CMS) of the United States Department of Health and Human Services.~~The Department shall report to the Fiscal Research Division of the Legislative Services Office and to the Senate Appropriations Committee on Human Resources and the House of Representatives Appropriations Subcommittee on Human Resources or the Joint Legislative Oversight Committee on Health and Human Services on any change in a reimbursement amount at the same time as it sends out public notice of this change prior to presentation to the Health Care Financing Administration."~~

SECTION 12H.21.(c) By repealing language in subsection (b) of this section related to giving to the General Assembly notice of a public notice, it is not the intent of the General Assembly to remove the required notice of the changes to reimbursement amounts for services, equipment, or supplies. Rather, it is the intent that those notices be given pursuant to G.S. 108A-54.1A(f), rather than pursuant to both G.S. 108A-54.1A(f) and G.S. 108A-55(c).

SECTION 12H.21.(d) This section becomes effective July 1, 2014, and the amendment to G.S. 108A-54.1A(e) applies to State Plan Amendments with effective dates on or after October 1, 2014.

COMPREHENSIVE PROGRAM INTEGRITY CONTRACT

SECTION 12H.22.(a) Effective March 1, 2015, the new Medicaid entity, which is contemplated in Section 12H.1 of this act, shall issue a request for proposals for one contract to become effective on September 1, 2015, for the following program integrity functions:

- (1) Postpayment reviews
- (2) Data analytics
- (3) Medical necessity reviews
- (4) Investigation
- (5) Recovery Audit Contracts
- (6) Prepayment review

SECTION 12H.22.(b) The Department of Health and Human Services shall not enter into any contract involving the program integrity functions listed in subsection (a) of this section that would have a termination date after September 1, 2015.

SECTION 12H.22.(c) This section shall not apply to program integrity functions performed by LME/MCOs.

1 **SECTION 12H.22.(d)** The program integrity contract described in this section
2 shall not be subject to review by the State Chief Information Officer pursuant to Section 7.7(a)
3 of S.L. 2013-360.
4

5 **RETURN BURDEN OF PROOF TO PROVIDERS IN MEDICAID APPEALS**

6 **SECTION 12H.23.(a)** G.S. 108C-12(d) reads as rewritten:

7 "(d) Burden of Proof. – The ~~Department~~ petitioner shall have the burden of proof in
8 appeals of Medicaid providers or applicants concerning an adverse determination."

9 **SECTION 12H.23.(b)** This section is effective when it becomes law, and applies
10 to contested cases filed at the Office of Administrative Hearings on or after that date.
11

12 **WITHHOLDING OVERPAYMENTS TO MEET FEDERAL PAYBACK**
13 **REQUIREMENTS**

14 **SECTION 12H.24.** G.S. 108C-5 reads as rewritten:

15 "**§ 108C-5. Payment suspension and audits utilizing extrapolation.**

16 (a) The Department may suspend payments to a provider in accordance with the
17 requirements and procedures set forth in 42 C.F.R. § 455.23.

18 (b) In addition to the procedures for suspending payment set forth at 42 C.F.R. §
19 455.23, the Department may also suspend payment to any provider that (i) owes a final
20 overpayment, assessment, or fine to the Department and has not entered into an approved
21 payment plan with the Department or (ii) has had its participation in the Medicaid or Health
22 Choice programs suspended or terminated by the Department. For purposes of this section, a
23 suspension or termination of participation does not become final until all administrative appeal
24 rights have been exhausted and shall not include any agency decision that is being contested at
25 the Department or the Office of Administrative Hearings or in Superior Court provided that the
26 Superior Court has entered a stay pursuant to the provisions of G.S. 150B-48.

27 **(b1)** The Department shall withhold payment to any North Carolina Medicaid provider
28 or Health Choice provider for whom the Division of Medical Assistance, or its vendor, has
29 identified an overpayment in a written notice to the provider. Withholding shall begin on the
30 75th day after the day the notice of overpayment is mailed and shall continue during the
31 pendency of any appeal until the overpayment becomes a final overpayment. For purposes of
32 this subsection, withholding during any month shall not exceed the amount of any interest
33 required by law plus eleven and one-tenth percent (11.1%) of the sum of the total overpayment
34 amount identified in the notice of overpayment and any penalty required by law. If the
35 Department subsequently reduces the identified overpayment in writing, withholding during
36 any subsequent month shall not exceed the amount of any interest required by law plus eleven
37 and one-tenth percent (11.1%) of the sum of the total reduced identified overpayment and any
38 penalty required by law. Total withholdings shall not exceed the total amount of the
39 overpayment plus any penalty and interest charges required by law. If the total amount
40 withheld exceeds the final overpayment plus interest and penalty required by law, the
41 Department shall pay the provider the amount withheld in excess of the final overpayment plus
42 penalty and interest. Upon request by the provider and for good cause shown, the Department is
43 authorized to approve a payment plan for a provider to pay an overpayment, pursuant to
44 subsection (g) of this section. Absent a showing of good cause for repayment to be made over a
45 period of more than one year, the Department shall take all necessary and appropriate action to
46 recover overpayments within 365 days of the date the notice of overpayment was mailed to the
47 provider.

48 (c) For providers who owe a final overpayment, assessment, or fine to the Department,
49 the payment suspension shall begin the thirty-first day after the overpayment, assessment, or

fine becomes final. The payment suspension shall not exceed the amount owed to the Department, including any applicable penalty and interest charges.

(d) Providers whose participation in the Medicaid or Health Choice programs has been suspended or terminated shall have all payments suspended beginning on the thirty-first day after the suspension or termination becomes final.

(e) The Department shall consult with the N.C. Departments of Treasury and Revenue and other State departments and agencies to determine if a provider owes debts or fines to the State. The Department may collect any of these debts owed to the State subsequent to consideration by the Department of the financial impact upon the provider and the impact upon access to the services provided by the provider.

(f) When issuing payment suspensions and withholdings in accordance with this Chapter, the Department may suspend or withhold payment to all providers which share the same IRS Employee Identification Number or corporate parent as the provider or provider site location which owes the final overpayment, overpayment, assessment, or fine. The Department shall give 30 days advance written notice to all providers which share the same IRS Employee Identification Number or corporate parent as the provider or provider site location of the intention of the Department to implement a payment ~~suspension~~ suspension or withholding.

(g) The Department is authorized to approve a payment plan for a provider to pay a final overpayment, overpayment, assessment, or fine including interest and any penalty. The payment plan can include a term of up to 24 months. The Department shall establish in rule the conditions of such provider payment plans. Nothing in this subsection shall prevent the provider and the Department from mutually agreeing to modifications of a payment plan.

(h) All payments suspended or withheld in accordance with this Chapter shall be applied toward any final overpayment, assessment, or fine owed to the Department.

...."

APPEALS OF INTERLOCUTORY ORDERS OF THE OFFICE OF ADMINISTRATIVE HEARINGS

SECTION 12H.25.(a) G.S. 1A-1 is amended by adding a new Article to read as follows:

"Article 9.

"Extraordinary Writ.

"Rule 90. Certiorari.

(a) Scope of the Writ; Review of the Judgments, Decisions, and Orders of the Office of Administrative Hearings. – The writ of certiorari may be issued in appropriate circumstances by the Superior Court to permit review of the judgments, decisions, and orders of the Office of Administrative Hearings when no right of appeal from an interlocutory order exists.

(b) Petition for Writ; to Which Superior Court Addressed. – Application for the writ of certiorari shall be made by filing a petition therefor with the clerk of the superior court division to which appeal of right might lie from a final decision of the Office of Administrative Hearings in the contested case for which issuance of the writ is sought.

(c) Same; Filing and Service; Content. – The petition shall be filed without unreasonable delay and shall be accompanied by proof of service upon all other parties. The petition shall contain a statement of the facts necessary to an understanding of the issues presented by the application, a statement of the reasons why the writ should issue, and certified copies of the judgment, decision, order, or opinion or parts of the record which may be essential to an understanding of the matters set forth in the petition. The petition shall be verified by counsel or the petitioner. Upon receipt of the prescribed docket fee, the clerk will docket the petition.

(d) Response; Determination by Court. – Within 10 days after service of the petition any party may file a response thereto with supporting affidavits or certified portions of the record not filed with the petition. Filing shall be accompanied by proof of service upon all other parties. The court for good cause shown may shorten the time for filing a response. Determination will be made on the basis of the petition, the response, and any supporting papers. No briefs or oral argument will be received or allowed unless ordered by the court upon its own initiative.

"Rule 91. Mandamus and Prohibition.

(a) Petition for Writ; to Which Superior Court Addressed. – Applications for the writs of mandamus or prohibition directed to an administrative law judge shall be made by filing a petition therefor with the clerk of the superior court division to which appeal of right might lie from a final decision entered in the contested case for which issuance of the writ is sought.

(b) Same; Filing and Service; Content. – The petition shall be filed without unreasonable delay after the action by the Office of Administrative Hearings sought to be prohibited or compelled has been undertaken, or has occurred, or has been refused, and shall be accompanied by proof of service on the respondent administrative law judge or administrative law judges and on all other parties to the action. The petition shall contain a statement of the facts necessary to an understanding of the issues presented by the application, a statement of the issues presented and of the relief sought, a statement of the reasons why the writ should issue, and certified copies of any order or opinion or parts of the record that may be essential to an understanding of the matters set forth in the petition. The petition shall be verified by counsel or the petitioner. Upon receipt of the prescribed docket fee, the clerk shall docket the petition.

(c) Response; Determination by Court. – Within 10 days after service of the petition the respondent or any party may file a response thereto with supporting affidavits or certified portions of the record not filed with the petition. Filing shall be accompanied by proof of service upon all other parties. The court for good cause shown may shorten the time for filing a response. Determination will be made on the basis of the petition, the response, and any supporting papers. No briefs or oral argument will be received or allowed unless ordered by the court upon its own initiative.

"Rule 92. Supersedeas.

(a) Pending Review of Office of Administrative Hearings Judgments, Decisions, and Orders. – Application may be made to the appropriate superior court for a writ of supersedeas to stay the execution or enforcement of any judgment, decision, order, or other determination of the Office of Administrative Hearings which is not automatically stayed by the taking of appeal when an appeal has been taken or a petition for mandamus, prohibition, or certiorari has been filed to obtain review of the judgment, decision, order, or other determination and (i) a stay order or entry has been sought by the applicant by deposit of security or by motion at the Office of Administrative Hearings and such order or entry has been denied or vacated by the trial tribunal or (ii) extraordinary circumstances make it impracticable to obtain a stay by deposit of security or by application to the Office of Administrative Hearings for a stay order.

(b) Petition; Filing and Service; Content. – The petition shall be filed with the clerk of the superior court division to which appeal of right might lie from a final decision of the Office of Administrative Hearings in the contested case for which issuance of the writ is sought. The petitions shall be accompanied by proof of service upon all other parties. The petition shall be verified by counsel or the petitioner. Upon receipt of the required docket fee, the clerk will docket the petition. For stays of the judgments of the Office of Administrative Hearings, the petition shall contain a statement that a stay has been sought in the Office of Administrative Hearings and denied or vacated or shall contain facts showing that it was impracticable there to seek a stay. For stays of any judgment, the petition shall contain (i) a statement of any facts

1 necessary to an understanding of the basis upon which the writ is sought and (ii) a statement of
2 reasons why the writ should issue in justice to the applicant. The petition may be accompanied
3 by affidavits and by any certified portions of the record pertinent to its consideration. It may be
4 included in a petition to the superior court for certiorari, mandamus, or prohibition.

5 (c) Response; Determination by Court. – Within 10 days after service of the petition,
6 any party may file a response thereto with supporting affidavits or certified portions of the
7 record not filed with the petition. Filing shall be accompanied by proof of service upon all other
8 parties. The court for good cause shown may shorten the time for filing a response.
9 Determination will be made on the basis of the petition, the response, and any supporting
10 papers. No briefs or oral argument will be received or allowed unless ordered by the court upon
11 its own initiative.

12 (d) Temporary Stay. – Upon the filing of a petition for supersedeas, the applicant may
13 apply, either within the petition or by separate paper, for an order temporarily staying
14 enforcement or execution of the judgment, decision, order, or other determination pending
15 decision by the court upon the petition for supersedeas. If application is made by separate
16 paper, it shall be filed and served in the manner provided for the petition for supersedeas in
17 Rule 92(b). The court for good cause shown in such a petition for temporary stay may issue
18 such an order ex parte."

19 **SECTION 12H.25.(b)** Article 4 of Chapter 150B of the General Statutes is
20 amended by adding a new section to read:

21 **"§ 150B-53. Writs.**

22 Any party to a contested case may petition for writs of certiorari, mandamus, prohibition, or
23 supersedeas in the manner prescribed in Rules 90, 91, and 92 of the North Carolina Rules of
24 Civil Procedure."

25 **SECTION 12H.25.(c)** This section is effective when it becomes law, and applies to
26 judgments, decisions, and orders of the Office of Administrative Hearings entered on or after
27 that date.

28
29 **CLARIFY NOTICE OF EXTRAPOLATED OVERPAYMENTS**

30 **SECTION 12H.26.(a)** G.S. 108C-5(i) reads as rewritten:

31 "(i) Prior to extrapolating the results of any audits, the Department shall demonstrate
32 and inform the provider that (i) the provider failed to substantially comply with the
33 requirements of State or federal law or regulation or (ii) the Department has a credible
34 allegation of fraud concerning the provider. Nothing in the subsection shall be construed to
35 prohibit the Department from identifying the extrapolated overpayment amount in the same
36 notice that meets the requirements of this subsection."

37 **SECTION 12H.26.(b)** G.S. 108C-5 is amended by adding a new subsection to
38 read:

39 "(t) Nothing in this Chapter shall be construed to prohibit the Department from utilizing
40 a contractor to send notices to providers on behalf of the Department."

41
42 **MODIFICATIONS TO RECIPIENT APPEALS**

43 **SECTION 12H.27.(a)** G.S. 108A-70.9A(d) reads as rewritten:

44 "(d) Appeals. – Except as provided by this section and G.S. 108A-70.9B, a request for a
45 hearing to appeal an adverse determination of the Department under this section is a contested
46 case subject to the provisions of Article 3 of Chapter 150B of the General Statutes. The
47 recipient ~~shall may~~ request a hearing only within 30 days of the time period beginning upon the
48 mailing of the notice required by subsection (c) of this section and ending on the effective date
49 of the adverse determination, which shall be the period for appeal. In order to request a hearing,
50 a recipient must by sending file an appeal request form to with OAH and the Department.

1 Department within the period for appeal. If the recipient does not request a hearing during the
2 period for appeal, the recipient shall be deemed to have waived any right of appeal, and OAH
3 shall deny any hearing request filed outside the period for appeal. Upon demonstration during
4 any contested case that the hearing request was filed outside the period for appeal, OAH shall
5 dismiss the contested case. Where a request for hearing concerns the reduction, modification, or
6 termination of Medicaid services, including the failure to act upon a timely request for
7 reauthorization with reasonable promptness, upon the receipt of a timely appeal, the
8 Department shall reinstate the services to the level or manner prior to action by the Department
9 as permitted by federal law or regulation. The Department shall immediately forward a copy of
10 the notice to OAH electronically. The information contained in the notice is confidential unless
11 the recipient appeals. OAH may dispose of the records after one year. The Department may not
12 influence, limit, or interfere with the recipient's decision to request a hearing."

13 **SECTION 12H.27.(b)** G.S. 108A-70.9B reads as rewritten:

14 **"§ 108A-70.9B. Contested Medicaid cases.**

15 ...

16 (c) Mediation. – Upon receipt of an appeal request form as provided by
17 G.S. 108A-70.9A(e) or other clear request for a hearing by a Medicaid recipient, OAH shall
18 immediately notify the Mediation Network of North Carolina, which shall contact the recipient
19 within five days to offer mediation in an attempt to resolve the dispute. If mediation is
20 accepted, the mediation must be completed within 25 days of submission of the request for
21 appeal. Upon completion of the mediation, the mediator shall inform OAH and the Department
22 within 24 hours of the resolution by facsimile or electronic messaging. If the parties have
23 resolved matters in the mediation, OAH shall dismiss the case. OAH shall not conduct a
24 hearing of any contested Medicaid case until it has received notice from the mediator assigned
25 that either: (i) the mediation was unsuccessful, or (ii) the petitioner has rejected the offer of
26 mediation, or (iii) the petitioner has failed to appear at a scheduled mediation. ~~Nothing in this~~
27 ~~subsection shall restrict the right to a contested case hearing. If the recipient accepts an offer of~~
28 ~~mediation and then fails to meaningfully participate without good cause, OAH shall dismiss the~~
29 ~~contested case.~~

30 (d) Burden of Proof. – The recipient has the burden of proof ~~to show entitlement to a~~
31 ~~requested benefit or the propriety of requested agency action when the agency has denied the~~
32 ~~benefit or refused to take the particular action. The agency has the burden of proof when the~~
33 ~~appeal is from an agency determination to impose a penalty or to reduce, terminate, or suspend~~
34 ~~a previously granted benefit. The party with the burden of proof on any issue on all issues~~
35 ~~submitted to OAH for a Medicaid contested case hearing and has the burden of going forward,~~
36 ~~forward. and the~~ The administrative law judge shall not make any ruling on the preponderance
37 of evidence until the close of all evidence.

38"

39 **SECTION 12H.27.(c)** G.S. 108D-15(i) reads as rewritten:

40 ...

41 (i) Mediation. – Upon receipt of an appeal request form as provided by G.S.
42 108D-15(f) or other clear request for a hearing by an enrollee, OAH shall immediately notify
43 the Mediation Network of North Carolina, which shall contact the enrollee within five days to
44 offer mediation in an attempt to resolve the dispute. If mediation is accepted, the mediation
45 must be completed within 25 days of submission of the request for appeal. Upon completion of
46 the mediation, the mediator shall inform OAH and the LME/MCO within 24 hours of the
47 resolution by facsimile or electronic messaging. If the parties have resolved matters in the
48 mediation, OAH shall dismiss the case. OAH shall not conduct a hearing of any contested case
49 involving a dispute of a managed care action until it has received notice from the mediator
50 assigned that either (i) the mediation was unsuccessful, (ii) the petitioner has rejected the offer

1 of mediation, or (iii) the petitioner has failed to appear at a scheduled mediation. ~~Nothing in~~
2 ~~this subsection shall restrict the right to a contested case hearing. If the enrollee accepts an offer~~
3 ~~of mediation and then fails to meaningfully participate without good cause, OAH shall dismiss~~
4 ~~the contested case.~~"

5 **SECTION 12H.27.(d)** This section is effective October 1, 2014, and applies to
6 appeals notices of adverse determination mailed on or after that date and appeals of notices of
7 resolution mailed on or after that date.

8 **REPORT ON FUNDING OF STATE MEDICAL SCHOOLS**

9 **SECTION 12H.28.** The University of North Carolina System, working with the
10 appropriate constituent institutions and health systems, shall report to the Joint Legislative
11 Oversight Committee on Health and Human Services on how the medical schools are funded.
12 The report shall include a detailed explanation of the sources of all income within both a
13 current and historical context, noting any changes in funding sources and amounts over time.
14 The report required by this section is due by October 1, 2014.

15 **REMOVE P.A.C.E. ENROLLMENT CAP**

16 **SECTION 12H.29.** The Department of Health and Human Services, Division of
17 Medical Assistance, shall remove the enrollment cap for the Program of All-inclusive Care for
18 the Elderly (PACE), which enrollment cap the Department instated effective April 1, 2014.

19 **SUBPART XII-I. MISCELLANEOUS**

20 **CONTROL OF DATA DISCLOSED TO THE NORTH CAROLINA HEALTH** 21 **INFORMATION EXCHANGE BY REQUIRED PARTICIPANTS**

22 **SECTION 12L.1.(a)** G.S. 90-413.3A(b) reads as rewritten:

23 "(b) Any hospital, as defined in ~~G.S. 131E-76(e)~~, G.S. 131E-76(3) that has an electronic
24 health record system shall connect to the ~~NC HIE~~ HIE Network and submit individual patient
25 demographic and clinical data on services paid for with Medicaid funds, based upon the
26 findings set forth in subsection (a) of this section and notwithstanding the voluntary nature of
27 the NC HIE under G.S. 90-413.2. The NC HIE shall give the Department of Health and Human
28 Services and professional staff of the Fiscal Research, Bill Drafting, Research, and Program
29 Evaluation Divisions of the General Assembly real-time access to data and information
30 ~~contained in the NC HIE disclosed through the HIE Network.~~"

31 **SECTION 12L.1.(b)** G.S. 90-413.3A is amended by adding a new subsection to
32 read:

33 "(c) Any data disclosed through the HIE Network pursuant to subsection (b) of this
34 section shall be and will remain the sole property of the State. Any data or product derived
35 from the data disclosed to the HIE Network pursuant to subsection (b) of this section, including
36 a consolidation or analysis of the data, shall be and will remain the sole property of the State.
37 The NC HIE shall not allow proprietary information it receives pursuant to this section to be
38 used by any person or entity for commercial purposes."

39 **SECTION 12L.1.(c)** In order to ensure the successful, uninterrupted operation of
40 the statewide health information exchange network (HIE Network), the Department of Health
41 and Human Services (Department) shall develop a transition plan for transferring the
42 responsibilities imposed on the NC HIE under Article 29A of the General Statutes to another
43 entity in the event the NC HIE is unable or unwilling to continue overseeing and administering
44 the HIE Network. The Department shall develop the plan in consultation with the Office of
45 Information Technology Services and the NC HIE, and submit the plan to the Joint Legislative

Oversight Committee on Health and Human Services and the Fiscal Research Division no later than February 1, 2015.

ESTABLISHMENT OF JOINT LEGISLATIVE STUDY COMMISSION ON TRAUMATIC BRAIN INJURY

SECTION 12L.2.(a) There is created the Joint Legislative Study Commission on the Service Needs of Individuals with Traumatic Brain Injury (TBI). The purpose of the Commission is to study and make recommendations about the service needs of individuals with TBI.

SECTION 12L.2.(b) The Commission shall consist of 15 members as follows:

- (1) Five members appointed by the Speaker of the House of Representatives with the following qualifications:
 - a. Two members of the House of Representatives.
 - b. One licensed physician with experience assessing and treating adults who have suffered TBI.
 - c. One neuropsychologist with experience assessing and treating individuals with TBI.
 - d. One adult survivor of TBI.
- (2) Five members appointed by the President Pro Tempore of the Senate with the following qualifications:
 - a. Two members of the Senate.
 - b. One operator of a rehabilitation facility for adults with TBI.
 - c. One representative of the Veterans Administration with knowledge and experience in the range of TBI services available to members of the military and veterans.
 - d. One parent of a child survivor of TBI.
- (3) The Secretary of the Department of Health and Human Services, or the Secretary's designee.
- (4) The Director of the Division of Medical Assistance, or the Director's designee.
- (5) The Executive Director of the North Carolina Brain Injury Council, or the Executive Director's designee.
- (6) The Executive Director of Community Care of North Carolina, or the Executive Director's designee.
- (7) One Chief Executive Officer (CEO) of a local management entity that has been approved to operate the 1915(b)/(c) Medicaid Waiver, who is currently managing services for children and adults with TBI, or the CEO's designee, appointed jointly by the cochairs of the Commission.

SECTION 12L.2.(c) The Commission shall have two cochairs, one designated by the Speaker of the House of Representatives and one designated by the President Pro Tempore of the Senate from among their respective appointees. The Commission shall meet upon the call of the cochairs. Any vacancy on the Commission shall be filled by the original appointing authority. A quorum shall consist of a majority of the total membership of the Commission.

SECTION 12L.2.(d) The Commission shall study all of the following issues:

- (1) Existing TBI services and any deficiencies in service array, quality of services, accessibility, and availability of services across each age group of persons with TBI regardless of the age at which the trauma occurred.
- (2) Existing TBI-specific service definitions for children and adults who receive services through federally funded programs, including Medicaid, federal block grants, and the Veterans Administration; through State-funded

programs, including the Traumatic Brain Injury Trust Fund; through county-funded programs; and through other funding sources, as well as the need for additional or revised service definitions to meet the specific needs of those with TBI.

- (3) Current reimbursement rates tied to settings that treat adults with TBI, and the adequacy of these reimbursement rates.
- (4) Current accessibility to TBI services, service information, educational materials, and family resources; and any deficiencies that need to be addressed.
- (5) Current status of TBI-specific screening, assessment, triage, and service referrals for children, adults, and veterans; and any deficiencies that need to be addressed.
- (6) This State's current organizational model for providing comprehensive needs assessment, information management, policy development, service delivery, monitoring, and quality assurance for children and adults with TBI as compared to TBI organizational structures in other states; and specific organizational models to manage services for persons with TBI that are well coordinated for all citizens, including veterans.
- (7) Any other matters related to TBI services for children, adults, veterans, and their families.

SECTION 12I.2.(e) Members of the Commission shall receive per diem, subsistence, and travel allowances in accordance with G.S. 120-3.1, 138-5, or 138-6, as appropriate. The Commission, while in the discharge of its official duties, may exercise all powers provided for under G.S. 120-19 and G.S. 120-19.1 through G.S. 120-19.4. The Commission may meet in the Legislative Building or the Legislative Office Building.

With approval of the Legislative Services Commission, the Legislative Services Officer shall assign professional staff to assist the Commission in its work. Upon the direction of the Legislative Services Commission, the Director of Legislative Assistants of the Senate and of the House of Representatives shall assign clerical staff to the Commission. The expenses for clerical employees shall be borne by the Commission. The Commission may contract for consultants or hire employees in accordance with G.S. 120-32.02.

SECTION 12I.2.(f) The Commission shall submit a final report of its findings and recommendations, including any proposed legislation, to the 2016 Regular Session of the 2015 General Assembly no later than May 1, 2016. The Commission shall terminate upon the filing of its final report.

PED STUDY CONCERNING ALCOHOL AND SUBSTANCE ABUSE EDUCATION AND PREVENTION INITIATIVE TO BE FUNDED BY LOCAL ALCOHOLIC BEVERAGE CONTROL BOARDS.

SECTION 12I.3.(a) The Joint Legislative Program Evaluation Oversight Committee shall consider including in the 2014-2015 Work Plan for the Program Evaluation Division of the General Assembly a study of the benefits and disadvantages to the State of requiring local Alcoholic Beverage Control boards to (i) cease payments effective July 1, 2015, to the Department of Health and Human Services under G.S. 18B-805(b)(3) for alcoholism or substance abuse research, treatment, or education and (ii) redirect these payments to the North Carolina Alcoholic Beverage Control Commission, effective July 1, 2015, for an alcohol and substance abuse education and prevention initiative.

SECTION 12I.3.(b) If the Joint Legislative Program Evaluation Oversight Committee adds the study described in subsection (a) to its 2014-2015 Work Plan, the Program Evaluation Division shall submit its findings and recommendations to the Joint Legislative

Program Evaluation Oversight Committee and the Fiscal Research Division no later than February 1, 2015.

SUBPART XII-J. DHHS BLOCK GRANTS

REVISE DHHS BLOCK GRANTS

SECTION 12J.1. Section 12J.1 of S.L. 2013-360 reads as rewritten:

"DHHS BLOCK GRANTS

"SECTION 12J.1.(a) Except as otherwise provided, appropriations from federal block grant funds are made for each year of the fiscal biennium ending June 30, 2015, according to the following schedule:

TEMPORARY ASSISTANCE TO NEEDY FAMILIES (TANF) FUNDS	FY2013-2014	FY2014-2015
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Local Program Expenditures

Division of Social Services

01.	Work First Family Assistance	\$ 60,285,413	\$ 60,285,413
02.	Work First County Block Grants	82,485,495	82,485,495
03.	Work First Electing Counties	2,352,521	2,352,521
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
06A.	<u>Foster Care Services</u>		<u>1,385,152</u>

Division of Child Development and Early Education

07.	Subsidized Child Care Program	57,172,097	55,409,695
08.	Swap Child Care Subsidy	6,352,644	6,352,644
08A.	<u>Pre-K Swap Out</u>		<u>7,195,807</u>

Division of Public Health

09.	Teen Pregnancy Initiatives	2,500,000	2,500,000
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DHHS Administration

10.	Division of Social Services	2,482,260	2,482,260
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11.	Office of the Secretary	34,042	34,042
Transfers to Other Block Grants			
Division of Child Development <u>and Early Education</u>			
12.	Transfer to the Child Care and Development Fund	71,773,001	71,773,001
13.	Transfer to Social Services Block Grant for Child Protective Services – Child Welfare Training in Counties	1,300,000	1,300,000
14.	Transfer to Social Services Block Grant for Child Protective Services	5,040,000	5,040,000
15.	Transfer to Social Services Block Grant for County Departments of Social Services for Children's Services	4,148,001	4,148,001
TOTAL TEMPORARY ASSISTANCE TO NEEDY FAMILIES (TANF) FUNDS		\$307,997,158	\$306,234,756 \$313,460,826

**TEMPORARY ASSISTANCE TO NEEDY FAMILIES (TANF)
EMERGENCY CONTINGENCY FUNDS**

Local Program Expenditures

Division of Social Services

01.	Work First County Block Grants	\$ 5,580,925	\$ 5,580,925
02.	Work First Electing Counties	25,692	25,692

Division of Child Development and Early Education

03.	Subsidized Child Care	6,549,469	6,549,469 11,679,394
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TOTAL TEMPORARY ASSISTANCE TO NEEDY FAMILIES (TANF) EMERGENCY CONTINGENCY FUNDS		\$12,156,086	\$12,156,086 \$ 17,286,011
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SOCIAL SERVICES BLOCK GRANT

Local Program Expenditures

Divisions of Social Services and Aging and Adult Services

01.	County Departments of Social Services		
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1	(Transfer from TANF \$4,148,001)	\$ 29,422,137	\$ 29,422,137	<u>\$ 27,427,015</u>
2				
3	02. Child Protective Services			
4	(Transfer from TANF)	5,040,000		5,040,000
5				
6	03. State In-Home Services Fund	1,943,950		1,943,950
7				
8	04. Adult Protective Services	1,245,363		1,245,363
9				
10	05. State Adult Day Care Fund	1,994,084		1,994,084
11				
12	06. Child Protective Services/CPS			
13	Investigative Services – Child Medical			
14	Evaluation Program	563,868		563,868
15				
16	07. Special Children Adoption Incentive Fund	462,600		462,600
17				
18	08. Child Protective Services – Child			
19	Welfare Training for Counties			
20	(Transfer from TANF)	1,300,000		1,300,000
21				
22	09. Home and Community Care Block			
23	Grant (HCCBG)	1,696,888		1,696,888
24				
25	10. Child Advocacy Centers	375,000		375,000
26				
27	11. Guardianship	3,978,360		3,978,360
28				
29	12. UNC Cares Contract	229,376	229,376	<u>57,344</u>
30				
31	13. Foster Care Services	1,385,152		1,385,152
32				
33	Division of Central Management and Support			
34				
35	14. DHHS Competitive Block Grants			
36	for Nonprofits	3,852,500		3,852,500
37				
38	Division of Mental Health, Developmental Disabilities, and Substance Abuse Services			
39				
40	15. Mental Health Services – Adult and			
41	Child/Developmental Disabilities Program/			
42	Substance Abuse Services – Adult	4,030,730		4,030,730
43				
44	DHHS Program Expenditures			
45				
46	Division of Services for the Blind			
47				
48	16. Independent Living Program	3,361,323		3,361,323
49				
50	Division of Health Service Regulation			

17.	Adult Care Licensure Program	381,087	381,087
18.	Mental Health Licensure and Certification Program	190,284	190,284
DHHS Administration			
19.	Division of Aging and Adult Services	577,745	577,745
20.	Division of Social Services	559,109	559,109
21.	Office of the Secretary/Controller's Office	127,731	127,731
22.	Division of Child Development	13,878	13,878
23.	Division of Mental Health, Developmental Disabilities, and Substance Abuse Services	27,446	27,446
24.	Division of Health Service Regulation	118,946	118,946
TOTAL SOCIAL SERVICES BLOCK GRANT		\$ 62,877,557	\$ 62,877,557 \$ 59,325,251

LOW-INCOME HOME ENERGY ASSISTANCE BLOCK GRANT

Local Program Expenditures

Division of Social Services

01.	Low-Income Energy Assistance Program (LIEAP)	\$ 50,876,440	\$ 50,876,440
02.	Crisis Intervention Program (CIP)	33,866,195	33,866,195

Local Administration

Division of Social Services

03.	County DSS Administration	6,757,731	6,757,731
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DHHS Administration

04.	Office of the Secretary/DIRM	412,488	412,488
05.	Office of the Secretary/Controller's Office	18,378	18,378

Transfers to Other State Agencies

Department of Environment and Natural Resources (DENR)

06.	Weatherization Program	14,947,789	14,947,789	<u>12,473,090</u>
07.	Heating Air Repair and Replacement Program (HARRP)	7,193,873	7,193,873	<u>6,636,633</u>
08.	Local Residential Energy Efficiency Service Providers – Weatherization	37,257	37,257	<u>692,950</u>
09.	Local Residential Energy Efficiency Service Providers – HARRP	338,352	338,352	<u>312,227</u>
10.	DENR Administration – Weatherization	37,257	37,257	<u>692,950</u>
11.	DENR Administration – HARRP	338,352	338,352	<u>312,226</u>
Department of Administration				
12.	N.C. Commission on Indian Affairs	87,736		87,736
TOTAL LOW-INCOME HOME ENERGY ASSISTANCE BLOCK GRANT				
		\$ 114,911,848	\$ 114,911,848	<u>\$113,139,044</u>

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)	\$ 156,566,345	\$ 158,328,747	<u>\$168,536,136</u>
02.	Electronic Tracking System	3,000,000		3,000,000
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)	24,262,402	22,500,000	<u>24,168,551</u>

DHHS Administration

Division of Child Development and Early Education

05.	DCDEE Administrative Expenses	6,000,000	6,000,000	<u>7,677,977</u>
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Division of Social Services

06.	Local Subsidized Child Care Services Support	13,274,413		13,274,413
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Division of Central Administration

07. DHHS Central Administration – DIRM
Technical Services

775,000

775,000

08. Central Regional Maintenance

202,000

**TOTAL CHILD CARE AND DEVELOPMENT
FUND BLOCK GRANT**

\$ 275,651,161 \$ 275,651,161 \$289,407,078

MENTAL HEALTH SERVICES BLOCK GRANT

Local Program Expenditures

01. Mental Health Services – Adult

\$ 10,717,607

\$ 10,717,607

02. Mental Health Services – Child

5,121,991

~~5,121,991~~ 13,619,833

03. Administration

200,000

200,000

04. Mental Health Services – Adult/Child

12,398,643

05. Crisis Solutions Initiative – Critical
Time Intervention

750,000

**TOTAL MENTAL HEALTH SERVICES
BLOCK GRANT**

\$ 16,039,598 ~~\$ 16,039,598~~ \$ 16,968,476

SUBSTANCE ABUSE PREVENTION AND TREATMENT BLOCK GRANT

Local Program Expenditures

Division of Mental Health, Developmental Disabilities, and Substance Abuse Services

~~01. Substance Abuse Services – Adult~~

~~\$ 14,960,371~~~~\$ 14,960,371~~

~~02. Substance Abuse Treatment Alternative
for Women~~

6,050,300

6,050,300

03. Substance Abuse – HIV and IV Drug

3,919,723

3,919,723

~~04. Substance Abuse Prevention – Child~~

~~7,186,857~~~~7,186,857~~

04A. Substance Abuse Prevention

8,669,284

~~05. Substance Abuse Services – Child~~

~~4,190,500~~~~4,190,500~~

05A. Substance Abuse Services – Treatment for
Children/Adults

31,125,883

05B.	<u>Veteran's Crisis – DOA Veterans Affairs Call-in Crisis Center</u>		<u>250,000</u>
06.	Administration	454,000	454,000
	Division of Public Health		
07.	Risk Reduction Projects	575,654	575,654
08.	Aid to Counties	190,295	190,295
08A.	<u>HIV Testing for Individuals in Substance Abuse Treatment</u>		<u>765,949</u>
TOTAL SUBSTANCE ABUSE PREVENTION AND TREATMENT BLOCK GRANT			
		\$ 37,527,700	\$ 37,527,700 \$ 45,184,839

MATERNAL AND CHILD HEALTH BLOCK GRANT

Local Program Expenditures

Division of Public Health

01.	Children's Health Services (Safe Sleep Campaign \$45,000)	\$ 8,042,531	\$ 8,042,531 <u>\$ 7,574,703</u>
02.	Women's Health (March of Dimes \$350,000; Teen Pregnancy Prevention Initiatives \$650,000; Perinatal Quality Collaborative \$350,000; 17P Project \$52,000; Carolina Pregnancy Care Fellowship \$250,000 ; <u>\$300,000</u> ; Nurse-Family Partnership \$509,018)	8,532,935	8,532,935 <u>8,095,148</u>
03.	Oral Health	44,901	44,901

DHHS Program Expenditures

Division of Public Health

04.	Children's Health Services	1,301,504	1,301,504 <u>1,300,578</u>
05.	Women's Health – Maternal Health	105,419	105,419 <u>105,361</u>
06.	State Center for Health Statistics	164,487	164,487 <u>156,230</u>
07.	Health Promotion – Injury and Violence Prevention	89,374	89,374 <u>84,919</u>

DHHS Administration

Division of Public Health

08.	Division of Public Health Administration	573,108	573,108 <u>552,571</u>
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TOTAL MATERNAL AND CHILD

HEALTH BLOCK GRANT	\$ 18,854,259	\$ 18,854,259 <u>\$ 17,914,411</u>
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PREVENTIVE HEALTH SERVICES BLOCK GRANT

Local Program Expenditures

01.	Physical Activity and Prevention	\$ 1,186,142	\$ 1,186,142 <u>\$ 2,079,945</u>
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02.	Injury and Violence Prevention (Services to Rape Victims – Set-Aside)	169,730	169,730 <u>173,476</u>
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DHHS Program Expenditures

Division of Public Health

03.	HIV/STD Prevention and Community Planning	145,819	145,819
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04.	Oral Health Preventive Services	46,302	46,302
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05.	Laboratory Services – Testing, Training, and Consultation	10,980	10,980 <u>21,012</u>
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06.	Injury and Violence Prevention (Services to Rape Victims – Set-Aside)	199,634	199,634
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07.	Heart Disease and Stroke Prevention	162,249	162,249 <u>187,693</u>
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08.	Performance Improvement and Accountability	213,971	213,971 <u>185,075</u>
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09.	Physical Activity and Nutrition	38,000	38,000 <u>68,073</u>
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10.	State Center for Health Statistics	61,406	61,406 <u>144,749</u>
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TOTAL PREVENTIVE HEALTH

SERVICES BLOCK GRANT	\$ 2,234,233	\$ 2,234,233 <u>\$ 3,921,778</u>
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COMMUNITY SERVICES BLOCK GRANT

Local Program Expenditures

Office of Economic Opportunity

01.	Community Action Agencies	\$ 22,402,724	\$ 22,402,724	<u>\$ 24,168,417</u>
02.	Limited Purpose Agencies	1,244,596	1,244,596	<u>1,342,690</u>
DHHS Administration				
03.	Office of Economic Opportunity	1,244,596	1,244,596	<u>1,342,690</u>
TOTAL COMMUNITY SERVICES				
BLOCK GRANT		\$ 24,891,916	\$ 24,891,916	<u>\$ 26,853,797</u>

"GENERAL PROVISIONS

"SECTION 12J.1.(b) Information to Be Included in Block Grant Plans. – The Department of Health and Human Services shall submit a separate plan for each Block Grant received and administered by the Department, and each plan shall include the following:

- (1) A delineation of the proposed allocations by program or activity, including State and federal match requirements.
- (2) A delineation of the proposed State and local administrative expenditures.
- (3) An identification of all new positions to be established through the Block Grant, including permanent, temporary, and time-limited positions.
- (4) A comparison of the proposed allocations by program or activity with two prior years' program and activity budgets and two prior years' actual program or activity expenditures.
- (5) A projection of current year expenditures by program or activity.
- (6) A projection of federal Block Grant funds available, including unspent federal funds from the current and prior fiscal years.

"SECTION 12J.1.(c) Changes in Federal Fund Availability. – If the Congress of the United States increases the federal fund availability for any of the Block Grants or contingency funds and other grants related to existing Block Grants administered by the Department of Health and Human Services from the amounts appropriated in this section, the Department shall allocate the increase proportionally across the program and activity appropriations identified for that Block Grant in this section. In allocating an increase in federal fund availability, the Office of State Budget and Management shall not approve funding for new programs or activities not appropriated in this section.

If the Congress of the United States decreases the federal fund availability for any of the Block Grants or contingency funds and other grants related to existing Block Grants administered by the Department of Health and Human Services from the amounts appropriated in this section, the Department shall develop a plan to adjust the block grants based on reduced federal funding.

Notwithstanding the provisions of this subsection, for fiscal years 2013-2014 and 2014-2015, increases in the federal fund availability for the Temporary Assistance to Needy Families (TANF) Block Grant shall be used only for the North Carolina Child Care Subsidy program to pay for child care in four- or five-star rated facilities for four-year-old ~~children~~ children and shall not be used to supplant State funds.

Prior to allocating the change in federal fund availability, the proposed allocation must be approved by the Office of State Budget and Management. If the Department adjusts the allocation of any Block Grant due to changes in federal fund availability, then a report shall be made to the Joint Legislative Oversight Committee on Health and Human Services, the Joint Legislative Commission on Governmental Operations, and the Fiscal Research Division.

1 **"SECTION 12J.1.(d)** Except as otherwise provided, appropriations from federal Block
2 Grant funds are made for each year of the fiscal biennium ending June 30, 2015, according to
3 the schedule enacted for State fiscal years 2013-2014 and 2014-2015 or until a new schedule is
4 enacted by the General Assembly.

5 **"SECTION 12J.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
8 shall be approved by the Office of State Budget and Management, and the Office of State
9 Budget and Management shall consult with the Joint Legislative Commission on Governmental
10 Operations for review prior to implementing the changes. The report shall include an itemized
11 listing of affected programs, including associated changes in budgeted allocations. All changes
12 to the budgeted allocations to the Block Grants shall be reported immediately to the Joint
13 Legislative Oversight Committee on Health and Human Services and the Fiscal Research
14 Division. This subsection does not apply to Block Grant changes caused by legislative salary
15 increases and benefit adjustments.

16 **"SECTION 12J.1.(e1)** Except as otherwise provided, the Department of Health and
17 Human Services shall have flexibility to transfer funding between the Temporary Assistance to
18 Needy Families (TANF) Block Grant and the TANF Emergency Contingency Funds Block
19 Grant so long as the total allocation for the line items within those block grants remains the
20 same.

21 22 **"TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF) FUNDS**

23 **"SECTION 12J.1.(f)** The sum of eighty-two million four hundred eighty-five thousand
24 four hundred ninety-five dollars (\$82,485,495) appropriated in this section in TANF funds to
25 the Department of Health and Human Services, Division of Social Services, for each year of
26 the 2013-2015 fiscal biennium shall be used for Work First County Block Grants. The Division
27 shall certify these funds in the appropriate State-level services based on prior year actual
28 expenditures. The Division has the authority to realign the authorized budget for these funds
29 among the State-level services based on current year actual expenditures.

30 **"SECTION 12J.1.(g)** The sum of two million four hundred eighty-two thousand two
31 hundred sixty dollars (\$2,482,260) appropriated in this section in TANF funds to the
32 Department of Health and Human Services, Division of Social Services, for each year of the
33 2013-2015 fiscal biennium shall be used to support administration of TANF-funded programs.

34 **"SECTION 12J.1.(h)** The sum of nine million four hundred twelve thousand three
35 hundred ninety-one dollars (\$9,412,391) appropriated in this section to the Department of
36 Health and Human Services, Division of Social Services, in TANF funds for each year of the
37 2013-2015 fiscal biennium for child welfare improvements shall be allocated to the county
38 departments of social services for hiring or contracting staff to investigate and provide services
39 in Child Protective Services cases; to provide foster care and support services; to recruit, train,
40 license, and support prospective foster and adoptive families; and to provide interstate and
41 post-adoption services for eligible families.

42 Counties shall maintain their level of expenditures in local funds for Child Protective
43 Services workers. Of the Block Grant funds appropriated for Child Protective Services workers,
44 the total expenditures from State and local funds for fiscal years 2013-2014 and 2014-2015
45 shall not be less than the total expended from State and local funds for the 2012-2013 fiscal
46 year.

47 **"SECTION 12J.1.(i)** The sum of two million twenty-six thousand eight hundred
48 seventy-seven dollars (\$2,026,877) appropriated in this section in TANF funds to the
49 Department of Health and Human Services, Special Children Adoption Fund, for each year of
50 the 2013-2015 fiscal biennium shall be used in accordance with G.S. 108A-50.2. The Division

of Social Services, in consultation with the North Carolina Association of County Directors of Social Services and representatives of licensed private adoption agencies, shall develop guidelines for the awarding of funds to licensed public and private adoption agencies upon the adoption of children described in G.S. 108A-50 and in foster care. Payments received from the Special Children Adoption Fund by participating agencies shall be used exclusively to enhance the adoption services program. No local match shall be required as a condition for receipt of these funds.

"SECTION 12J.1.(j) The sum of six hundred thirty-two thousand four hundred sixteen dollars (\$632,416) appropriated in this section to the Department of Health and Human Services in TANF funds for each year of the 2013-2015 fiscal biennium shall be used to continue support for the Child Welfare Collaborative.

"SOCIAL SERVICES BLOCK GRANT

"SECTION 12J.1.(k) The sum of twenty-nine million four hundred twenty-two thousand one hundred thirty-seven dollars (\$29,422,137) appropriated in this section in the Social Services Block Grant to the Department of Health and Human Services, Division of Social Services, for each year of the 2013-2015 fiscal biennium the 2013-2014 fiscal year and the sum of twenty-seven million four hundred twenty-seven thousand fifteen dollars (\$27,427,015) appropriated in this section in the Social Services Block Grant for the 2014-2015 fiscal year shall be used for county block grants. The Division shall certify these funds in the appropriate State-level services based on prior year actual expenditures. The Division has the authority to realign the authorized budget for these funds among the State-level services based on current year actual expenditures.

"SECTION 12J.1.(l) The sum of one million three hundred thousand dollars (\$1,300,000) appropriated in this section in the Social Services Block Grant to the Department of Health and Human Services, Division of Social Services, for each year of the 2013-2015 fiscal biennium shall be used to support various child welfare training projects as follows:

- (1) Provide a regional training center in southeastern North Carolina.
- (2) Provide training for residential child caring facilities.
- (3) Provide for various other child welfare training initiatives.

"SECTION 12J.1.(m) The Department of Health and Human Services is authorized, subject to the approval of the Office of State Budget and Management, to transfer Social Services Block Grant funding allocated for departmental administration between divisions that have received administrative allocations from the Social Services Block Grant.

"SECTION 12J.1.(n) Social Services Block Grant funds appropriated for the Special Childrens Adoption Incentive Fund will require a fifty percent (50%) local match.

"SECTION 12J.1.(o) The sum of five million forty thousand dollars (\$5,040,000) appropriated in this section in the Social Services Block Grant for each year of the 2013-2015 fiscal biennium shall be allocated to the Department of Health and Human Services, Division of Social Services. The Division shall allocate these funds to local departments of social services to replace the loss of Child Protective Services State funds that are currently used by county government to pay for Child Protective Services staff at the local level. These funds shall be used to maintain the number of Child Protective Services workers throughout the State. These Social Services Block Grant funds shall be used to pay for salaries and related expenses only and are exempt from 10A NCAC 71R .0201(3) requiring a local match of twenty-five percent (25%).

"SECTION 12J.1.(p) The sum of three million eight hundred fifty-two thousand five hundred dollars (\$3,852,500) appropriated in this section in the Social Services Block Grant to the Department of Health and Human Services, Division of Central Management and Support, shall be used for DHHS competitive block grants pursuant to Section 12A.2 of this act for each

year of the 2013-2015 fiscal biennium. These funds are exempt from the provisions of 10A NCAC 71R .0201(3).

"SECTION 12J.1.(q) The sum of three hundred seventy-five thousand dollars (\$375,000) appropriated in this section in the Social Services Block Grant for each year of the 2013-2015 fiscal biennium to the Department of Health and Human Services, Division of Social Services, shall be used to continue support for the Child Advocacy Centers and are exempt from the provisions of 10A NCAC 71R .0201(3).

"SECTION 12J.1.(r) The sum of three million nine hundred seventy-eight thousand three hundred sixty dollars (\$3,978,360) appropriated in this section in the Social Services Block Grant for each year of the 2013-2015 fiscal biennium to the Department of Health and Human Services, Divisions of Social Services and Aging and Adult Services, shall be used for guardianship services pursuant to Chapter 35A of the General Statutes. The Department may expend funds appropriated in this section to support (i) existing corporate guardianship contracts during the 2013-2014 and 2014-2015 fiscal years and (ii) guardianship contracts transferred to the State from local management entities or managed care organizations during the 2013-2014 and 2014-2015 fiscal years.

"LOW-INCOME HOME ENERGY ASSISTANCE BLOCK GRANT

"SECTION 12J.1.(s) Additional emergency contingency funds received may be allocated for Energy Assistance Payments or Crisis Intervention Payments without prior consultation with the Joint Legislative Commission on Governmental Operations. Additional funds received shall be reported to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division upon notification of the award. The Department of Health and Human Services shall not allocate funds for any activities, including increasing administration, other than assistance payments, without prior consultation with the Joint Legislative Commission on Governmental Operations.

"SECTION 12J.1.(t) The sum of fifty million eight hundred seventy-six thousand four hundred forty dollars (\$50,876,440) appropriated in this section in the Low-Income Home Energy Assistance Block Grant for each year of the 2013-2015 fiscal biennium to the Department of Health and Human Services, Division of Social Services, shall be used for energy assistance payments for the households of (i) elderly persons age 60 and above with income up to one hundred thirty percent (130%) of the federal poverty level and (ii) disabled persons eligible for services funded through the Division of Aging and Adult Services.

County departments of social services shall submit to the Division of Social Services an outreach plan for targeting households with 60-year-old household members no later than August 1 of each year. The outreach plan shall comply with the following:

- (1) Ensure that eligible households are made aware of the available assistance with particular attention paid to the elderly population age 60 and above and disabled persons receiving services through the Division of Aging and Adult Services.
- (2) Include efforts by the county department of social services to contact other State and local governmental entities and community-based organizations to (i) offer the opportunity to provide outreach and (ii) receive applications for energy assistance.
- (3) Be approved by the local board of social services or human services board prior to submission.

"CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT

"SECTION 12J.1.(u) Payment for subsidized child care services provided with federal TANF funds shall comply with all regulations and policies issued by the Division of Child Development for the subsidized child care program.

"SECTION 12J.1.(v) If funds appropriated through the Child Care and Development Fund Block Grant for any program cannot be obligated or spent in that program within the obligation or liquidation periods allowed by the federal grants, the Department may move funds to child care subsidies, unless otherwise prohibited by federal requirements of the grant, in order to use the federal funds fully.

"SUBSTANCE ABUSE PREVENTION AND TREATMENT BLOCK GRANT

"SECTION 12J.1.(v1) The sum of two hundred fifty thousand dollars (\$250,000) appropriated in this section in the Substance Abuse Prevention and Treatment Block Grant to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, for the 2014-2015 fiscal year shall be allocated to the Department of Administration, Division of Veterans Affairs, to establish a call-in center to assist veterans in locating service benefits and crisis services. The call-in center shall be staffed by certified veteran peers within the Division of Veterans Affairs and trained by the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services.

"MATERNAL AND CHILD HEALTH BLOCK GRANT

"SECTION 12J.1.(w) If federal funds are received under the Maternal and Child Health Block Grant for abstinence education, pursuant to section 912 of Public Law 104-193 (42 U.S.C. § 710), for the 2013-2014 fiscal year or the 2014-2015 fiscal year, then those funds shall be transferred to the State Board of Education to be administered by the Department of Public Instruction. The Department of Public Instruction shall use the funds to establish an abstinence until marriage education program and shall delegate to one or more persons the responsibility of implementing the program and G.S. 115C-81(e1)(4) and (4a). The Department of Public Instruction shall carefully and strictly follow federal guidelines in implementing and administering the abstinence education grant funds.

"SECTION 12J.1.(x) The Department of Health and Human Services shall ensure that there will be follow-up testing in the Newborn Screening Program."

PART XIII. DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES

PLANT SCIENCES RESEARCH AND INNOVATION INITIATIVE

SECTION 13.1.(a) The funds appropriated by this act to the Department of Agriculture and Consumer Services for the Plant Sciences Research initiative shall be transferred to North Carolina State University to develop a formal proposal and economic needs assessment for establishment of a public/private partnership between the University, other academic institutions, private companies in the agribusiness and bioscience sectors, and State regulatory agencies for the following amounts and purposes: (i) the sum of three hundred fifty thousand dollars (\$350,000) for a partnership to be known as the "Plant Sciences Research and Innovation Initiative and (ii) the sum of two hundred fifty thousand dollars (\$250,000) for a partnership to be known as the "Food Processing Initiative."

SECTION 13.1.(b) North Carolina State University shall submit a copy of the proposal and report to the Agriculture and Forestry Awareness Study Commission on the results of the economic needs assessment by January 1, 2015.

STATE FAIR ADMISSION

1 **SECTION 13.2.(a)** G.S. 150B-1(d) is amended by adding a new subdivision to
2 read:

3 "(d) Exemptions from Rule Making. – Article 2A of this Chapter does not apply to the
4 following:

5 ...

6 (26) The Board of Agriculture in the Department of Agriculture and Consumer
7 Services with respect to annual admission fees for the State Fair. The Board
8 shall annually post the admission fee schedule on its Web site and provide
9 notice of the fee schedule, along with a citation to this section, to all persons
10 named on the mailing list maintained pursuant to G.S. 150B-21.2(d)."

11 **SECTION 13.2.(b)** This section is effective when it becomes law.

12
13 **AGRICULTURAL WELL DEVELOPMENT AS CRITERIA FOR AGRICULTURAL**
14 **WATER RESOURCES ASSISTANCE PROGRAM FUNDING**

15 **SECTION 13.3.(a)** G.S. 139-60(c)(3) reads as rewritten:

16 "(3) Establish criteria to allocate funds to local soil and water conservation
17 districts. The criteria shall include the development of agricultural wells. In
18 considering agricultural well development, the Commission shall take into
19 account the impact of new well placement upon the wells of adjoining and
20 surrounding landowners."

21 **SECTION 13.3.(b)** This section is effective when it becomes law.

22
23 **"GOT TO BE NC" MARKETING CAMPAIGN TO BE THE OFFICIAL**
24 **AGRICULTURAL MARKETING CAMPAIGN FOR THE STATE**

25 **SECTION 13.4.(a)** G.S. 106-550 reads as rewritten:

26 **"§ 106-550. Policy as to promotion of use of, and markets for, farm products.**

27 (a) It is declared to be in the interest of the public welfare that the North Carolina
28 farmers who are producers of livestock, poultry, field crops and other agricultural products,
29 including cattle, sheep, broilers, turkeys, commercial eggs, peanuts, cotton, potatoes, sweet
30 potatoes, peaches, apples, berries, vegetables and other fruits of all kinds, as well as bulbs and
31 flowers and other agricultural products having a domestic or foreign market, shall be permitted
32 and encouraged to act jointly and in cooperation with growers, handlers, dealers and processors
33 of such products in promoting and stimulating, by advertising and other methods, the increased
34 production, use and sale, domestic and foreign, of any and all of such agricultural commodities.
35 The provisions of this Article, however, shall not include the agricultural products of tobacco,
36 strawberries, strawberry plants, porcine animals, or equines, with respect to which separate
37 provisions have been made.

38 (b) The "Got to be NC" marketing campaign of the Department of Agriculture and
39 Consumer Services shall be the official agricultural marketing campaign for the State."

40 **SECTION 13.4.(b)** This section is effective when it becomes law.

41
42 **CREATE FARMERS MARKETS ENTERPRISE FUND**

43 **SECTION 13.5.** Article 1 of Chapter 106 of the General Statutes is amended by
44 adding a new section to read:

45 **"§ 106-6.4. State Farmers Markets Fund.**

46 The North Carolina Farmers Markets Fund is established as an enterprise fund within the
47 Department of Agriculture and Consumer Services. The Fund shall consist of the operating
48 budget and all receipts generated from farmers markets operated by the Department. For the
49 purpose of maximizing agricultural activity, the Commissioner of Agriculture shall have the
50 flexibility to allocate funds among the farmers markets operated by the Department."

CHANGE COUNTY CONTRIBUTION RATE FOR SUPPLEMENTARY FORESTRY FUNDING BY DACS**SECTION 13.6.** G.S. 106-898 reads as rewritten:**"§ 106-898. Duties of forest rangers; payment of expenses by State and counties.**

(a) Forest rangers shall have charge of measures for controlling forest fires, protection of forests from pests and diseases, and the development and improvement of the forests for maximum production of forest products; shall post along highways and in other conspicuous places copies of the forest fire laws and warnings against fires, which shall be supplied by the Commissioner; shall patrol and man lookout towers and other points during dry and dangerous seasons under the direction of the Commissioner; and shall perform such other acts and duties as shall be considered necessary by the Commissioner in the protection, development and improvement of the forested area of each of the counties within the State. No county may be held liable for any part of the expenses thus incurred unless specifically authorized by the board of county commissioners under prior written agreement with the Commissioner; appropriations for meeting the county's share of such expenses so authorized by the board of county commissioners shall be provided annually in the county budget. For each county in which financial participation by the county is authorized, the Commissioner shall keep or cause to be kept an itemized account of all expenses thus incurred and shall send such accounts periodically to the board of county commissioners of said county; upon approval by the board of the correctness of such accounts, the county commissioners shall issue or cause to be issued a warrant on the county treasury for the payment of the county's share of such expenditures, said payment to be made within one month after receipt of such statement from the Commissioner. Appropriations made by a county for the purposes set out in Articles 75, 76, 78, and 82 of this Chapter in the cooperative forest protection, development and improvement work are not to replace State and federal funds which may be available to the Commissioner for the work in said county, but are to serve as a supplement thereto. ~~Funds appropriated to the Department for a fiscal year for the purposes set out in Articles 75, 76, 78, and 82 of this Chapter shall not be expended in a county unless that county shall contribute at least twenty-five percent (25%) of the total cost of the forestry program.~~

(b) The Commissioner shall annually calculate the current sales ratio adjusted total taxable property values for each county for the purpose of determining cost-share requirements for each county. Counties shall be responsible for providing the cost-share requirements for expenses associated with county forest services based on the following:

County Sales Ratio Adjusted**Total Taxable Property****County Cost-Share**Less than \$8 billion40%\$8 billion or more, but less than \$20 billion50%\$20 billion or greater60%

Funds appropriated to the Department for a fiscal year for the purposes set out in Articles 75, 76, 78, and 82 of this Chapter shall not be expended in a county unless that county contributes the cost-share requirement determined by the Commissioner pursuant to this subsection."

UNC TRANSFER FOR USE OF DACS RESEARCH STATIONS

SECTION 13.7. The University of North Carolina shall annually transfer to the Department of Agriculture and Consumer Services an amount calculated pursuant to this section for research projects conducted on research stations administered by the Department. For research conducted by an employee, foundation, or affiliate of The University of North

Carolina, the amount to be transferred is equal to the greater of (i) one hundred thousand dollars (\$100,000) or (ii) the sum of the following:

- (1) For research conducted that is not funded from State funds, an amount equal to fifty percent (50%) of the total facilities and administrative receipts collected for the project; and
- (2) For research conducted that is funded from State funds, an amount equal to five percent (5%) of the total research project cost.
- (3) For research conducted that is partially funded with State funds, the sum of (i) fifty percent (50%) of the total facilities and administrative receipts collected by the UNC System for the portion of the project funded from non-State funds, and (ii) five percent (5%) of the State funds contributed to the project.

If the research is conducted by an entity unaffiliated with The University of North Carolina and is not funded with State funds, the Department may use its discretion to determine the amount to be collected for the project.

DACS RESEARCH STATIONS

SECTION 13.8. G.S. 106-6.3 reads as rewritten:

"§ 106-6.3. Create special revenue fund for research stations.

The Research Stations Fund is established as a special revenue fund within the Department of Agriculture and Consumer Services, Division of Research Stations. This Fund shall consist of receipts from the sale of commodities produced on the Department's research stations and any gifts, bequests, or grants for the benefit of this Fund. No General Fund appropriations shall be credited to this Fund. Any balance exceeding one million dollars (\$1,000,000) remaining in this Fund at the end of any fiscal year shall not revert, revert to the General Fund. The Department ~~may~~ shall use this Fund only to develop, improve, repair, maintain, operate, or otherwise invest in research stations operated by the Department's Research ~~Station~~ Stations Division. Expenditures from this Fund shall not be used for agricultural research stations administered by other State agencies."

DACS AGWRAP & AG COST SHARE SPENDING

SECTION 13.9. Section 13.3(a)(2) of S.L. 2013-360 reads as rewritten:

- "(2) Five hundred thousand dollars (\$500,000) for ~~each fiscal year of the 2013-2014-2015 biennium~~ fiscal year to the North Carolina Agricultural Water Resources Assistance Program or the Agriculture Cost Share Program for Nonpoint Source Pollution Control to fund projects in the following counties: Avery, Buncombe, Burke, Cherokee, Clay, Graham, Haywood, Henderson, Jackson, Macon, Madison, McDowell, Mitchell, Swain, Transylvania, Watauga, Yancey."

CERTIFICATION OF PRIVATE PESTICIDE APPLICATORS

SECTION 13.10.(a) G.S. 143-440(b) reads as rewritten:

"(b) The Board may include in any such restricted use regulation the time and conditions of sale, distribution, or use of such restricted use pesticides, may prohibit the use of any restricted use pesticide for designated purposes or at designated times; may require the purchaser or user to certify that restricted use pesticides will be used only as labeled or as further restricted by regulation; may require the certification and recertification of private applicators, and charge a fee of up to ten dollars (\$10.00), with the fee set at a level to make the certification/recertification program self-supporting, and, after opportunity for a hearing, may suspend, revoke or modify the certification for violation of any provision of this Article, or any

rule or regulation adopted thereunder; may adopt rules to classify private applicators; and may, if it deems it necessary to carry out the provisions of this Part, require that any or all restricted use pesticides shall be purchased, possessed, or used only under permit of the Board and under its direct supervision in certain areas and/or under certain conditions or in certain quantities or concentrations except that any person licensed to sell such pesticides may purchase and possess such pesticides without a permit. The Board may require all persons issued such permits to maintain records as to the use of the restricted use pesticides. The Board may authorize the use of restricted use pesticides by persons licensed under the North Carolina Structural Pest Control Act without a permit. A nonrefundable fee of ten dollars (\$10.00) shall be charged for each examination required by this section. This examination fee is in addition to the certification or recertification fee, and any other fee authorized pursuant to any other provision of Article 4C of Chapter 106 of the General Statutes."

SECTION 13.10.(b) This section is effective when it becomes law.

INCREASE FEES ASSOCIATED WITH NATIONAL POULTRY IMPROVEMENT PLAN

SECTION 13.11. G.S. 106-543 reads as rewritten:

"§ 106-543. Requirements of national poultry improvement plan must be met.

(a) All baby chicks, turkey poults and hatching eggs produced, sold or offered for sale shall originate in flocks that meet the requirements of the national poultry improvement plan as administered by the North Carolina Department of Agriculture and Consumer Services and the regulations issued by authority of this Article for the control of pullorum disease and other infectious diseases provided that nothing in this Article shall require any hatchery to adopt the national poultry improvement plan.

(b) The Department of Agriculture and Consumer Services shall charge the following fees for certification in the national poultry improvement plan:

- (1) An initial certification fee of fifty dollars (\$50.00), plus ten cents (10¢) per bird.
- (2) An annual recertification fee of ten dollars (\$10.00), plus ten cents (10¢) per bird."

DACS AGRICULTURAL CENTER GROWTH STUDY

SECTION 13.12.(a) The Department of Agriculture and Consumer Services shall study and recommend alternatives for the existing operating models of the Western North Carolina Agricultural Center, the Southeastern Agricultural Events Center, and the Senator Bob Martin Agricultural Center. In conducting the study, the Department shall consider alternative models that allow the Centers to operate without, or with substantially reduced, State funding. The alternative funding models shall consider increasing receipts from increased fees, alternative funding streams, reduced costs, or a combination of these methods. At a minimum, the Department shall study and report on the feasibility and budgetary impact of the following:

- (1) Reduction of costs, including, but not limited to:
 - a. Pooling of funding between the Agricultural Centers, including all receipts generated from events hosted at the Centers.
 - b. Contracting with private vendors to operate all or part of one or more of the Agricultural Centers.
 - c. Partnering with or consolidating offices with other State agencies to locate their regional offices within suitable portions of Agricultural Center property.
 - d. Reducing staffing or service levels.
 - e. Eliminating programs and facilities that fail to generate net revenue.

- (2) Increasing revenue generation, including, but not limited to:
- a. Adding attractions and services that increase the number of visitors and revenue to the Agricultural Centers.
 - b. Establishing or increasing user fees and admission charges.
 - c. Partnering with other State, local, and private entities to draw new visitors to the Agricultural Centers.
 - d. Leasing or transferring eligible facilities to other governmental entities.

SECTION 13.12.(b) If the Department is unable to identify an operating model for the Agricultural Centers that allows the Centers to operate without State funding, the Department shall (i) provide an analysis of the anticipated market value of the Centers' assets and property, (ii) seek input from respective local government units regarding any potential interest in acquiring those assets and property, and (iii) document responses from local governments regarding their interest in acquiring the respective property.

SECTION 13.12.(c) The Department shall report its findings and operating model recommendations for each Agricultural Center to the Senate Appropriations Committee on Natural and Economic Resources, the House Appropriations Subcommittee on Natural and Economic Resources, and the Fiscal Research Division on or before February 1, 2015.

FEEES FOR FOREST MANAGEMENT PLANS

SECTION 13.13.(a) Article 83 of Chapter 106 of the General Statutes is amended by adding a new section to read:

"§ 106-1013.1. Forest management plans.

The Commissioner shall charge landowners the following fee for preparation of forest management plans:

- (1) Two hundred fifty dollars (\$250.00) for plans for tracts of land of less than 20 acres.
- (2) Five hundred dollars (\$500.00) for plans for tracts of land of 20 acres or more and less than 50 acres.
- (3) Seven hundred fifty dollars (\$750.00) for plans for tracts of land of 50 acres of more."

SECTION 13.13.(b) This section becomes effective July 1, 2014, and applies to forest management plans prepared on or after that date.

UMSTEAD RESEARCH STATION

SECTION 13.14. The Department of Administration, at the discretion of the Secretary of Administration, may offer the Umstead Research Station to the federal government in exchange for all or part of the federally owned property described in Section 14.7(h) of this act.

PART XIV. DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

AGENCIES REPORT ON FEDERAL GRANTS

SECTION 14.1.(a) The Department of Environment and Natural Resources, the Department of Labor, the Department of Commerce, and the Department of Agriculture shall review every federal grant received by the respective departments and report no later than February 1, 2015, to the Chairs of the House of Representatives Appropriations Subcommittee on Natural and Economic Resources, the Chairs of the Senate Appropriations Committee on Natural and Economic Resources, and the Fiscal Research Division regarding the source and amount of the grant, the match required for the grant from State funds, and any conditions,

limitations, restrictions, or additional actions or programs the department is required to fulfill or undertake as a result of accepting the grant.

SECTION 14.1.(b) This section applies to grants received on or after July 1, 2014.

NER FACILITIES AND ADMINISTRATIVE FEES

SECTION 14.2. The Department of Agriculture, the Department of Commerce, the North Carolina Biotechnology Center, and the Department of Environment and Natural Resources shall negotiate indirect cost waivers with every constituent institution of The University of North Carolina performing State-funded research for the Center or the respective Departments. The waivers shall provide that the Center or the Departments pay facilities and administrative costs at a rate no greater than the lowest rate paid by any other State agency, department, or commission for research at that constituent institution.

PROGRAM EVALUATION DIVISION TO STUDY HOUSING PROGRAMS

SECTION 14.3.(a) The Joint Legislative Program Evaluation Oversight Committee shall include in the 2014-2015 Work Plan for the Program Evaluation Division of the General Assembly a study of the various programs related to housing conducted by State departments, agencies, and commissions, including the weatherization program of the Department of Environment and Natural Resources. The Program Evaluation Division shall include examinations of the following in the study:

- (1) Overlap or duplication between programs and the possible cost-savings or other benefits from the merger of certain housing programs.
- (2) Unmet needs or gaps in the State's housing programs, when compared to services or programs offered by other states.
- (3) Any recommendations for changes in housing program governance for programs that are outside or only marginally within the core mission of their governing department, agency, or commission.

SECTION 14.3.(b) The Program Evaluation Division shall submit its findings and recommendations to the Joint Legislative Program Evaluation Oversight Committee, the Chairs of the House of Representatives Appropriations Subcommittee on Natural and Economic Resources, the Chairs of the Senate Appropriations Committee on Natural and Economic Resources, and the Fiscal Research Division at a date to be determined by the Joint Legislative Program Evaluation Oversight Committee.

COASTAL AND ESTUARINE WATER BEACH ACCESS PROGRAM

SECTION 14.4.(a) Funds transferred from the Parks and Recreation Trust Fund to the Division of Coastal Management pursuant to G.S. 113-44.15(b)(3) for the Coastal and Estuarine Water Beach Access Program shall be deposited in a noninterest-bearing special fund to be titled Coastal and Estuarine Water Beach Access Fund. The Fund shall be a special revenue fund consisting of gifts and grants to the Fund and other monies appropriated to the Fund by the General Assembly.

SECTION 14.4.(b) Funds previously transferred from the Parks and Recreation Trust Fund to the Division of Coastal Management for the Coastal and Estuarine Water Beach Access Program that were deposited in capital funds shall be transferred to the Coastal and Estuarine Water Beach Access Fund established by subsection (a) of this section no later than September 30, 2014.

CAROLINA BEACH STATE PARK MARINA

SECTION 14.5.(a) The Department of Environment and Natural Resources, Division of Parks and Recreation, shall issue a request for information (RFI) to solicit

proposals for a sublease to private parties for the operation of the State-owned marina at Carolina Beach State Park. The RFI shall contain sufficient detail to address the following:

- (1) The services to be performed by the private party and performance expectations.
- (2) Payment and record-keeping requirements.
- (3) Compliance with State parks system rules and regulations and standards of the Division of Coastal Management's Clean Marina program.

SECTION 14.5.(b) The Division of Parks and Recreation shall report to the chairs of the Senate Appropriations Committee on Natural and Economic Resources, the chairs of the House of Representatives Appropriations Subcommittee on Natural and Economic Resources, and the Fiscal Research Division no later than February 1, 2015, on the results of the RFI and whether it is more cost-effective to have a private party manage the marina than internal management.

STATE ATTRACTIONS CONSULTANT STUDY

SECTION 14.6. Of the funds appropriated by this act to the Department of Environment and Natural Resources, the sum of two hundred fifty thousand dollars (\$250,000) for the 2014-2015 fiscal year shall be used to hire a consultant to review the operation of State natural resource, historic, and cultural sites and to make recommendations for maximizing their value to the citizens of this State while simultaneously reducing the cost to the State for their operation. State agencies and employees shall fully cooperate with the consultant by providing requested information about the operation of State natural resource, historic, and cultural sites. The consultant shall report its findings to the Department of Cultural Resources, to the Department of Environment and Natural Resources, to the Department of Agriculture and Consumer Services, to the Wildlife Resources Commission, to the Legislative Research Commission, and to the Fiscal Research Division no later than October 1, 2015. The recommendations shall not include recommendations to sell State properties or to change the present use and character of State natural resource, historic, and cultural sites. The recommendations shall address at least the following:

- (1) Whether cost-savings could be realized by allowing private entities to operate certain State sites.
- (2) Whether limiting operating hours, mothballing, or imposing other cost-savings measures should be adopted at certain natural resource, historic, and cultural sites.

OREGON INLET

SECTION 14.7.(a) Article 36 of Chapter 143 of the General Statutes is amended by adding a new Part to read:

"Part 4. Outer Banks Land Management.

"§ 143-345.18A. Outer Banks Land Management Fund.

(a) Creation. – There is created the Outer Banks Land Management Fund as a noninterest-bearing special revenue fund in the Department of Environment and Natural Resources.

(b) Uses. – The Secretary of Environment and Natural Resources may use funds in the Outer Banks Land Management Fund for any of the following purposes:

- (1) To purchase land, including submerged land, on behalf of the State for inclusion in a State park on or near Oregon Inlet.
- (2) To reimburse the Department of Administration for the costs of any appraisals of real property, studies, surveys, data collection, or analysis

conducted in connection with the acquisition of real property for inclusion in a State park on or near Oregon Inlet.

(3) To pay the costs of dredging projects designed to restore the Oregon Inlet shallow draft navigation channel to a navigable and safe condition. A dredging project shall not be funded pursuant to this subdivision unless the Secretary of the Department of Environment and Natural Resources approves the project. An expenditure of funds pursuant to this subdivision shall be in addition to any expenditure of funds pursuant to Part 8B of Article 21 of Chapter 143 of the General Statutes for Oregon Inlet dredging projects.

(4) To pay the costs of engaging the services of private counsel as authorized by G.S. 143-345.18B and to pay related litigation costs.

(c) Inclusion of Land in State Parks System. – Land purchased pursuant to subdivision (b)(1) of this section is authorized to be added to the State Parks System pursuant to G.S. 113-44.14(b).

"§ 143-345.18B. Use of private counsel; payment of litigation costs.

(a) Authority. – Notwithstanding G.S. 114-2.3, the Department of Administration and the Department of Environment and Natural Resources may engage the services of private counsel with the pertinent expertise to timely defend or otherwise resolve legal challenges related to the purchase, condemnation, exchange, or use of real property on the Outer Banks and shall not be required to obtain written permission from the Attorney General.

(b) Supervision. – Notwithstanding G.S. 114-2.3, the Departments shall supervise and manage the private counsel engaged under this section.

(c) Reporting. – The Departments shall report the engagement of private counsel under this section within 30 days to all of the following:

(1) To the General Assembly, as follows:

a. If the General Assembly is in session, to the chairs of the House of Representatives Appropriations Subcommittee on General Government, the chairs of the House of Representatives Appropriations Subcommittee on Natural and Economic Resources, the chairs of the Senate Appropriations Committee on General Government, and the chairs of the Senate Appropriations Committee on Natural and Economic Resources.

b. If the General Assembly is not in session or adjourns during the 30-day period, to the chairs of the Joint Legislative Commission on Governmental Operations.

(2) To the Attorney General.

(3) To the Fiscal Research Division."

SECTION 14.7.(b) Funding. – Notwithstanding any other provision of law to the contrary, the following amounts shall be transferred to the Outer Banks Land Management Fund no later than September 1, 2014:

Budget Code	Fund Code	Description	FY 2014-2015 Amount
23400	2392	Advance License Sales Fund	\$ 3,500,000
24609	2568	Utility Account Cash Balance	3,500,000

SECTION 14.7.(c) Acquisition Agreement. – Notwithstanding Chapter 146 of the General Statutes or any other provision of law, the Department of Administration, on behalf of the State, shall enter into an agreement to acquire the federally owned property described in subsection (h) of this section from the federal government (i) with funds in the Outer Banks Land Management Fund created by Section 1(a) of this act; (ii) in exchange for State-owned real property; or (iii) with some combination of funds from the Outer Banks Land Management

Fund and exchange of State-owned real property, in the sole discretion of the Secretary of Administration. Only State-owned real property that is adjacent to federally owned real property or within 100 miles of such real property may be exchanged pursuant to this subsection.

SECTION 14.7.(d) Terms. – The Secretary of the Department of Administration shall have the authority to negotiate the terms of the acquisition agreement. The agreement (i) shall provide for the acquisition of interests in real property described in subsection (h) of this section and no other; (ii) shall provide that the conveyances described in the agreement become effective as soon as practicable; and (iii) shall incorporate the relevant terms of this act.

SECTION 14.7.(e) Execution of Deeds. – Within 30 days of the acquisition becoming effective, the Attorney General shall execute any documents or deeds necessary to effectuate the acquisition under the exact terms set forth in the acquisition agreement. All State agencies and officials shall cooperate to the fullest extent possible in effectuating the acquisition agreement.

SECTION 14.7.(f) Reporting. – Within 30 days after an agreement is entered into pursuant to this section, the Secretary of the Department of Administration shall report to the Joint Legislative Commission on Governmental Operations on the terms of the agreement.

SECTION 14.7.(g) Creation of Oregon Inlet State Park. – If the real property described in subsection (h) of this section is acquired by the State, then together with any other real property owned by the State within the area described in subsection (h) of this section, the General Assembly authorizes the Department of Environment and Natural Resources to add Oregon Inlet State Park, which shall consist of at least these properties, to the State Parks System as provided in G.S. 113-44.14(b).

SECTION 14.7.(h) Federal Property to Be Conveyed. – The federally owned property to be conveyed shall include all of the federal government's right, title, and interest in (i) some or all of the subaerial real property located within the area described by connecting the following latitude and longitude points and (ii) all of the submerged real property located within the area described by connecting the following latitude and longitude points:

Latitude:

Longitude:

35.78099563900	-75.52953510600
35.78178528500	-75.52513394400
35.78141354400	-75.52334019100
35.77887390700	-75.52025162500
35.77857436500	-75.51969654900
35.77781290800	-75.51900873900
35.77734893400	-75.51884305500
35.77110009400	-75.51641608800
35.76633568000	-75.51356516200
35.76116258500	-75.51036495800
35.75751496100	-75.50801176500
35.75608651600	-75.51228522200
35.75777480300	-75.51379949200
35.75860596900	-75.51451482100
35.75960484700	-75.51540263600
35.76100041400	-75.51665469900
35.76117351400	-75.51681019600
35.76212525300	-75.51767780700
35.76287562800	-75.51836186100
35.76316770200	-75.51862812200
35.76381492400	-75.51921814800

1	35.76415098700	-75.51955669900
2	35.76445468400	-75.51995078300
3	35.76485826900	-75.52059025200
4	35.76505577400	-75.52094720300
5	35.76528160600	-75.52142243500
6	35.76548548000	-75.52198988800
7	35.76556574300	-75.52341266800
8	35.76566877400	-75.52523906000
9	35.76454632200	-75.52902085700
10	35.76357138700	-75.53246190700
11	35.76337226200	-75.53339199600
12	35.76333441200	-75.53364756500
13	35.76332909000	-75.53390886900
14	35.76335819500	-75.53458675100
15	35.76341367100	-75.53498008200
16	35.76354478800	-75.53535025300
17	35.76361737400	-75.53547511500
18	35.76383009500	-75.53584104000
19	35.76425804000	-75.53655388200
20	35.76471137600	-75.53740653000
21	35.76502225800	-75.53875413900
22	35.76521060100	-75.54081681300
23	35.76523404100	-75.54194712400
24	35.76525043500	-75.54273769600
25	35.76526768700	-75.54353888100
26	35.76532715800	-75.54394387700
27	35.76541340600	-75.54428520100
28	35.76550080400	-75.54463107400
29	35.76577010000	-75.54534161500
30	35.76597248500	-75.54579049600
31	35.76632062300	-75.54620555000
32	35.76655164400	-75.54635947100
33	35.76725670200	-75.54660003000
34	35.76764041200	-75.54670534600
35	35.76795847900	-75.54670661900
36	35.77077784300	-75.54629895400
37	35.77115918300	-75.54624921300
38	35.77148150500	-75.54619720600
39	35.77234520600	-75.54605784500
40	35.77377517700	-75.54582711000
41	35.77469339200	-75.54566942900
42	35.77590248800	-75.54531166000
43	35.77673545200	-75.54571296000
44	35.77711645600	-75.54582301200
45	35.77742981800	-75.54581293600
46	35.77771608200	-75.54572387500
47	35.77791539100	-75.54559449800
48	35.77810904100	-75.54546879500
49	35.77904847600	-75.54478184500
50	35.77912430900	-75.54486803600

1	35.77981427400	-75.54534862400
2	35.78042966800	-75.54567367500
3	35.78135818100	-75.54600030500
4	35.78175635200	-75.54606539500
5	35.78221194600	-75.54612839200
6	35.78279713100	-75.54636296300
7	35.78378882800	-75.54668308800
8	35.78766932400	-75.54709605000
9	35.79082109200	-75.54691243300
10	35.79820587700	-75.54665906000
11	35.79859286600	-75.54249624600
12	35.80046065100	-75.53877586500
13	35.79408521600	-75.53252823100
14	35.79248815800	-75.53183764800
15	35.79151104100	-75.53197071600
16	35.78867341400	-75.53323291600
17	35.76886839300	-75.52536743000
18	35.76724598100	-75.52438052100
19	35.76805629700	-75.52240411900
20	35.76966632600	-75.52339266000
21	35.76886839300	-75.52536743000.

SECTION 14.7.(i) Condemnation Authority. – On July 1, 2015, the Department of Administration shall, in accordance with applicable law and terms reserved in any relevant deeds, commence condemnation proceedings on all federally owned property that are necessary to manage existing and future transportation corridors on the Outer Banks, as determined pursuant to subsection (j) of this section. The Department of Administration shall report the commencement of condemnation proceedings to the General Assembly, as follows:

- (1) If the General Assembly is in session, the Department shall report to the chairs of the House of Representatives Appropriations Committee, the chairs of the Senate Appropriations Committee, and the Fiscal Research Division.
- (2) If the General Assembly is not in session, the Department shall report to the chairs of the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division.

SECTION 14.7.(j) Identification of Outer Banks Transportation Corridor. – No later than November 30, 2014, the Department of Transportation shall identify federally-owned property that is necessary to construct or to manage existing and future transportation corridors on the Outer Banks and shall report this information to the chairs of the Joint Legislative Transportation Oversight Committee, to the Secretary of the Department of Administration, and to the Fiscal Research Division.

SECTION 14.7.(k) G.S. 166A-19.30(a) reads as rewritten:

"§ 166A-19.30. Additional powers of the Governor during state of emergency.

(a) In addition to any other powers conferred upon the Governor by law, during a gubernatorially or legislatively declared state of emergency, the Governor shall have the following powers:

- (1) To utilize all available State resources as reasonably necessary to cope with an emergency, including the transfer and direction of personnel or functions of State agencies or units thereof for the purpose of performing or facilitating emergency services.
- (2) To take such action and give such directions to State and local law enforcement officers and agencies as may be reasonable and necessary for

the purpose of securing compliance with the provisions of this Article and with the orders, rules, and regulations made pursuant thereto.

(3) To take steps to assure that measures, including the installation of public utilities, are taken when necessary to qualify for temporary housing assistance from the federal government when that assistance is required to protect the public health, welfare, and safety.

(4) Subject to the provisions of the State Constitution to relieve any public official having administrative responsibilities under this Article of such responsibilities for willful failure to obey an order, rule, or regulation adopted pursuant to this Article.

(5) Through issuance of an executive order to waive requirements for an environmental document or permit issued under Articles 1, 4, and 7 of Chapter 113A of the General Statutes for the repair, protection, safety enhancement, or replacement of a component of the State highway system that provides the sole road access to an incorporated municipality or an unincorporated inhabited area bordering the Atlantic Ocean or any coastal sound where bridge or road conditions as a result of the events leading to the declaration of the state of emergency pose a substantial risk to public health, safety, or welfare. The executive order shall list the duration of the waiver and the activities to which the waiver applies. For purposes of this subdivision, "coastal sound" shall have the definition set forth in G.S. 113A-103, and "replacement" shall not be interpreted to exclude a replacement that increases size or capacity or that is located in a different location than the component that is replaced."

SECTION 14.7.(l) G.S. 113A-12 is amended by adding a new subdivision to read:

"(7) The issuance of an executive order under G.S. 166A-19.30(a)(5) waiving the requirement for an environmental document."

SECTION 14.7.(m) G.S. 113A-52.01 reads as rewritten:

"§ 113A-52.01. Applicability of this Article.

This Article shall not apply to the following land-disturbing activities:

...

(4) For the duration of an emergency, activities essential to protect human life, including activities specified in an executive order issued under G.S. 166A-19.30(a)(5)."

SECTION 14.7.(n) G.S. 113A-103(5)b.1. reads as rewritten:

"§ 113A-103. Definitions.

As used in this Article:

...

(5) a. "Development" means any activity in a duly designated area of environmental concern (except as provided in paragraph b of this subdivision) involving, requiring, or consisting of the construction or enlargement of a structure; excavation; dredging; filling; dumping; removal of clay, silt, sand, gravel or minerals; bulkheading, driving of pilings; clearing or alteration of land as an adjunct of construction; alteration or removal of sand dunes; alteration of the shore, bank, or bottom of the Atlantic Ocean or any sound, bay, river, creek, stream, lake, or canal; or placement of a floating structure in an area of environmental concern identified in G.S. 113A-113(b)(2) or (b)(5).

b. The following activities including the normal and incidental operations associated therewith shall not be deemed to be development under this section:

1. Work by a highway or road agency for the maintenance of an existing road, if the work is carried out on land within the boundaries of the existing ~~right-of-way;~~ right-of-way, or for emergency repairs and safety enhancements of an existing road as described in an executive order issued under G.S. 166A-19.30(a)(5)."

SECTION 14.7.(o) Notwithstanding the provisions of Chapter 146 of the General Statutes, Article 9A of Chapter 113A of the General Statutes, or any other provision of law, neither the Governor nor the Council of State shall be required to approve any conveyance, exchange, or condemnation made pursuant to this section, nor shall consultation with or reporting to the Joint Legislative Commission on Governmental Operations be required prior to the conveyance, exchange, or condemnation, except as set forth in subsection (j) of this section.

TECHNICAL CORRECTIONS: CWMTF

SECTION 14.8.(a) G.S. 113A-251 reads as rewritten:

"§ 113A-251. Purpose.

~~The General Assembly recognizes that a critical need exists in this State to clean up pollution in the State's surface waters and to protect, preserve, and conserve those waters that are not yet polluted. The task of cleaning up polluted waters and protecting and enhancing the State's water resources is multifaceted and requires different approaches, including innovative pilot projects, that take into account the problems, the type of pollution, the geographical area, and the recognition that the hydrological and ecological values of each resource sought to be upgraded, conserved, and protected are unique.~~

It is the intent of the General Assembly that moneys from the Fund created under this Article shall be used to help finance projects that enhance or restore degraded surface waters; protect and conserve surface waters, including drinking supplies, and contribute toward a network of riparian buffers and greenways for environmental, educational, and recreational benefits; provide buffers around military bases to protect the military mission; acquire land that represents the ecological diversity of North Carolina; and acquire land that contributes to the development of a balanced State program of historic properties.~~specifically address water pollution problems and focus on upgrading surface waters, eliminating pollution, and protecting, preserving, and conserving unpolluted surface waters, including enhancement or development of drinking water supplies. It is the further intent of the General Assembly that moneys from the Fund also be used to build a network of riparian buffers and greenways for environmental, educational, and recreational benefits. It is lastly the intent of the General Assembly that moneys from the Fund also be used to preserve lands that could be used for water supply reservoirs. While the purpose of this Article is to focus on the cleanup and prevention of pollution of the State's surface waters, the establishment of a network of riparian buffers and greenways, and the preservation of property for establishing clean water supplies, the General Assembly believes that the results of these efforts will also be beneficial to wildlife and marine fisheries habitats."~~

SECTION 14.8.(b) G.S. 113A-252 reads as rewritten:

"§ 113A-252. Definitions.

The following definitions apply in this Article:

- (1) Council. – The advisory council for the Clean Water Management Trust Fund.

- ~~(2) Economically distressed local government unit. — An economically distressed county, as defined in G.S. 143B-437.01, or a local government unit located in that county.~~
- (3) Fund. — The Clean Water Management Trust Fund created pursuant to this Article.
- (4) Land. — Real property and any interest in, easement in, or restriction on real property.
- (4a) Local government unit. — Defined in G.S. 159G-20.
- ~~(4b) Stormwater quality project. — Defined in G.S. 159G-20.~~
- (5) Trustees. — The trustees of the Clean Water Management Trust Fund.
- ~~(6) Wastewater collection system. — Defined in G.S. 159G-20.~~
- ~~(7) Wastewater treatment works. — Defined in G.S. 159G-20."~~

SECTION 14.8.(c) G.S. 113A-254 reads as rewritten:

"§ 113A-254. Grant requirements.

(a) Eligible Applicants. — Any of the following are eligible to apply for a grant from the Fund for the purpose of protecting and enhancing water quality:

- (1) A State agency.
- (2) A local government unit.
- (3) A nonprofit corporation whose primary purpose is the conservation, preservation, ~~and or~~ restoration of our State's ~~environmental and natural~~ cultural, environmental, or natural resources.

(a1) Criteria. — The criteria developed by the Trustees under G.S. 113A-256 apply to grants made under this Article. ~~The common criteria for water projects set in G.S. 159G-23 and the criteria set out in this section also apply to wastewater collection system projects, wastewater treatment works projects, and stormwater quality projects. An application for a wastewater collection system project or a wastewater treatment works project that serves an economically distressed local government unit has priority.~~

~~...~~

(d) ~~Wastewater Limits. — A wastewater collection system project or a wastewater treatment works project is eligible for a grant under this Article only if it is a high-unit cost project, as defined in G.S. 159G-20. A planning grant or a technical assistance grant for a regional wastewater collection system or a regional wastewater treatment works is not subject to the high unit cost threshold. A grant made under this Article for a wastewater collection system project or a wastewater treatment works project is subject to the cost limits and recipient limits set in G.S. 159G-36 for a grant awarded from the Wastewater Reserve.~~

(e) ~~Stormwater Limits. — The amount of a grant awarded under this Article for a stormwater quality project may not exceed the construction costs of the project. The total amount of grants awarded under this Article to the same recipient for stormwater quality projects for a fiscal year may not exceed the limit set in G.S. 159G-36(c)(1) for grants to the same recipient from the Wastewater Reserve.~~

~~...."~~

SECTION 14.8.(d) G.S. 113A-255(b1) is amended by adding a new subdivision to read:

"(b1) Qualifications. — The office of Trustee is declared to be an office that may be held concurrently with any other executive or appointive office, under the authority of Article VI, Section 9, of the North Carolina Constitution. When appointing members of the Authority, the Governor, the President Pro Tempore of the Senate, and the Speaker of the House of Representatives shall give consideration to adequate representation from the various regions of the State and shall give consideration to the appointment of members who are knowledgeable in any of the following areas:

...
(5) Historic preservation."

SECTION 14.8.(e) G.S. 113A-256(b) reads as rewritten:

"(b) Develop Grant Criteria. – The Trustees shall develop criteria for awarding grants under this Article. The criteria developed shall include consideration of the following:

...
(2) The objectives of the various basinwide management plans for the State's river basins and watersheds.

...."

SECTION 14.8.(f) G.S. 113A-259 reads as rewritten:

"§ 113A-259. Clean Water Management Trust Fund: Advisory Council.

There is established the Clean Water Management Trust Fund Advisory Council. The Council shall advise the Trustees with regard to allocations made from the Fund, and other issues as requested by the Trustees. The Council shall be composed of the following or its designees:

- (1) Commissioner of Agriculture.
- (2) Chair of the Wildlife Resources Commission.
- (3) Secretary of Environment and Natural Resources.
- (4) Secretary of the Department of Commerce.
- (5) Secretary of the Department of Cultural Resources."

COMMERCIAL FISHING LICENSES

SECTION 14.9.(a) G.S. 113-168.1(h) reads as rewritten:

"(h) Replacement Licenses and Endorsements. – The Division shall issue a replacement license, including any endorsements, to a licensee for a license that has not been suspended or revoked. A licensee may apply for a replacement license for a license that has been lost, stolen, or destroyed and shall apply for a replacement license within 30 days of a change in the licensee's name or address. A licensee may apply for a replacement license in person at any office of the Division or by mail to the Morehead City office of the Division. A licensee may use a copy of the application for a replacement license that has been filed with the Division as a temporary license until the licensee receives the replacement license. The Commission may establish a fee for each type of replacement license, not to exceed ~~twelve dollars and fifty cents (\$12.50)~~, ten dollars (\$10.00), that compensates the Division for the administrative costs associated with issuing the replacement license."

SECTION 14.9.(b) G.S. 113-168.2(e) reads as rewritten:

"(e) Fees. – The annual SCFL fee for a resident of this State shall be ~~two hundred fifty dollars (\$250.00)~~, four hundred dollars (\$400.00). The annual SCFL fee for a person who is not a resident of this State shall be the amount charged to a resident of this State in the nonresident's state. In no event, however, may the fee be less than ~~two hundred fifty dollars (\$250.00)~~, four hundred dollars (\$400.00). For purposes of this subsection, a "resident of this State" is a person who is a resident within the meaning of:

- (1) Sub-subdivisions a. through d. of G.S. 113-130(4) and who filed a State income tax return as a resident of North Carolina for the previous calendar or tax year, or
- (2) G.S. 113-130(4)e."

SECTION 14.9.(c) G.S. 113-168.3(b) reads as rewritten:

"(b) Eligibility; Fees. – Any individual who is 65 years of age or older and who is eligible for a SCFL under G.S. 113-168.2 may apply for either a SCFL or RSCFL. An applicant for a RSCFL shall provide proof of age at the time the application is made. The annual fee for a RSCFL for a resident of this State shall be ~~one hundred twenty five dollars (\$125.00)~~, two

1 hundred dollars (\$200.00). The annual fee for a RSCFL for a person who is not a resident of
2 this State shall be ~~one hundred sixty-two dollars and fifty cents (\$162.50).~~ two hundred dollars
3 (\$200.00). For purposes of this subsection, a "resident of this State" is a person who is a
4 resident within the meaning of:

5 (1) Sub-subdivisions a. through d. of G.S. 113-130(4) and who filed a State
6 income tax return as a resident of North Carolina for the previous calendar
7 or tax year, or

8 (2) G.S. 113-130(4)e."

9 **SECTION 14.9.(d)** G.S. 113-168.4(c) reads as rewritten:

10 "(c) A person who organizes a recreational fishing tournament may sell fish taken in
11 connection with the tournament pursuant to a recreational fishing tournament license to sell
12 fish. A person who organizes a recreational fishing tournament may obtain a recreational
13 fishing tournament license to sell fish upon application to the Division and payment of a fee of
14 ~~one hundred twenty-five dollars (\$125.00).~~ one hundred dollars (\$100.00). It is unlawful for any
15 person licensed under this subsection to sell fish to any person other than a fish dealer licensed
16 under G.S. 113-169.3 unless the seller is also a licensed fish dealer. A recreational fishing
17 tournament is an organized fishing competition occurring within a specified time period not to
18 exceed one week and that is not a commercial fishing operation. Gross proceeds from the sale
19 of fish may be used only for charitable, religious, educational, civic, or conservation purposes
20 and shall not be used to pay tournament expenses."

21 **SECTION 14.9.(e)** G.S. 113-168.6(c) reads as rewritten:

22 "(c) The annual fee for a commercial fishing vessel registration shall be determined by
23 the length of the vessel and shall be in addition to the fee for other licenses issued under this
24 Article. The length of a vessel shall be determined by measuring the distance between the ends
25 of the vessel along the deck and through the cabin, excluding the sheer. The annual fee for a
26 commercial fishing vessel registration is:

27 (1) ~~One dollar and twenty-five cents (\$1.25)~~ One dollar (\$1.00) per foot for a
28 vessel not over 18 feet in length.

29 (2) ~~One dollar and ninety cents (\$1.90)~~ One dollar and fifty cents (\$1.50) per
30 foot for a vessel over 18 feet but not over 38 feet in length.

31 (3) ~~Three dollars and seventy-five cents (\$3.75)~~ Three dollars (\$3.00) per foot
32 for a vessel over 38 feet but not over 50 feet in length.

33 (4) ~~Seven dollars and fifty cents (\$7.50)~~ Six dollars (\$6.00) per foot for a vessel
34 over 50 feet in length."

35 **SECTION 14.9.(f)** G.S. 113-169.1 reads as rewritten:

36 **"§ 113-169.1. Permits for gear, equipment, and other specialized activities authorized.**

37 (a) The Commission may adopt rules to establish permits for gear, equipment, and
38 specialized activities, including commercial fishing operations that do not involve the use of a
39 vessel and transplanting oysters or clams. ~~The Commission may establish a fee for each permit~~
40 ~~established pursuant to this subsection in an amount that compensates the Division for the~~
41 ~~administrative costs associated with the permit but that does not exceed one hundred dollars~~
42 ~~(\$100.00) per permit.~~

43 (b) The Commission may adopt rules to establish gear specific permits to take striped
44 bass from the Atlantic Ocean and to limit the number and type of these permits that may be
45 issued to a person. The Commission may establish a fee for each permit established pursuant to
46 this subsection in an amount that compensates the Division for the administrative costs
47 associated with the permit but that does not exceed ~~thirty dollars (\$30.00)~~ ten dollars (\$10.00)
48 per permit.

49 (c) To ensure an orderly transition from one permit year to the next, the Division may
50 issue a permit prior to July 1 of the permit year for which the permit is valid. Revenue that the

Division receives for the issuance of a permit prior to the beginning of a permit year shall not revert at the end of the fiscal year in which the revenue is received and shall be credited and available to the Division for the permit year in which the permit is valid."

SECTION 14.9.(g) G.S. 113-169.2(c) reads as rewritten:

"(c) Fees. – Shellfish licenses issued under this section shall be issued annually upon payment of a fee of ~~thirty-one dollars and twenty-five cents (\$31.25)~~ fifty dollars (\$50.00) upon proof that the license applicant is a North Carolina resident."

SECTION 14.9.(h) G.S. 113-169.3 reads as rewritten:

"§ 113-169.3. Licenses for fish dealers.

...

(e) Application Fee for New Fish Dealers. – An applicant for a new fish dealer license shall pay a nonrefundable application fee of ~~sixty-two dollars and fifty cents (\$62.50)~~ one hundred dollars (\$100.00) in addition to the license category fees set forth in this section.

(f) License Category Fees. – Every fish dealer subject to licensing requirements shall secure an annual license at each established location for each of the following activities transacted there, upon payment of the fee set out:

(1) Dealing in oysters: ~~\$62.50~~ \$100.00.

(2) Dealing in scallops: ~~\$62.50~~ \$100.00.

(3) Dealing in clams: ~~\$62.50~~ \$100.00.

(4) Dealing in hard or soft crabs: ~~\$62.50~~ \$100.00.

(5) Dealing in shrimp, including bait: ~~\$62.50~~ \$100.00.

(6) Dealing in finfish, including bait: ~~\$62.50~~ \$100.00.

(7) Operating menhaden or other fish-dehydrating or oil-extracting processing plants: ~~\$62.50~~ \$100.00.

(8) Consolidated license (all categories): ~~\$375.00~~ \$600.00.

...."

SECTION 14.9.(i) G.S. 113-169.5(b) reads as rewritten:

"(b) The fee for a land or sell license for a vessel not having its primary situs in North Carolina is ~~two hundred fifty dollars (\$250.00)~~ four hundred dollars (\$400.00), or an amount equal to the nonresident fee charged by the nonresident's state, whichever is greater. Persons aboard vessels having a primary situs in a jurisdiction that would allow North Carolina vessels without restriction to land or sell their catch, taken outside the jurisdiction, may land or sell their catch in the State without complying with this section if the persons are in possession of a valid license from their state of residence."

SECTION 14.9.(j) G.S. 113-171.1(b) reads as rewritten:

"(b) License. – Before an aircraft is used as a spotter plane in a commercial fishing operation, the owner or operator of the aircraft must obtain a license for the aircraft from the Division. The fee for a license for a spotter plane is ~~one hundred twenty-five dollars (\$125.00)~~ one hundred dollars (\$100.00). An applicant for a license for a spotter plane shall include in the application the identity, either by boat or by company, of the specific commercial fishing operations in which the spotter plane will be used during the license year. If, during the course of the license year, the aircraft is used as a spotter plane in a commercial fishing operation that is not identified in the original license application, the owner or operator of the aircraft shall amend the license application to add the identity of the additional commercial fishing operation."

SECTION 14.9.(k) G.S. 113-173(f) reads as rewritten:

"(f) Duration; Fees. – The RCGL shall be valid for a one-year period from the date of purchase. The fee for a RCGL for a North Carolina resident shall be ~~forty-three dollars and seventy-five cents (\$43.75)~~ seventy dollars (\$70.00). The fee for a RCGL for an individual who is not a North Carolina resident shall be three hundred twelve dollars and fifty cents (\$312.50)."

SECTION 14.9.(l) G.S. 113-203 reads as rewritten:

"§ 113-203. Transplanting of oysters and clams.

...
(f) ~~The Commission may establish a fee for each permit established pursuant to this subsection in an amount that compensates the Division for the administrative costs associated with the permit but that does not exceed one hundred dollars (\$100.00) per permit.~~

(g) Advance Sale of Permits; Permit Revenue. – To ensure an orderly transition from one permit year to the next, the Division may issue a permit prior to July 1 of the permit year for which the permit is valid. Revenue that the Division receives for the issuance of a permit prior to the beginning of a permit year shall not revert at the end of the fiscal year in which the revenue is received and shall be credited and available to the Division for the permit year in which the permit is valid."

SECTION 14.9.(m) G.S. 113-210 reads as rewritten:

"§ 113-210. Under Dock Oyster Culture.

...
(f) ~~Fees. — Under Dock Oyster Culture Permit shall be issued annually upon payment of a fee of one hundred dollars (\$100.00).~~

(m) Advance Sale of Permits; Permit Revenue. – To ensure an orderly transition from one permit year to the next, the Division may issue a permit prior to July 1 of the permit year for which the permit is valid. Revenue that the Division receives for the issuance of a permit prior to the beginning of a permit year shall not revert at the end of the fiscal year in which the revenue is received and shall be credited and available to the Division for the permit year in which the permit is valid."

SECTION 14.9.(n) G.S. 113-221.2 reads as rewritten:

"§ 113-221.2. Additional rules to establish sanitation requirements for scallops, shellfish, and crustacea; permits and permit fees authorized.

(a) Authority to Adopt Certain Rules and Establish Permits. – For the protection of the public health, the Marine Fisheries Commission shall adopt rules establishing sanitation requirements for the harvesting, processing and handling of scallops, shellfish, and crustacea of in-State origin. The rules of the Marine Fisheries Commission may also regulate scallops, shellfish, and crustacea shipped into North Carolina. The Department is authorized to enforce the rules and may issue and revoke permits according to the rules. ~~The Department is authorized to establish a fee for each permit not to exceed one hundred dollars (\$100.00).~~

(b) Advance Sale of Permits; Permit Revenue. – To ensure an orderly transition from one permit year to the next, the Division may issue a permit prior to July 1 of the permit year for which the permit is valid. Revenue that the Division receives for the issuance of a permit prior to the beginning of a permit year shall not revert at the end of the fiscal year in which the revenue is received and shall be credited and available to the Division for the permit year in which the permit is valid."

SECTION 14.9.(o) G.S. 143B-289.52(d1) reads as rewritten:

"(d1) The Commission may regulate participation in a fishery that is subject to a federal fishery management plan if that plan imposes a quota on the State for the harvest or landing of fish in the fishery. The Commission may use any additional criteria aside from holding a Standard Commercial Fishing License to develop limited-entry fisheries. ~~The Commission may establish a fee for each license established pursuant to this subsection in an amount that does not exceed five hundred dollars (\$500.00).~~"

SECTION 14.9.(p) Article 14A of Chapter 113 of the General Statutes is amended by adding a new section to read:

"§ 113-173.1. North Carolina Commercial Fishing Resource Fund.

(a) There is hereby established the North Carolina Commercial Fishing Resources Fund as a nonreverting special revenue fund in the office of the State Treasurer. The purpose of the Fund is to provide funding for the development of sustainable commercial fishing in the State. The principal of the Fund shall consist of all of the following:

- (1) Two hundred dollars (\$200.00) from each Standard Commercial Fishing License issued pursuant to G.S. 113-168.2.
- (2) One hundred dollars (\$100.00) from each Retired Standard Commercial Fishing License issued pursuant to G.S. 113-168.3.
- (3) Twenty-five dollars (\$25.00) from each shellfish license issued pursuant to G.S. 113-169.2
- (4) Fifty dollars (\$50.00) from each fish dealer license issued pursuant to G.S. 113-169.3.
- (5) Two hundred dollars (\$200.00) from each land or sell license issued pursuant to G.S. 113-169.5.
- (6) Thirty-five dollars (\$35.00) from each Recreational Commercial Gear License issued pursuant to G.S. 113-173.

(b) The State Treasurer shall hold the North Carolina Commercial Fishing Resources Fund separate and apart from all other moneys, funds, and accounts. The State Treasurer shall invest the assets of the Fund in accordance with the provisions of G.S. 147-69.2, except that interest and other income received on the fund balance shall be treated as set forth in G.S. 147-69.1(d). The State Treasurer shall disburse the principal of the Fund only upon the written direction of both the Marine Fisheries Commission and the Board of Directors of the North Carolina Commercial Fishing Resource Fund established by subsection (c) of this section. The Marine Fisheries Commission and the Board of Directors of the North Carolina Commercial Fishing Resource Fund may authorize the disbursement of the principal of the North Carolina Commercial Fishing Resource Fund only for projects to develop sustainable commercial fishing in the State or to provide funding for North Carolina's incidental take permits for the commercial fishing industry under the federal Endangered Species Act of 1973 (Public Law 93-205) or the federal Marine Mammal Protection Act of 1972 (Public Law 92-522). The Marine Fisheries Commission and the Board of Directors of the North Carolina Commercial Fishing Resource Fund shall authorize disbursements to fully fund North Carolina's incidental take permits for the commercial fishing industry under the federal Endangered Species Act of 1973 (Public Law 93-205) or the federal Marine Mammal Protection Act of 1972 (Public Law 92-522) prior to authorizing disbursements for any other purpose.

(c) A Board of Directors of the North Carolina Commercial Fishing Resource Fund is established and shall consist of six members. Each of the following commercial fishing organizations shall appoint one member of the Board:

- (1) North Carolina Fisheries Association, Inc..
- (2) North Carolina Watermen United, Inc.
- (3) Ocracoke Working Watermen's Association.
- (4) Albemarle Fishermen's Association.
- (5) Carteret County Fishermen's Association.
- (6) Brunswick County Fishermen's Association."

SECTION 14.9.(q) This section is effective when it becomes law and applies to fees collected on or after July 1, 2014.

ADVANCED SALE OF LICENSES

SECTION 14.10. G.S. 113-168.1 reads as rewritten:

"§ 113-168.1. General provisions governing licenses and endorsements.

...

(j) Advance Sale of Licenses, License Revenue. – To ensure an orderly transition from one license year to the next, the Division may issue a license or endorsement prior to 1 July of the license year for which the license or endorsement is valid. Revenue that the Division receives for the issuance of a license or endorsement prior to the beginning of a license year shall not revert at the end of the fiscal year in which the revenue is received and shall be credited and available to the Division only for the license year in which the license or endorsement is valid. Any license revenue carried forward from one fiscal year to the next under this subsection that remains unencumbered and unexpended at the end of the fiscal year in which the license or endorsement is valid shall revert to the General Fund."

NO JOINT ENFORCEMENT AGREEMENTS

SECTION 14.11. G.S. 113-224 reads as rewritten:

"§ 113-224. Cooperative agreements by Department.

(a) ~~The~~ Except as otherwise provided in this section, the Department is empowered to enter into cooperative agreements with public and private agencies and individuals respecting the matters governed in this Subchapter. Pursuant to such agreements the Department may expend funds, assign employees to additional duties within or without the State, assume additional responsibilities, and take other actions that may be required by virtue of such agreements, in the overall best interests of the conservation of marine and estuarine resources.

(b) The Department may not enter into a joint enforcement agreement with the National Marine Fisheries Service."

STUDY COMMERCIAL SHELLFISH LEASING

SECTION 14.12. The Joint Legislative Program Evaluation Oversight Committee shall consider including in the 2015 Work Plan for the Program Evaluation Division of the General Assembly a study of North Carolina's shellfish lease and franchise program, including (i) the regulatory, statutory, and other obstacles faced by the private mariculture industry in establishing or expanding shellfish cultivation operations, (ii) a summary of shellfish leasing and franchising programs in other states and a comparison of the private mariculture industry in North Carolina compared to other states; and (iii) recommendations for best practices to achieve greater opportunities for North Carolina's mariculture industry and greater program efficiencies and outcomes.

PERMIT ELECTRONIC TRANSMISSION OF RULES

SECTION 14.13. G.S. 113-221 reads as rewritten:

"§ 113-221. Rules.

...

(b) Upon purchasing a license, each licensee shall be ~~given~~ provided access to a copy of the rules concerning the activities authorized by the license. The copy may be in written or electronic form, including by file download over the Internet. A written copy of the rules shall be provided to a licensee upon request.

(c) The Fisheries Director shall notify licensees of a new rule or change to a rule by sending each licensee either a newsletter containing the text of the rule or change or an updated codification of the rules of the Marine Fisheries Commission that contains the new rule or change. The Director may elect to use electronic means rather than mail to notify licensees if electronic means would be more timely and cost-effective. A written copy of any notification produced in accordance with this section shall be provided to a licensee upon request.

...."

SHALE GAS FUNDS

SECTION 14.14.(a) The funds appropriated by this act to the Department of Environment and Natural Resources for shale gas development shall be used for the following purposes:

- (1) One hundred thousand dollars (\$100,000) shall be allocated to the State Energy Office to work jointly with the Department of Commerce to develop marketing materials for parties with an interest in energy exploration, production and development in the State, and for travel and other expenditures by State employees related to the marketing and promotion of the State's shale gas resources. The marketing materials shall include information on energy potential, economic, regulatory, and business climate, locations of natural gas pipelines, transportation infrastructure, and any other pertinent information related to the energy development potential of the State.
- (2) Fifty thousand dollars (\$50,000) shall be used for the digitization, analysis, or reanalysis of geological data related to shale gas exploration or development opportunities.
- (3) Fifty thousand dollars (\$50,000) shall be used for chemical analysis of existing natural gas wells in the State's shale basins, including testing for the presence of helium.
- (4) Nine hundred seventy-three thousand three hundred twenty-four dollars (\$973,324) shall be used for the drilling of new stratigraphic test wells and core analysis in the State's shale basins in the following priority order from highest to lowest:
 - a. The Dan River Basin.
 - b. The Davie Basin.
 - c. The Cumberland-Marlboro Basin.
 - d. Those portions of the Deep River Basin located in Anson, Montgomery, and Richmond counties.

SECTION 14.14.(b) Notwithstanding any other provision of law, stratigraphic testing funded under subdivision (4) of this section shall be allowed on any State-owned land within the priority basins identified by subdivision (4) of this section at the discretion of the Secretary of the Department of Environment and Natural Resources upon a finding by the Secretary that the testing is needed for proper geologic characterization of the shale gas potential of the basin.

CDBG INFRASTRUCTURE ELIGIBLE ACTIVITIES CLARIFICATION

SECTION 14.15. Section 15.14(g) of S.L. 2013-360, as amended by Section 5.16(c) of S.L. 2013-363, reads as rewritten:

"SECTION 15.14.(g) For purposes of this section, eligible activities under the category of Infrastructure in subsection (a) of this section are limited to critical public water and wastewater ~~projects—projects and associated connections to the new lines located on private property of eligible homeowners, consistent with federal law.~~ Notwithstanding any State law or rule, eligible activities as defined in this subsection are limited only by applicable HUD regulations and federal law. Notwithstanding the provisions of subsection (e) of this section, funds allocated to the Infrastructure category in subsection (a) of this section shall not be reallocated to any other category."

WATER INFRASTRUCTURE GRANT PRIORITY

SECTION 14.16. The Department of Environment and Natural Resources, Division of Water Infrastructure, and the State Water Infrastructure Authority shall give

priority to loan and grant applications received from any local government meeting the following criteria:

- (1) The local government is located in a Tier I county.
- (2) The application seeks funding for a project that is required to be completed due to an EPA administrative order.
- (3) The application is deemed complete by the Division and meets the minimum requirements for the program from which it is seeking funding.

WATER INFRASTRUCTURE

SECTION 14.17. The Department of Environment and Natural Resources, Division of Water Infrastructure, shall require all local governments applying for loans or grants to certify that no funds received from water or wastewater utility operations have been used to subsidize the local government's General Fund. The prohibition in this section shall not be interpreted to include payments made to the local government related to regular and ongoing operations of the utility such as rent or employee benefits payments.

AMEND SHALLOW DRAFT NAVIGATION CHANNEL AND LAKE DREDGING FUNDING

SECTION 14.18.(a) G.S. 105-449.126 reads as rewritten:

"§ 105-449.126. Distribution of part of Highway Fund allocation to Wildlife Resources Fund and Shallow Draft Navigation Channel and Lake Dredging Fund.

(a) The Secretary shall credit to the Wildlife Resources Fund one-sixth of one percent (1/6 of 1%) of the amount that is allocated to the Highway Fund under G.S. 105-449.125 and is from the excise tax on motor fuel. Revenue credited to the Wildlife Resources Fund under this section may be used only for the boating and water safety activities described in G.S. 75A-3(c). The Secretary must credit revenue to the Wildlife Resources Fund on ~~an annual~~ a quarterly basis. The Secretary must make the distribution within 45 days of the end of each quarter.

(b) The Secretary shall credit to the Shallow Draft Navigation Channel and Lake Dredging Fund one-sixth of one percent (1/6 of 1%) of the amount that is allocated to the Highway Fund under G.S. 105-449.125 and is from the excise tax on motor fuel. Revenue credited to the Shallow Draft Navigation Channel and Lake Dredging Fund under this section may be used only for the dredging activities described in G.S. 143-215.73F. The Secretary shall credit revenue to the Shallow Draft Navigation Channel and Lake Dredging Fund on ~~an annual~~ a quarterly basis. The Secretary must make the distribution within 45 days of the end of each quarter."

SECTION 14.18.(b) Notwithstanding G.S. 105-449.125, in addition to the funds credited under G.S. 105-449.126, the Secretary of Revenue shall also credit the sum of one million six hundred seventy-seven thousand one hundred thirty-four dollars (\$1,677,134) to the Shallow Draft Navigation Channel and Lake Dredging Fund for the 2014-2015 fiscal year no later than August 15, 2014. The funds distributed shall be from the funds collected under Article 36C of Chapter 105 of the General Statutes from the effective date of this act until August 15, 2014.

SECTION 14.18.(c) Subsection (a) of this section is effective for quarters beginning on or after April 1, 2014.

TRANSFER AQUATIC WEED CONTROL PROGRAM TO WRC

SECTION 14.19.(a) The Aquatic Weed Control Program of the Department of Environment and Natural Resources is transferred from the Department to the Wildlife Resources Commission with all the elements of a Type I transfer, as defined by G.S. 143A-6.

SECTION 14.19.(b) Article 15 of Chapter 113A of the General Statutes is recodified as Article 22C of Chapter 113 of the General Statutes, and, accordingly, G.S. 113A-220 through G.S. 113A-227 is recodified as G.S. 113-300.10 through G.S. 113-300.17.

SECTION 14.19.(c) Article 22C of Chapter 113 of the General Statutes, as recodified by subsection (b) of this section, reads as rewritten:

"Article 22C.

"Aquatic Weed Control.

"§ 113-300.10. Short title.

This Article shall be known as the Aquatic Weed Control Act of 1991.

"§ 113-300.11 Definitions.

Unless a different meaning is required by the context, the following definitions shall apply throughout this Article:

- (1) ~~"Department" means the Department of Environment and Natural Resources.~~ Commission. – The Wildlife Resources Commission.
- (2) ~~"Secretary" means the Secretary of Environment and Natural Resources or his Director. – The Executive Director of the Wildlife Resources Commission or the Director's designee.~~
- (3) ~~"Noxious aquatic weed" means any~~ Noxious aquatic weed. – Any plant organism so designated under this Article.
- (4) ~~"Waters of the State" means any~~ Waters of the State. – Any surface body or accumulation of water, whether publicly or privately owned and whether naturally occurring or artificially created, which is contained within, flows through, or borders upon any part of this State.

"§ 113-300.12 Designation of noxious aquatic weeds.

(a) The ~~Secretary~~ Director, after consultation with the Director of the North Carolina Agricultural Extension Service, the ~~Wildlife Resources Commission,~~ Department of Environment and Natural Resources, and the Marine Fisheries Commission, and with the concurrence of the Commissioner of Agriculture, may designate as a noxious aquatic weed any plant organism which:

- (1) Grows in or is closely associated with the aquatic environment, whether floating, emersed, submersed, or ditch-bank species, and including terrestrial phases of any such plant organism;
- (2) Exhibits characteristics of obstructive nature and either massive productivity or choking density; and
- (3) Is or may become a threat to public health or safety or to existing or new beneficial uses of the waters of the State.

(b) A plant organism may be designated as being a noxious aquatic weed either throughout the State or within specified areas within the State.

(c) The ~~Secretary~~ Director shall designate a plant organism as a noxious aquatic weed by rules adopted pursuant to Chapter 150B of the General Statutes.

(d) The ~~Secretary~~ Director may modify or withdraw any designation of a plant organism as a noxious aquatic weed made previously under this section. Any modification or withdrawal of such designation shall be made following the procedures for designation set out in this section.

"§ 113-300.13 Powers and duties of the ~~Secretary~~ Director.

(a) The ~~Secretary~~ Director shall direct the control, eradication, and regulation of noxious aquatic weeds so as to protect and preserve human health, safety, and the beneficial uses of the waters of the State and to prevent injury to property and beneficial plant and animal life. The ~~Secretary~~ Director shall have the power to:

- (1) Conduct research and planning related to the control of noxious aquatic weeds;
- (2) Coordinate activities of all public bodies, authorities, agencies, and units of local government in the control and eradication of noxious aquatic weeds;
- (3) Delegate to any public body, authority, agency, or unit of local government any power or duty under this Article, except that the ~~Secretary-Director~~ may not delegate the designation of noxious aquatic weeds;
- (4) Accept donations, grants, and services from both public and private sources;
- (5) Enter into contracts or agreements, including cost-sharing agreements, with public or private agencies for research and development of methods of control of noxious aquatic weeds or for the performance of noxious aquatic weed control activities;
- (6) Construct, acquire, operate, and maintain facilities and equipment necessary for the control of noxious aquatic weeds; and
- (7) Enter upon private property for purposes of conducting investigations and engaging in aquatic weed control activities.

(b) The ~~Secretary-Director~~ may control, remove, or destroy any noxious aquatic weed located in the waters of the State or in areas adjacent to such waters wherever such weeds threaten to invade such waters. The ~~Secretary-Director~~ may employ any appropriate control technology which is consistent with federal and State law, regulations, and rules. Control technologies may include, but are not limited to drawdown of waters, application of chemicals to shoreline and surface waters, mechanical controls, physical removal from transport mechanisms, quarantine of transport mechanisms, and biological controls. Any biological control technology may be implemented only after the environmental review provisions of the State Environmental Policy Act have been satisfied.

(c) In determining the appropriate strategies and technologies, the ~~Secretary-Director~~ shall consider their relative short-term and long-term cost-efficiency and effectiveness, consistent with a margin of safety adequate to protect public health and the resources of the State.

(d) All activities carried out by the ~~Secretary, Director,~~ his designees, and others authorized to perform any function under this Article shall be consistent with all applicable federal and State law, regulations, and rules.

"§ 113-300.14 Powers of the Commissioner of Agriculture.

(a) The Commissioner of Agriculture may regulate the importation, sale, use, culture, collection, transportation, and distribution of a noxious aquatic weed as a plant pest under Article 36 of Chapter 106 of the General Statutes.

(b) This Article shall not be construed to limit any power of the Commissioner of Agriculture, the Department of Agriculture and Consumer Services, or the Board of Agriculture under any other provision of law.

"§ 113-300.15 Responsibilities of other State agencies.

All State agencies shall cooperate with the ~~Secretary-Director~~ to assist in the implementation of this Article.

"§ 113-300.16 Enforcement.

(a) Any person who violates this Article or any rule adopted pursuant to this Article shall be guilty of a Class 2 misdemeanor for each offense.

(b) Whenever there exists reasonable cause to believe that any person has violated this Article or rules adopted pursuant to this Article, the ~~Secretary-Director~~ may request the Attorney General to institute a civil action for injunctive relief to restrain the violation. The Attorney General may institute such action in the name of the State upon relation of the ~~Department-Commission~~ in the superior court of the county in which the violation occurred.

Upon a determination by the court that the alleged violation of the provisions of this Article or of rules adopted pursuant to this Article has occurred or is threatened, the court shall grant the relief necessary to prevent or abate the violation or threatened violation. Neither the institution of the action, nor any of the proceedings thereon shall relieve any party to such proceedings from any penalty otherwise prescribed for violations of this Article.

"§ 113-300.17 Adoption of rules.

The ~~Secretary~~Director may adopt rules necessary to implement the provisions of this Article pursuant to Chapter 150B of the General Statutes."

SECTION 14.19.(d) G.S. 106-421.1 reads as rewritten:

"§ 106-421.1. Authority of Board of Agriculture to regulate plants.

The Board of Agriculture shall have the sole authority to prohibit the planting, cultivation, harvesting, disposal, handling, or movement of plants as defined in G.S. 106-202.12. This section shall not prevent the designation of plants as noxious aquatic weeds pursuant to ~~Article 15 of Chapter 113A~~Article 22C of Chapter 113 of the General Statutes, nor shall it prevent the adoption or enforcement of city or county ordinances regulating the appearance of property or the handling and collection of solid waste."

SECTION 14.19.(e) G.S. 153A-301(e) reads as rewritten:

"(e) The board of commissioners of a county that adjoins or contains a lake, river, or tributary of a river or lake that has an identified noxious aquatic weed problem may define any number of noxious aquatic weed control service districts composed of property that is contiguous to the water or that provides direct access to the water through a shared, certified access site to the water. As used in this subsection, the term "noxious aquatic weed" is any plant organism identified by the ~~Secretary of Environment and Natural Resources under G.S. 113A-222~~Executive Director of the Wildlife Resources Commission under G.S. 113-300.12 or regulated as a plant pest by the Commissioner of Agriculture under Article 36 of Chapter 106 of the General Statutes."

SECTION 14.19.(f) The Revisor of Statutes may conform names and titles changed by this section, and may correct statutory references as required by this section, throughout the General Statutes. In making the changes authorized by this section, the Revisor may also adjust subject and verb agreement and the placement of conjunctions.

SECTION 14.19.(g) Under the authority granted by G.S. 113-300.17, as recodified by subsection (c) of this section, the Executive Director of the Wildlife Resources Commission may adopt rules necessary to implement the provisions relative to boat washing for aquatic weed prevention measures, including rules relating to monitoring and enforcement.

SECTION 14.19.(h) The transfer under this section becomes effective July 1, 2014.

SECTION 14.19.(i) G.S. 143-215.73F reads as rewritten:

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

The Shallow Draft Navigation Channel Dredging and Lake ~~Dredging~~Maintenance Fund is established as a special revenue fund. The Fund consists of fees credited to it under G.S. 75A-3, 75A-38, and 105-449.126. Revenue in the Fund may only be used to provide the State's share of the costs associated with any dredging project designed to keep shallow draft navigation channels located in State waters or waters of the state located within lakes navigable and ~~safe~~safe, or for aquatic weed control projects in waters of the State located within lakes under Article 22C of Chapter 113 of the General Statutes. Funding for aquatic weed control projects is limited to five hundred thousand dollars (\$500,000) in each fiscal year and will be provided to the Wildlife Resources Commission on a reimbursement basis. Any project funded by revenue from the Fund must be cost-shared with non-State dollars on a one-to-one basis. For purposes of this section, "shallow draft navigation channel" means (i) a waterway connection

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

COAL ASH MANAGEMENT

SECTION 14.20.(a) If S.B. 729, 2013 Regular Session, or substantially similar legislation regulating coal ash does not become law, funds in the amount of one million seven hundred fifty thousand dollars (\$1,750,000) appropriated in this act to the Department of Environment and Natural Resources for coal ash management shall revert to the General Fund.

SECTION 14.20.(b) If S.B. 729, 2013 Regular Session, becomes law, of the funds appropriated in this Act to the Department of Environment and Natural Resources for coal ash management, the Department may use up to five hundred ninety-six thousand dollars (\$596,000) in lapsed salary and operating funds in fiscal year 2014-2015 to purchase scientific equipment and two new vehicles to support the ongoing surveys and regulatory activities related to coal ash management activities in the State.

REDIRECT INTEREST ON CERTAIN ENVIRONMENTAL FUNDS

SECTION 14.21.(a) G.S. 143B-289.59 reads as rewritten:

"§ 143B-289.59. Conservation Fund; Commission may accept gifts.

...

(b) The Marine Fisheries Commission is hereby authorized to issue and sell appropriate emblems by which to identify recipients thereof as contributors to a special marine and estuarine resources Conservation Fund that shall be made available to the Marine Fisheries Commission for conservation, protection, enhancement, preservation, and perpetuation of marine and estuarine species that may be endangered or threatened with extinction and for education about these issues. The special Conservation Fund is subject to oversight of the State Auditor pursuant to Article 5A of Chapter 147 of the General ~~Statutes~~. Statutes, except that interest and other income received on the Fund balance shall be treated as set forth in G.S. 147-69.1(d). Emblems of different sizes, shapes, types, or designs may be used to recognize contributions in different amounts, but no emblem shall be issued for a contribution amounting in value to less than five dollars (\$5.00)."

SECTION 14.21.(b) G.S. 143-214.12(a) reads as rewritten:

"(a) Ecosystem Restoration Fund. – The Ecosystem Restoration Fund is established as a nonreverting fund within the Department. The Fund shall be treated as a special trust fund ~~and shall be credited with interest by the State Treasurer pursuant to G.S. 147-69.2 and G.S. 147-69.3.~~ G.S. 147-69.2, except that interest and other income received on the Fund balance shall be treated as set forth in G.S. 147-69.1(d). The Ecosystem Restoration Fund shall provide a repository for monetary contributions and donations or dedications of interests in real property to promote projects for the restoration, enhancement, preservation, or creation of wetlands and riparian areas and for payments made in lieu of compensatory mitigation as described in subsection (b) of this section. No funds shall be expended from this Fund for any purpose other than those directly contributing to the acquisition, perpetual maintenance, enhancement, restoration, or creation of wetlands and riparian areas in accordance with the basinwide plan as described in G.S. 143-214.10. The cost of acquisition includes a payment in

1 lieu of ad valorem taxes required under G.S. 146-22.3 when the Department is the State agency
2 making the acquisition."

3 **SECTION 14.21.(c)** G.S. 113A-253 reads as rewritten:

4 **"§ 113A-253. Clean Water Management Trust Fund.**

5 ...

6 (b) Fund Earnings, Assets, and Balances. – The State Treasurer shall hold the Fund
7 separate and apart from all other moneys, funds, and accounts. ~~Investment earnings credited to~~
8 ~~the assets of the Fund shall become part of the Fund.~~ Any balance remaining in the Fund at the
9 end of any fiscal year shall be carried forward in the Fund for the next succeeding fiscal year.
10 Payments from the Fund shall be made on the warrant of the Chair of the Board of Trustees.

11"

12 **SECTION 14.21.(d)** G.S. 143-215.104C reads as rewritten:

13 **"§ 143-215.104C. Dry-Cleaning Solvent Cleanup Fund.**

14 (a) Creation. – The Dry-Cleaning Solvent Cleanup Fund is established as a special
15 revenue fund to be administered by the Commission. Accordingly, revenue in the Fund at the
16 end of a fiscal year does not ~~revert and interest and other investment income earned by the~~
17 ~~Fund must be credited to it.~~ revert. The Fund is created to provide revenue to implement this
18 Part.

19"

20 **SECTION 14.21.(e)** G.S. 113-44.15 reads as rewritten:

21 **"§ 113-44.15. Parks and Recreation Trust Fund.**

22 (a) Fund Created. – There is established a Parks and Recreation Trust Fund in the State
23 Treasurer's Office. The Trust Fund shall be a special revenue fund consisting of gifts and grants
24 to the Trust Fund and other monies appropriated to the Trust Fund by the General Assembly.
25 ~~Investment earnings credited to the assets of the Fund shall become part of the Fund.~~

26"

27 **SECTION 14.21.(f)** G.S. 87-98 reads as rewritten:

28 **"§ 87-98. Bernard Allen Memorial Emergency Drinking Water Fund.**

29 (a) The Bernard Allen Memorial Emergency Drinking Water Fund is established under
30 the control and direction of the Department. The Fund shall be a ~~nonreverting,~~
31 ~~interest-bearing~~ nonreverting fund consisting of monies appropriated by the General Assembly
32 or made available to the Fund from any other ~~source and investment interest credited to the~~
33 ~~Fund source.~~

34"

35 **SECTION 14.21.(g)** G.S. 113-175.1(b) reads as rewritten:

36 **"§ 113-175.1. North Carolina Marine Resources Fund.**

37 ...

38 (b) The State Treasurer shall hold the Marine Resources Fund separate and apart from
39 all other moneys, funds, and accounts. The State Treasurer shall invest the assets of the Marine
40 Resources Fund in accordance with the provisions of G.S. 147-69.2 and ~~G.S. 147-69.3, and all~~
41 ~~marine resources investment income shall be deposited to the credit of the Marine Resources~~
42 ~~Fund.~~ G.S. 147-69.3, except that interest and other income received on the Fund balance shall
43 be treated as set forth in G.S. 147-69.1(d). The State Treasurer shall disburse the principal of
44 the Marine Resources Fund and marine resources investment income only upon the written
45 direction of the Marine Fisheries Commission.

46"

47 **SECTION 14.21.(h)** G.S. 90A-42 reads as rewritten:

48 **"§ 90A-42. Fees.**

49 ...

(b) The Water Pollution Control System Account is established as a nonreverting account within the Department. Fees collected under this section shall be credited to the Account and applied to the costs of administering this Article. Interest and other income received on the Fund balance shall be treated as set forth in G.S. 147-69.1(d)."

SECTION 14.21.(i) G.S. 143-215.94B reads as rewritten:

"§ 143-215.94B. Commercial Leaking Petroleum Underground Storage Tank Cleanup Fund.

(e) The Commercial Fund shall be treated as a special trust fund ~~and shall be credited with interest by the State Treasurer~~ pursuant to G.S. 147-69.2 and ~~G.S. 147-69.3.~~ G.S. 147-69.3, except that interest and other income received on the Fund balance shall be treated as set forth in G.S. 147-69.1(d).

...."

SECTION 14.21.(j) G.S. 143-215.94D reads as rewritten:

"§ 143-215.94D. Noncommercial Leaking Petroleum Underground Storage Tank Cleanup Fund.

(e) The Noncommercial Fund shall be treated as a special trust fund ~~and shall be credited with interest by the State Treasurer~~ pursuant to G.S. 147-69.2 and ~~G.S. 147-69.3.~~ G.S. 147-69.3, except that interest and other income received on the Fund balance shall be treated as set forth in G.S. 147-69.1(d).

...."

SECTION 14.21.(k) G.S. 130A-310.11 reads as rewritten:

"§ 130A-310.11. Inactive Hazardous Sites Cleanup Fund created.

(a) There is established under the control and direction of the Department the Inactive Hazardous Sites Cleanup Fund. This fund shall be a revolving fund consisting of any monies appropriated for such purpose by the General Assembly or available to it from grants, taxes, and other monies paid to it or recovered by or on behalf of the Department. The Inactive Hazardous Sites Cleanup Fund shall be treated as a nonreverting special trust fund ~~and shall be credited with interest by the State Treasurer~~ pursuant to G.S. 147-69.2 and ~~G.S. 147-69.3.~~ G.S. 147-69.3, except that interest and other income received on the Fund balance shall be treated as set forth in G.S. 147-69.1(d).

...."

SECTION 14.21.(l) G.S. 130A-310.38 reads as rewritten:

"§ 130A-310.38. Brownfields Property Reuse Act Implementation Account.

The Brownfields Property Reuse Act Implementation Account is created as a nonreverting ~~interest-bearing~~ account in the Office of the State Treasurer. The Account shall consist of fees and interest collected under G.S. 130A-310.39, moneys appropriated to it by the General Assembly, moneys received from the federal government, moneys contributed by private organizations, and moneys received from any other source. Funds in the Account shall be used by the Department to defray the costs of implementing this Part. The Department may contract with a private entity for any services necessary to implement this Part."

I & M AIR POLLUTION CONTROL ACCOUNT

SECTION 14.22. The Division of Air Quality of the Department of Environment and Natural Resources shall use the cash balance remaining in the I & M Air Pollution Control Account for operations in the 2014-2015 fiscal year related to the development and implementation of air pollution control programs for mobile sources.

WATER AND AIR QUALITY ACCOUNT

SECTION 14.23. The Division of Air Quality of the Department of Environment and Natural Resources shall use the cash balance remaining in the Water and Air Quality Account to administer its programs in fiscal year 2014-2015.

SOLID WASTE DISPOSAL TAX USES

SECTION 14.24.(a) G.S. 130A-295.9 reads as rewritten:

"§ 130A-295.9. Solid waste disposal tax; use of proceeds.

It is the intent that the proceeds of the solid waste disposal tax imposed by Article 5G of Chapter 105 of the General Statutes shall be used only for the following purposes:

- (1) Funds credited pursuant to G.S. 105-187.63(1) to the Inactive Hazardous Sites Cleanup Fund shall be used by the Department of Environment and Natural Resources to fund the assessment and remediation of pre-1983 landfills, except up to ~~thirteen percent (13%)~~ twenty-five percent (25%) of the funds credited under this subdivision may be used to fund administrative expenses related to hazardous and solid waste management, as well as the assessment and remediation of pre-1983 landfills and other inactive hazardous waste sites.
- (2) Funds credited pursuant to G.S. 105-187.63(3) to the Solid Waste Management Trust Fund shall be used by the Department of Environment and Natural Resources to fund grants to State agencies and units of local government to initiate or enhance local recycling programs and to provide for the management of difficult to manage solid waste, including abandoned mobile homes and household hazardous waste. Up to seven percent (7%) of the funds credited under this subdivision may be used by the Department to administer this Part."

SECTION 14.24.(b) This section applies to funds credited to the Inactive Hazardous Sites Cleanup Fund on or after July 1, 2014.

WILDLIFE LICENSING CHANGES

SECTION 14.25.(a) G.S. 113-270.3(b)(1b) reads as rewritten:

"(b) The special activity licenses and stamp issued by the Wildlife Resources Commission are as follows:

- ...
- (1b) Bear Management Stamp – \$10.00. This electronically generated stamp must be procured before taking any bear within the State. Notwithstanding any other provision of law, a resident or nonresident individual may not take any bear within the State without procuring this stamp; provided, that those persons who have purchased a lifetime license established by G.S. 113-270.1D(b), 113-270.2(c)(2), or 113-351(c)(3) prior to July 1, 2014, and those persons exempt from the license requirements as set forth in ~~G.S. 113-276(e)~~ G.S. 113-276(c), G.S. 113-276(d), and G.S. 113-276(n) shall obtain this stamp free of charge. All of the revenue generated by this stamp shall be dedicated to black bear research and management."

SECTION 14.25.(b) G.S. 113-174.2 reads as rewritten:

"§ 113-174.2. Coastal Recreational Fishing License.

...

(c) Types of CRFLs; Fees; Duration. – The Wildlife Resources Commission shall issue the following CRFLs:

- (1) Annual Resident CRFL. – \$15.00. This license is valid from the date of issue for a period of 12 months as defined by G.S. 113-270.1B(b) and

G.S. 113-270.1B(c). This license shall be issued only to an individual who is a resident of the State.

(1a) Annual Nonresident CRFL. – \$30.00. This license is valid ~~for a period of one year from the date of issuance.~~ from the date of issue for a period of 12 months as defined by G.S. 113-270.1B(b) and G.S. 113-270.1B(c). This license shall be issued only to an individual who is not a resident of the State.

(2) Repealed by Session Laws 2005-455, s. 1.4, effective January 1, 2007.

(3) Repealed by Session Laws 2005-455, s. 1.4, effective January 1, 2007.

(4) Ten-Day Resident CRFL. – \$5.00. This license is valid for a period of 10 consecutive days, as indicated on the license. This license shall be issued only to an individual who is a resident of the State.

(4a) Ten-Day Nonresident CRFL. – \$10.00. This license is valid for a period of 10 consecutive days, as indicated on the license. This license shall be issued only to an individual who is not a resident of the State.

(5) Repealed by Session Laws 2005-455, s. 1.4, effective January 1, 2007.

(6) Lifetime CRFLs. – Except as provided in sub-subdivision j. of this subdivision, CRFLs issued under this subdivision are valid for the lifetime of the licensee.

a. –d. Repealed by Session Laws 2005-455, s. 1.4, effective January 1, 2007.

e. Infant Lifetime CRFL. – \$100.00. This license shall be issued only to an individual younger than one year of age.

f. Youth Lifetime CRFL. – \$150.00. This license shall be issued only to an individual who is one year of age or older but younger than 12 years of age.

g. **(Effective until August 1, 2014)** Resident Adult Lifetime CRFL. – \$250.00. This license shall be issued only to an individual who is 12 years of age or older but younger than 65 years of age and who is a resident of the State.

g. **(Effective August 1, 2014)** Resident Adult Lifetime CRFL. – \$250.00. This license shall be issued only to an individual who is 12 years of age or older but younger than 70 years of age and who is a resident of the State.

h. Nonresident Adult Lifetime CRFL. – \$500.00. This license shall be issued only to an individual who is 12 years of age or older and who is not a resident of the State.

i. **(Effective until August 1, 2014)** Resident Age 65 Lifetime CRFL. – \$15.00. This license shall be issued only to an individual who is 65 years of age or older and who is a resident of the State.

i. **(Effective August 1, 2014)** Resident Age 70 Lifetime CRFL. – \$15.00. This license shall be issued only to an individual who is 70 years of age or older and who is a resident of the State.

j. Resident Disabled Veteran CRFL. – \$10.00. This license shall be issued only to an individual who is a resident of the State and who is a fifty percent (50%) or more disabled veteran as determined by the United States Department of Veterans Affairs. ~~Affairs.~~ Affairs or as established by G.S. 113-351(c)(3)(f). This license remains valid for the lifetime of the licensee so long as the licensee remains fifty percent (50%) or more disabled.

k. Resident Totally Disabled CRFL. – \$10.00. This license shall be issued only to an individual who is a resident of the State and who is totally and permanently disabled as determined by the Social Security ~~Administration~~ Administration or as established by G.S. 113-351(c)(3)(g).

...."

SECTION 14.25.(c) G.S. 113-173 reads as rewritten:

"§ 113-173. Recreational Commercial Gear License.

...

(f) Duration; Fees. – The RCGL shall be valid ~~for a one-year period from the date of purchase~~ from the date of issue for a period of 12 months as defined by G.S. 113-270.1B(b) and G.S. 113-270.1B(c). The fee for a RCGL for a North Carolina resident shall be forty-three dollars and seventy-five cents (\$43.75). The fee for a RCGL for an individual who is not a North Carolina resident shall be three hundred twelve dollars and fifty cents (\$312.50).

...."

SECTION 14.25.(d) G.S. 113-351 reads as rewritten:

"§ 113-351. Unified hunting and fishing licenses; subsistence license waiver.

(a) Definitions. – The definitions set out in G.S. 113-174 apply to this Article.

(b) General Provisions Governing Licenses and Waivers. – The general provisions governing licenses set out in G.S. 113-174.1 apply to licenses and waivers issued under this section.

(c) Types of Unified Hunting and Fishing Licenses; Fees; Duration. – The Wildlife Resources Commission shall issue the following Unified Hunting and Fishing Licenses:

(1) Annual Resident Unified Sportsman/Coastal Recreational Fishing License. – \$55.00. This license is valid ~~for a period of one year from the date of issuance~~ from the date of issue for a period of 12 months as defined by G.S. 113-270.1B(b) and G.S. 113-270.1B(c). This license shall be issued only to an individual who is a resident of the State. This license authorizes the licensee to take all wild animals and wild birds, including waterfowl, by all lawful methods in all open seasons, including the use of game lands; to fish with hook and line for all fish in all inland fishing waters and joint fishing waters, including public mountain trout waters; and to engage in recreational fishing in coastal fishing waters.

(2) Annual Resident Unified Inland/Coastal Recreational Fishing License. – \$35.00. This license is valid ~~for a period of one year from the date of issuance~~ from the date of issue for a period of 12 months as defined by G.S. 113-270.1B(b) and G.S. 113-270.1B(c). This license shall be issued only to an individual who is a resident of the State. This license authorizes the licensee to fish with hook and line for all fish in all inland fishing waters and joint fishing waters, including public mountain trout waters, and to engage in recreational fishing in coastal fishing waters.

...."

SECTION 14.25.(e) G.S. 113-270.2(c) reads as rewritten:

"§ 113-270.1D. Sportsman licenses.

(a) Annual Sportsman License – \$50.00. This license shall be issued only to an individual resident of the State and entitles the licensee to take all wild animals and wild birds, including waterfowl, by all lawful methods in all open seasons, including the use of game lands, and to fish with hook and line for all fish in all inland and joint fishing waters, including public mountain trout waters. An annual sportsman license issued under this subsection does

not entitle the licensee to engage in recreational fishing in coastal fishing waters that are not joint fishing waters.

(b) Lifetime Sportsman Licenses. Except as provided in subdivision (7) of this subsection, lifetime sportsman licenses are valid for the lifetime of the licensees. Lifetime sportsman licenses entitle the licensees to take all wild animals and wild birds by all lawful methods in all open seasons, including the use of game lands, and to fish with hook and line for all fish in all inland and joint fishing waters, including public mountain trout waters. A lifetime sportsman license issued under this subsection does not entitle the licensee to engage in recreational fishing in coastal fishing waters that are not joint fishing waters. Lifetime sportsman licenses issued by the Wildlife Resources Commission are:

- ...
- (3) Adult Resident Lifetime Sportsman License – \$500.00. This license shall be issued only to an individual resident of the ~~State~~State who is 12 years of age or older but younger than 70 years of age.
 - (4) Nonresident Lifetime Sportsman License – ~~\$1,200~~\$1,200. This license shall be issued only to an individual nonresident of the State.
 - (5) Age 70 Resident Lifetime Sportsman License – \$15.00. This license shall be issued only to an individual resident of the State who is at least 70 years of age.
 - (6) Repealed by Session Laws 2005-455, s. 1.7 effective January 1, 2007.
 - (7) Resident Disabled Veteran Lifetime Sportsman License – \$100.00. This license shall be issued only to an individual who is a resident of the State and who is a fifty percent (50%) or more disabled veteran as determined by the United States Department of Veterans Affairs or as established by rules of the Wildlife Resources Commission. This license remains valid for the lifetime of the licensee so long as the licensee remains fifty percent (50%) or more disabled.
 - (8) Resident Totally Disabled Lifetime Sportsman License – \$100.00. This license shall be issued only to an individual who is a resident of the State and who is totally and permanently disabled as determined by the Social Security Administration or as established by rules of the Wildlife Resources Commission."

SECTION 14.25.(f) Subsections (a) and (e) of this section become effective August 1, 2014.

INTERAGENCY DEER OVERSIGHT REPORT

SECTION 14.26.(a) The Wildlife Resources Commission and the Department of Agriculture and Consumer Services shall jointly study the risks associated with the spread of Chronic Wasting Disease (CWD), also known as transmissible spongiform encephalopathy, due to the importation of cervids from outside the State. The Department shall report no later than January 15, 2015, to the Agriculture and Forestry Awareness Study Commission, the Environmental Review Commission, and the Fiscal Research Division. The report shall include the following:

- (1) Proposals and recommendations to minimize the risk exposure and potential cost to the State associated with containment, condemnation, and mitigation costs associated with an outbreak of CWD in the State.
- (2) Proposed legislation and regulations necessary to implement the recommendations made in response to subdivision (1) of this subsection and to indemnify the State from any costs of a CWD outbreak associated with importation of infected deer.

- (3) Recommendations as to which Department or Commission is most appropriate to oversee and permit the transportation and importation of captive cervids by the State.

SECTION 14.26.(b) No State Department or Commission shall issue a transportation permit for the importation of cervids into the State until the General Assembly has taken final action in response to the recommendations made under this section.

PART XV. DEPARTMENT OF COMMERCE

ABC COMMISSION/USE OF FUNDS CREDITED TO ABC COMMISSION FUND

SECTION 15.1. G.S. 18B-208 reads as rewritten:

"§ 18B-208. ABC Commission bonds and funds.

...

(b) Special Fund. – A special fund in the office of the State Treasurer, the ABC Commission Fund, is created. On and after November 1, 1982, all moneys derived from the collection of bailment charges and bailment surcharges shall be deposited in the ABC Commission Fund for the purpose of carrying out the provisions of this Chapter. The ABC Commission Fund shall be subject to the provisions of the State Budget Act except that no unexpended surplus of this fund shall revert to the General Fund. The Commission shall fix the level of the bailment surcharges at an amount calculated to cover operating expenses of the Commission and the retirement of bonds issued for construction of a Commission warehouse and offices. Upon payment of the bonds issued pursuant to this section, the Commission shall reduce the bailment surcharge to an amount no greater than necessary to pay operating expenses of the Commission as authorized by the General Assembly.

All moneys credited to the ABC Commission Fund shall be used to carry out the intent and purposes of the ABC law in accordance with plans approved by the North Carolina ABC Commission and the Director of the Budget, ~~and all these funds are appropriated, reserved, set aside, and made available until expended for the administration of the ABC law.~~ Budget. The moneys in the Fund shall be expended only upon an act of appropriation by the General Assembly."

LOTTERY COMMISSION/LIMITS ON COMPENSATION INCREASES

SECTION 15.2. G.S. 18C-173 reads as rewritten:

"§ 18C-173. Limits on compensation increases.

(a) Notwithstanding G.S. 18C-114(a)(11) and G.S. 18C-120(b)(3), the Lottery Commission, during any fiscal year, may not expend funds for merit and performance-based salary increases in excess of the funds that would have been expended had the Lottery Commission employees received the same across-the-board salary increases granted by the General Assembly to State employees subject to the North Carolina Human Resources Act. These merit and performance-based salary increases may be awarded on an aggregated average basis according to rules adopted by the Lottery Commission.

(b) Notwithstanding G.S. 18C-114(a)(11) and G.S. 18C-120(b)(3), the Lottery Commission, during any fiscal year, shall not expend funds for merit- and performance-based salary increases if the General Assembly has provided in the Current Operations Appropriations Act or any other act enacted by the General Assembly for that fiscal year that funds are to be expended for across-the-board salary increases only."

REPEAL COMMERCE FLEXIBILITY TO REORGANIZE DEPARTMENT

SECTION 15.3. Section 15.7A of S.L. 2013-360 is repealed.

COLLABORATION FOR PROSPERITY ZONES**CREATION OF COLLABORATION FOR PROSPERITY ZONES**

SECTION 15.3A.1. Intent to Create Collaboration for Prosperity Zones. – It is the intent of the General Assembly to establish geographically uniform zones in this State to facilitate collaborative and coordinated planning and use of resources, to improve cooperation with other governmental and nonprofit entities at the local and regional level, to facilitate administrative efficiencies within State government, to receive advice on economic development issues by local entities, and, to the extent feasible, to establish one-stop sources in each region for citizens and businesses seeking State services at a regional level.

SECTION 15.3A.2. Article 1 of Chapter 143B of the General Statutes is amended by adding a new section to read:

"§ 143B-28.1. Create Collaboration for Prosperity Zones.

For purposes of enhanced collaboration and cooperation between governmental agencies, planning, use of resources, and improved efficiency at a regional level, the State is hereby divided into eight permanent zones as follows:

- (1) Western Region, consisting of Buncombe, Cherokee, Clay, Graham, Haywood, Henderson, Jackson, Macon, Madison, Polk, Rutherford, Swain, and Transylvania Counties.
- (2) Northwest Region, consisting of Alleghany, Ashe, Alexander, Avery, Burke, Caldwell, Catawba, McDowell, Mitchell, Watauga, Wilkes, and Yancey Counties.
- (3) Southwest Region, consisting of Anson, Cabarrus, Cleveland, Gaston, Iredell, Lincoln, Mecklenburg, Rowan, Stanly, and Union Counties.
- (4) Piedmont-Triad (Central) Region, consisting of Alamance, Caswell, Davidson, Davie, Forsyth, Guilford, Randolph, Rockingham, Stokes, Surry, and Yadkin Counties.
- (5) North Central Region, consisting of Chatham, Durham, Edgecombe, Franklin, Granville, Harnett, Johnston, Lee, Nash, Orange, Person, Vance, Wake, Warren, and Wilson Counties.
- (6) Sandhills (South Central) Region, consisting of Bladen, Columbus, Cumberland, Hoke, Montgomery, Moore, Richmond, Robeson, Sampson, and Scotland Counties.
- (7) Northeast Region, consisting of Beaufort, Bertie, Camden, Chowan, Currituck, Dare, Gates, Halifax, Hertford, Hyde, Martin, Northampton, Pasquotank, Perquimans, Pitt, Tyrrell, and Washington Counties.
- (8) Southeast Region, consisting of Brunswick, Carteret, Craven, Duplin, Greene, Jones, Lenoir, New Hanover, Onslow, Pamlico, Pender, and Wayne Counties."

SECTION 15.3A.3. Agencies shall, by January 1, 2015, report to the Joint Legislative Commission on Governmental Operations, the Senate Appropriations/Base Budget Committee, and the House Appropriations Committee on how they plan to establish Collaboration for Prosperity Zones as defined by this act.

SECTION 15.3A.4. G.S. 115C-65 reads as rewritten:

"§ 115C-65. State divided into districts.

The State of North Carolina shall be divided into eight educational districts embracing the counties herein set forth: districts, which shall match the composition of the zones set forth in G.S. 143B-28.1.

FIRST DISTRICT

~~Beaufort, Bertie, Camden, Chowan, Currituck, Dare, Gates, Hertford, Hyde, Martin, Pasquotank, Perquimans, Pitt, Tyrrell, Washington.~~

SECOND DISTRICT

~~Brunswick, Carteret, Craven, Duplin, Greene, Jones, Lenoir, New Hanover, Onslow, Pamlico, Pender, Sampson, Wayne.~~

THIRD DISTRICT

~~Durham, Edgecombe, Franklin, Granville, Halifax, Johnston, Nash, Northampton, Vance, Wake, Warren, Wilson.~~

FOURTH DISTRICT

~~Bladen, Columbus, Cumberland, Harnett, Hoke, Lee, Montgomery, Moore, Richmond, Robeson, Scotland.~~

FIFTH DISTRICT

~~Alamance, Caswell, Chatham, Davidson, Forsyth, Guilford, Orange, Person, Randolph, Rockingham, Stokes.~~

SIXTH DISTRICT

~~Anson, Cabarrus, Cleveland, Gaston, Lincoln, Mecklenburg, Stanly, Union.~~

SEVENTH DISTRICT

~~Alexander, Alleghany, Ashe, Avery, Burke, Caldwell, Catawba, Davie, Iredell, Rowan, Surry, Watauga, Wilkes, Yadkin.~~

EIGHTH DISTRICT

~~Buncombe, Cherokee, Clay, Graham, Haywood, Henderson, Jackson, Macon, Madison, McDowell, Mitchell, Polk, Rutherford, Swain, Transylvania, Yancey."~~

SECTION 15.3A.5. Section 15.3A.4 of this act becomes effective April 1, 2015. Members of the State Board of Education appointed by the Governor and confirmed by the General Assembly prior to 2015 with terms ending in 2017, 2019, and 2021 shall be designated as the appointees of the following districts for the remainder of the member's current term:

- (1) Western Region: Wayne McDevitt
- (2) Southwest Region: Gregory Alcorn
- (3) Piedmont-Triad (Central) Region: A.L. Collins
- (4) Sandhills (South Central) Region: Olivia Oxendine
- (5) Northeast Region: Rebecca Taylor
- (6) Southeast Region: Reginald Kenan

REQUIRE AT LEAST ONE LIAISON IN EACH COLLABORATION FOR PROSPERITY ZONE

SECTION 15.3B.1. No later than January 1, 2015, the Departments of Commerce, Environment and Natural Resources, and Transportation shall have at least one employee physically located in the same office in each of the Collaboration for Prosperity Zones set out in G.S. 143B-28.1 to serve as that department's liaison with the other departments and with local governments, schools and colleges, planning and development bodies, and businesses in that zone. The departments shall jointly select the office.

No later than January 1, 2015, the Community Colleges System Office shall designate at least one representative from a community college or from the Community Colleges System Office to serve as a liaison in each Collaboration for Prosperity Zone for the community college system, the community colleges in the zone, and other technical colleges and schools within the zone. A liaison may be from a business center located in a community college. These liaisons are not required to be colocated with the liaisons from the Departments of Commerce, Environment and Natural Resources, and Transportation.

No later than January 1, 2015, the State Board of Education shall designate at least one representative from a local school administrative unit or from the Department of Public Instruction to serve as a liaison in each Collaboration for Prosperity Zone for the local school administrative units and other public schools within the zone. These liaisons are not required to be colocated with the liaisons from the Departments of Commerce, Environment and Natural Resources, and Transportation.

SECTION 15.3B.2. In addition to other related tasks assigned by their respective agencies, liaisons in each Collaboration for Prosperity Zone shall work to enhance collaboration and cooperation between their departments and other State agencies, local governmental agencies, and other regional public and nonprofit entities. The liaisons from the Departments of Environment and Natural Resources and Transportation shall work to consolidate and simplify the process for citizens and businesses seeking permits from their respective agencies. The liaisons from the Department of Commerce shall be used to support local economic development efforts, to coordinate such efforts, and to coordinate the Department of Commerce's activities within each Collaboration for Prosperity Zone. The liaisons from the community college system and local school administrative units shall work closely with the Department of Commerce and other State and local governmental agencies and local businesses in the zone to promote job development through career technical education.

SECTION 15.3B.3.(a) The Departments of Transportation and Environment and Natural Resources shall jointly report to the Office of State Budget and Management, the Joint Legislative Commission on Governmental Operations, the Joint Legislative Transportation Oversight Committee, the Environmental Review Commission, the Senate Appropriations/Base Budget Committee, and the House Appropriations Committee, as follows:

- (1) No later than January 1, 2015, on the establishment of colocated liaisons within each Collaboration for Prosperity Zone and a description of the activities the liaisons have been assigned to perform.
- (2) No later than April 1, 2015, on the activities of the liaisons, specifically any activities undertaken that resulted in enhanced collaboration and coordination with the other department and with other governmental agencies, improved administrative efficiencies, and any steps taken to make services to citizens and businesses within each zone more efficient, economical, and user-friendly.

SECTION 15.3B.3.(b) The Community Colleges System Office and the State Board of Education shall each report to the Office of State Budget and Management, the Joint Legislative Commission on Governmental Operations, the Joint Legislative Education Oversight Committee, the Senate Appropriations/Base Budget Committee, and the House Appropriations Committee, as follows:

(1) No later than January 1, 2015, on the establishment of liaisons within each Collaboration for Prosperity Zone and a description of the activities the liaisons have been assigned to perform.

(2) No later than April 1, 2015, on the activities of the liaisons, specifically any activities undertaken that resulted in enhanced collaboration and coordination with other governmental agencies, improved planning on use of educational resources, and improved administrative efficiencies.

SECTION 15.3B.3.(c) The Department of Commerce shall report to the Office of State Budget and Management, the Joint Legislative Economic Development and Global Engagement Oversight Committee, the Joint Legislative Commission on Governmental Operations, the Senate Appropriations/Base Budget Committee, and the House Appropriations Committee, as follows:

(1) No later than January 1, 2015, on the establishment of liaisons within each Collaboration for Prosperity Zone and a description of the activities the liaisons have been assigned to perform.

(2) No later than April 1, 2015, on the activities of the liaisons, specifically any activities undertaken that resulted in enhanced collaboration and coordination with other governmental agencies, improved planning on use of economic development resources, and improved administrative efficiencies.

SECTION 15.3B.4. The Departments of Commerce, Environment and Natural Resources, and Transportation, the Community Colleges System Office, and the State Board of Education shall use funds available to carry out the requirements of this section. Nothing in Sections 15.3A.1 through 15.3B.5 of this act shall be construed as an authorization for payment of additional compensation for persons serving as liaisons.

SECTION 15.3B.5. Sections 15.3B.1 through 15.3B.5 expire July 1, 2018.

GENERAL ASSEMBLY REVIEW OF REPORTS

SECTION 15.3C.1.(a) It is the intent of the General Assembly to receive and review the reports required by Section 15.3B.3 of this act concerning the creation of the Collaboration for Prosperity Zones and to use those reports to further address the following topics:

(1) Enhancing collaboration and cooperation between State and other governmental agencies in order to streamline and improve services to citizens and businesses, to make such services more user-friendly, and to implement collaborative and cooperative interagency measures to enhance access to services.

(2) Reducing barriers faced by citizens and businesses in accessing services that are unnecessarily caused by agency specialization, which may produce a "silo mentality."

(3) Additional recommendations regarding liaison personnel, including expanding the requirement to other State departments.

(4) Ways to integrate collaboration between educational institutions in each Collaboration for Prosperity Zone on the one hand and other governmental agencies and local businesses on the other.

(5) Requiring the establishment of interagency one-stop shops in each Collaboration for Prosperity Zone.

(6) Consolidating programs or services.

(7) Cross-training employees.

- (8) Identifying offices, equipment, and support services that may be efficiently and economically shared between agencies in each Collaboration for Prosperity Zone.
- (9) The grouping of counties within each Collaboration for Prosperity Zone to determine whether there is a better configuration while keeping the same overall number of zones.

SECTION 15.3C.1.(b) This section is effective when it becomes law.

COMMERCE FUNDS USED FOR BASE REALIGNMENT AND CLOSURE ACTIVITIES

SECTION 15.4.(a) Funds appropriated to the Department of Commerce for the 2013-2014 fiscal year that are unexpended and unencumbered as of June 30, 2014, shall not revert to the General Fund but shall remain available to the Department until expended for use in the State's preparation for United States Department of Defense Base Realignment and Closure activities.

SECTION 15.4.(b) This section becomes effective June 30, 2014.

SPECIAL FUNDS TRANSFER/OFFSET COMMERCE ADMINISTRATION GENERAL FUND APPROPRIATION

SECTION 15.5.(a) The Office of State Budget and Management, in conjunction with the Office of the State Controller and the Department of Commerce, shall transfer the unencumbered cash balances in the following funds as of June 30, 2014, to Commerce Administration (Budget Code 14600-1111):

- (1) 24609-2537 – Energy Research Grants
- (2) 24609-2535 – NC Green Business Fund
- (3) 24609-2562 – One North Carolina Small Business Fund
- (4) 24613-2622 – Main Street Solutions

SECTION 15.5.(b) The Office of State Budget and Management, in conjunction with the Office of the State Controller and the Department of Commerce, shall transfer the unencumbered cash balance in the Economic Development Reserve (Budget Code 24609-2584) as of June 30, 2014, to Commerce Administration (Budget Code 14600-1111) and, upon the transfer, close the Reserve.

SECTION 15.5.(c) The transfers in subsections (a) and (b) of this section are to offset General Fund appropriations to the Department of Commerce for administration.

COMMON FOLLOW-UP/COSTS SHARED BY STATE AGENCIES & LEAD DEVELOP PLAN TO TRANSFER COMMON FOLLOW-UP DATA AND CAPABILITIES TO GDAC

SECTION 15.6.(a) The Commission on Workforce Development (hereinafter "Commission") shall prescribe a method for calculating the amount each of the agencies listed in this subsection shall contribute to fund the Common Follow-Up System at a cost of five hundred thousand dollars (\$500,000) on a nonrecurring basis. In developing the method, the Commission shall consider each agency's proportion of data contribution and System usage. The agencies that shall contribute to fund the Common Follow-Up System are as follows:

- (1) Department of Public Safety, Division of Adult Correction.
- (2) Department of Public Instruction.
- (3) Department of Commerce, Division of Workforce Solutions.
- (4) Department of Health and Human Services, Division of Services for the Blind; Division of Social Services; and Division of Vocational Rehabilitation Services.
- (5) North Carolina Community College System.

(6) The University of North Carolina.

SECTION 15.6.(b) The agencies listed in subsection (a) of this section shall transfer their share of the funds needed to fund the Common Follow-Up System, which shall be determined using the method prescribed by the Commission, to the Department of Commerce, Labor & Economic Analysis Division, no later than December 31, 2014.

SECTION 15.6.(c) The Department of Commerce, Labor & Economic Analysis Division (LEAD), shall develop a plan to transfer the information in and required capabilities of the Common Follow-Up System to the Government Data Analytics Center (GDAC). By February 1, 2015, the Department shall submit the plan to the Office of the State Chief Information Officer, the Joint Legislative Oversight Committee on Information Technology, and the Fiscal Research Division.

MERGE ACCESS NC & DEMAND DRIVEN DATA DELIVERY SYSTEMS/NC BROADBAND REPORTING REQUIREMENT

SECTION 15.7.(a) Of the funds appropriated in this act to the Department of Commerce, the Department shall use the sum of five hundred thousand dollars (\$500,000) in the 2014-2015 fiscal year in nonrecurring funds to merge Access NC and Demand Driven Data Delivery to eliminate the duplication of effort in maintaining multiple economic and labor market data systems. By February 1, 2015, and more frequently as requested, the Department shall report to the Joint Legislative Oversight Committee on Information Technology and the Fiscal Research Division on the progress of the merger, including whether there are improved efficiencies and cost savings.

SECTION 15.7.(b) By February 1, 2015, and more frequently as requested, the Office of the State Chief Information Officer shall report to the Joint Legislative Oversight Committee on Information Technology and the Fiscal Research Division on NC Connect activities, including providing an update on how NC Broadband in the Department of Commerce has been incorporated into NC Connect.

REPEAL COMPETITIVE GRANT PROGRAM FOR UNDERSERVED AND LIMITED RESOURCE COMMUNITIES

SECTION 15.8. Section 15.10B of S.L. 2013-360 is repealed.

COMMUNITY DEVELOPMENT BLOCK GRANTS/STATE MATCHING FUNDS

SECTION 15.9.(a) Of the funds appropriated in this act to the Department of Commerce, the sum of six hundred thirty-seven thousand five hundred dollars (\$637,500) in recurring funds for the 2014-2015 fiscal year shall be used to meet the State matching funds requirement for Community Development Block Grant (CDBG) funds. All or a portion of these funds shall be used to purchase and install a new grants management software program in the 2014-2015 fiscal year, which shall be coordinated with the existing grants management module used by the Department of Transportation.

SECTION 15.9.(b) Effective July 1, 2014, the Secretary of Commerce shall reduce expenditures in the amount of six hundred thirty-seven thousand five hundred dollars (\$637,500) in recurring funds for the 2014-2015 fiscal year by eliminating full-time equivalent positions in the Division of Community Assistance and the Office of Urban Development (Fund Code 1620). The recurring reductions provided for in this subsection shall be used to offset the cash-match funds appropriated in subsection (a) of this section.

SECTION 15.9.(c) The Department shall provide the remaining required State match funds in-kind by taking the necessary steps to ensure that positions with salaries equaling the sum of six hundred thirty-seven thousand five hundred dollars (\$637,500) in recurring funds for the 2014-2015 fiscal year shall be dedicated full-time to performing duties related to

CDBG activities. To satisfy the in-kind requirement provided for in this subsection, the Department may include positions in the Department of Environment and Natural Resources, CDBG-Infrastructure, that are funded by the General Fund.

SECTION 15.9.(d) By February 1, 2015, the Department shall report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division regarding (i) the positions eliminated as provided in this section and associated funding and (ii) the manner in which the State match will be achieved and how it will be reported to the United States Department of Housing and Urban Development, CDBG Administration.

RURAL DIVISION/LOANS & GRANTS TO LOCAL GOVERNMENTS TO REUSE OR DEMOLISH BUILDINGS AND PROPERTIES

SECTION 15.10. G.S. 143B-472.127 reads as rewritten:

"§ 143B-472.127. Programs administered.

(a) The Rural Economic Development Division shall be responsible for administering the program whereby economic development grants or loans are awarded by the Rural Infrastructure Authority as provided in G.S. 143B-472.128 to local government units. The Rural Infrastructure Authority shall, in awarding economic development grants or loans under the provisions of this subsection, give priority to local government units of the counties that have one of the 80 highest rankings under G.S. 143B-437.08 after the adjustment of that section. The funds available for grants or loans under this program may be used as follows:

...

(2) To provide matching grants or loans to local government units in an economically distressed county that will productively reuse ~~vacant~~ or demolish buildings and properties or construct or expand rural health care ~~facilities~~ facilities, with priority given to towns or communities with populations of less than 5,000. For purposes of this section, the term "economically distressed county" has the same meaning as in G.S. 143B-437.01.

...."

NATURE AND HERITAGE TOURISM ADVISORY BOARD/STATE NATURE AND HERITAGE TOURISM GUIDE

SECTION 15.11.(a) Article 10 of Chapter 143B of the General Statutes is amended by adding a new Part to read as follows:

"Part 2L. Nature and Heritage Tourism Advisory Board.

"§ 143B-437.110. Nature and Heritage Tourism Advisory Board.

(a) Creation. – There is created the Nature and Heritage Tourism Advisory Board, hereinafter referred to in this Part as the Advisory Board. The Advisory Board shall be located administratively within the Division of Tourism, Film, and Sports Development of the Department of Commerce but shall exercise its authority independently of the Department.

(b) Membership. – The Advisory Board shall consist of nine members who have knowledge and experience of the nature and heritage tourism industry and who shall be appointed as follows:

(1) Three members appointed by the Governor.

(2) Three members appointed by the Speaker of the House of Representatives.

(3) Three members appointed by the President Pro Tempore of the Senate.

(c) Terms of Office and Vacancies. – Members shall serve four-year terms of office, except as provided in this subsection. Initial terms shall commence on September 1, 2014. A vacancy on the Advisory Board shall be filled in the same manner in which the original appointment was made, and the term of office shall be for the balance of the unexpired term.

Vacancies in appointments made by the General Assembly shall be filled in accordance with G.S. 120-122.

In order to provide for staggered terms, one person appointed to the positions designated in subdivision (b)(1) of this section, one person appointed to the positions designated in subdivision (b)(2) of this section, and one person appointed to the positions designated in subdivision (b)(3) of this section shall be appointed for initial terms ending on September 1, 2015. One person appointed to the positions designated in subdivision (b)(1) of this section and one person appointed to the positions designated in subdivision (b)(2) of this section shall be appointed for initial terms ending on September 1, 2016. One person appointed to the positions designated in subdivision (b)(1) of this section and one person appointed to the positions designated in subdivision (b)(3) of this section shall be appointed for initial terms ending on September 1, 2017. One person appointed to the positions designated in subdivision (b)(2) of this section and one person appointed to the positions designated in subdivision (b)(3) of this section shall be appointed for initial terms ending on September 1, 2018.

(d) Chair and Quorum. – The Advisory Board shall annually elect a chair from among its membership. The chair shall preside over the Advisory Board's meetings. A majority of the Advisory Board constitutes a quorum.

(e) Staffing and Expenses. – Staff to the Advisory Board shall be provided by the Department of Commerce. Members of the Advisory Board shall be reimbursed for travel and subsistence expenses at the rates allowed to State officers and employees by G.S. 138-6(a).

(f) Meetings. – Meetings of the Advisory Board shall be held upon the call of the chair.

(g) Powers. – The Advisory Board shall have the power to make recommendations to the Secretary of the Department of Commerce and to the General Assembly with respect to the following:

- (1) Methods for increasing nature and heritage tourism to and within the State.
- (2) Methods for increasing the level of private investment in the State's nature and heritage tourism industry.
- (3) Identification of the nature and heritage tourism potential of State-owned facilities and assets.
- (4) Methods of advertising the State's nature and heritage tourism industry.
- (5) Improvement of interagency cooperation with respect to enhancing and marketing the State's nature and heritage tourism industry."

SECTION 15.11.(b) The Department of Commerce, in conjunction with the Department of Cultural Resources, the Wildlife Resources Commission, the Department of Agriculture and Consumer Services, and the Department of Environment and Natural Resources, shall develop a guidebook on the State's nature and heritage tourism sites. The guidebook shall meet industry standards for tour guidebooks and shall contain information about nature and heritage tourism sites in all regions of the State. No later than October 1, 2015, the Department of Commerce shall make the guidebook available without charge to the public electronically and in physical form at all places at which information about tourism in this State is routinely distributed.

LIDAR RESERVE/TOPOGRAPHICAL MAPPING OF THE STATE

SECTION 15.12.(a) Part 1 of Article 3D of Chapter 147 of the General Statutes is amended by adding a new section to read as follows:

"§ 147-33.73. LiDAR Reserve.

The "LiDAR Reserve" is established in the Office of the State Chief Information Officer. Funds in the LiDAR Reserve shall only be used for LiDAR topographical mapping of the State."

SECTION 15.12.(b) The Office of State Budget and Management, in conjunction with the Office of the State Controller and the Department of Commerce, shall transfer the cash balances in the following funds as of June 30, 2014, to the LiDAR Reserve in the Office of the State Chief Information Officer:

- (1) 24602-2959 – Disaster Relief Fund, Small Business Loans (Hurricane Floyd) – (\$122,243).
- (2) 24602-2966 – Disaster Relief Fund, Small Business Loans (2005 Disaster Recovery) – (\$3,143,914).

AGRICULTURE GAS EXPANSION FUND

SECTION 15.13.(a) G.S. 143B-437.020 reads as rewritten:

"§ 143B-437.020. ~~Utilization of economic development incentive programs to support new and expanded natural gas service and to support propane gas service for agricultural projects.~~ Natural gas and propane gas for agricultural projects pilot project.

(a) Definitions. –

- (1) Agriculture. – Activities defined in G.S. 106-581.1, whether performed on or off the farm.
- ~~(2) Economic development incentive programs. – All economic development incentives set forth in G.S. 143B-437.07(e).~~
- (3) Eligible project. – A discrete and specific economic development project that would expand agricultural production or processing capabilities that requires new or expanded natural gas or propane gas service.
- (4) Excess infrastructure costs. – Any project carrying costs incurred by a natural gas local distribution company to provide new or expanded natural gas service to an eligible project that exceed the income the infrastructure generates for the local natural gas distribution company, including any standard rates, special contract rates, minimum margin agreements, and contributions in aid of construction collected by the natural gas local distribution company.
- (5) Project carrying costs. – All costs, including depreciation, taxes, operation and maintenance expenses, and, for a natural gas local distribution company, a return on investment equal to the rate of return approved by the Utilities Commission in the natural gas local distribution company's most recent general rate case under G.S. 62-133.
- (6) Secretary. – The Secretary of Commerce.

(a1) Establishment. – The Expanded Gas Products Service to Agriculture Fund is established as a special revenue fund in the Department of Commerce.

(b) Facilitation of New and Expanded Natural Gas Service to Agricultural Projects. – ~~Economic development incentive programs may utilize funds for agricultural projects. The Secretary may disburse moneys in the Expanded Gas Products Service to Agriculture Fund for the following purposes:~~

- (1) To allow the owner of an eligible project to pay for excess infrastructure costs associated with the eligible project.
- (2) To allow the owner of an eligible project to pay for cost-effective alternatives that would reduce excess infrastructure costs, including:
 - a. Relocating equipment that uses natural gas to a different location on the property nearer existing natural gas lines to reduce or eliminate the project carrying costs.
 - b. Adding supplemental uses of natural gas to increase annual volume throughput and enhance the feasibility of new natural gas service,

including fuel for tractors and equipment, greenhouses, plant or animal production, feed grain drying, and natural gas powered irrigation pumps.

(c) Facilitation of New and Expanded Propane Gas Service to Agricultural Production. ~~– Economic development incentive programs may utilize funds for agricultural projects. The Secretary may disburse moneys in the Expanded Gas Products Service to Agriculture Fund to allow the owner of an eligible project to pay for cost-effective alternatives that would do any of the following:~~

(1) ~~reduce infrastructure costs or~~ Reduce infrastructure costs.

(2) ~~that would increase~~ Increase energy efficiency or reduce energy consumption.

(3) ~~by adding supplemental uses of propane gas to increase annual volume throughput, reduce energy consumption, reduce energy costs,~~ Reduce energy costs.

(4) ~~or to enhance~~ Enhance the feasibility of the project or the provision of propane gas service, service by adding supplemental uses of propane gas to increase annual volume throughput, including (i) the conversion or repowering of to convert or repower tractors, trucks, vehicles, and mowers to use propane gas, or (ii) to provide propane gas powered tractors, equipment, appliances, irrigation pumps, and dryers to service agricultural production facilities or operations, or (iii) to provide a dispensing station for the project owner's use.

(d) Use of ~~Incentive Funds.~~ ~~– Incentive funds utilized in accordance with subsections Disbursements made pursuant to subsection (b) and or (c) of this section shall be paid directly to the owner of the eligible project.~~

(e) Termination. ~~– Incentive funds utilized in accordance with~~ Disbursements made pursuant to subsection (b) of this section shall terminate when there are no longer excess infrastructure costs.

(f) ~~Reimbursement.~~ ~~– The owner of an eligible project who receives incentive funds in accordance with subsections (b) or (c) of this section shall be responsible for reimbursing the incentive funds if, for any reason, the eligible project does not maintain business operations for a period of at least five years from the date of the initial utilization of incentive funds.~~ Forfeiture. – An owner of an eligible project who receives a disbursement pursuant to subsection (b) or (c) of this section forfeits the amount disbursed if the owner fails to maintain business operations for a period of at least five years from the date of initial utilization of the disbursement. An owner that forfeits amounts disbursed under this section is liable for the amount disbursed plus interest at the rate established under G.S. 105-241.21, computed from the date of the disbursement.

(g) ~~Limits on Eligible Project Incentive Allocation of Funds.~~ ~~– Total incentive funds for all eligible projects under subsections (b) and (c) of this section shall not cumulatively exceed five million dollars (\$5,000,000) per biennium. The managers of economic development incentive programs shall promptly report payments made in accordance with subsections (b) and (c) of this section to the Department of Commerce, and the Department of Commerce shall promptly notify the managers of economic development incentive programs when the limitation provided by this subsection has been reached for the biennium.~~ The Secretary shall transfer from the Utility Account to the Expanded Gas Products Service to Agriculture Fund at least five million dollars (\$5,000,000) per biennium. If funds appropriated for a program or fund administered by the Department, other than the Utility Account, remain unexpended and unencumbered at the end of the fiscal year, those funds shall be used to reimburse the Utility Account for transfers made during the fiscal year pursuant to this section, notwithstanding job

creation or other statutory requirements otherwise applicable to the programs or funds. Examples of programs or funds from which reimbursement of the Utility Account shall be made include, but are not limited to, the Job Development Investment Grant Program, the Job Maintenance and Capital Development Fund, and the One North Carolina Fund.

(h) Mechanism not Exclusive. – The utilization of ~~incentive~~ funds in accordance with subsections (b) or (c) of this section is intended to supplement other available mechanisms for the extension of service to new or expanding customers and may be used in conjunction with special contract arrangements, minimum margin agreements, and contributions in aid of construction.

(i) Reporting Requirement. – The Secretary shall publish a report each quarter on the program, including a list of the eligible projects that have applied for funding, a list of the eligible projects that have received funding, the amount of funds allocated to the program, and the amount of funds allocated to eligible projects. The Secretary must make the report available to the public and must submit the report to the Joint Legislative Commission on Energy Policy.

(j) The Department of Commerce shall develop guidelines related to the administration of the Expanded Gas Products Service to Agriculture Fund and to the selection of projects to receive allocations from the Fund. At least 20 days before the effective date of any guidelines or nontechnical amendments to guidelines, the Department of Commerce must publish the proposed guidelines on the Department's Web site and provide notice to persons who have requested notice of proposed guidelines. In addition, the Department must accept oral and written comments on the proposed guidelines during the 15 business days beginning on the first day that the Department has completed these notifications. For the purpose of this section, a technical amendment is either of the following:

(1) An amendment that corrects a spelling or grammatical error.

(2) An amendment that makes a clarification based on public comment and could have been anticipated by the public notice that immediately preceded the public comment."

SECTION 15.13.(b) G.S. 143B-437.020(g), as amended by subsection (a) of this section, reads as rewritten:

"(g) Allocation of Funds. – The Secretary shall transfer from the Utility Account to the Expanded Gas Products Service to Agriculture Fund at least five million dollars (\$5,000,000) per a fiscal year biennium. If funds appropriated for a program or fund administered by the Department, other than the Utility Account, remain unexpended and unencumbered at the end of the fiscal year, the Secretary shall reimburse the Utility Account for transfers made during the fiscal year pursuant to this section, notwithstanding job creation or other statutory requirements otherwise applicable to the programs or funds. Examples of programs or funds from which the Secretary may reimburse the Utility Account include, but are not limited to, the Job Development Investment Grant Program, the Job Maintenance and Capital Development Fund, and the One North Carolina Fund."

SECTION 15.13.(c) G.S. 150B-1(d) is amended by adding a new subdivision to read:

"(d) Exemptions from Rule Making. – Article 2A of this Chapter does not apply to the following:

...

(18) The Department of Commerce and the Economic Investment Committee in developing criteria and administering the Job Maintenance and Capital Development Fund under G.S. 143B-437.012.

(18a) The Department of Commerce in developing criteria and administering the Expanded Gas Products Service to Agriculture Fund under G.S. 143B-437.020.

...."

SECTION 15.13.(d) This section becomes effective July 1, 2014. The Department of Commerce shall begin developing the guidelines for the administration of the program when this act becomes law.

FUND ONE NC SMALL BUSINESS FUND

SECTION 15.14. Of the funds remaining in the One North Carolina Fund established in G.S. 143B-437.71 at the end of fiscal year 2013-2014, an amount equal to two million five hundred thousand dollars (\$2,500,000) shall be transferred to the One North Carolina Small Business Fund and used for the North Carolina SBIR/STTR Incentive Program and the North Carolina SBIR/STTR Matching Funds Program.

EMPLOYMENT SECURITY RESERVE FUND

SECTION 15.15. Section 15.4(a) of S.L. 2013-360 reads as rewritten:

"SECTION 15.4.(a) There is appropriated from the Employment Security Reserve Fund to the Department of Commerce, Division of Employment Security, the amount needed for the ~~2013-2014~~2014-2015 fiscal year to fund the interest payment due to the federal government for the debt owed to the U.S. Treasury for unemployment benefits."

APPOINTMENT OF DEPUTY COMMISSIONERS FOR INDUSTRIAL COMMISSION

SECTION 15.16.(a) G.S. 97-79(b) reads as rewritten:

"(b) ~~The Commission may appoint deputies who shall have the same power as members of the Commission pursuant to G.S. 97-80 and the same power to take evidence, and enter orders, opinions, and awards based thereon as is possessed by the members of the Commission. The deputies shall be subject to the State Personnel System.~~ The Chair of the Commission may appoint deputy commissioners to serve a term of four years. No person may serve more than two terms as a deputy commissioner. In calculating the number of terms served, a partial term of less than two years shall not be included. Deputy commissioners shall have the same power as members of the Commission pursuant to G.S. 97-80 and the same power to take evidence and enter orders, opinions, and awards based thereon as is possessed by the members of the Commission. Upon the expiration of the initial or subsequent term or terms of any deputy commissioner, the deputy commissioner's employment shall be separated unless the deputy commissioner is reappointed by the Chair of the Commission. Deputy commissioners shall not be subject to the State Personnel System nor to the provisions of G.S. 126-5(d)(7)."

SECTION 15.16.(b) As of August 1, 2014, the terms of all current deputy commissioners are as follows:

- (1) The seven deputy commissioners with the least time of service shall each serve a term of six months expiring February 1, 2015.
- (2) The seven deputy commissioners with the next least time of service shall each serve a term of 12 months expiring August 1, 2015.
- (3) The remaining deputy commissioners not covered under subdivision (1) or (2) of this subsection shall each serve a term of 18 months expiring February 1, 2016.
- (4) Time of service shall be calculated beginning with the hire date of the person as a deputy commissioner.
- (5) Nothing in this section shall prohibit a current deputy commissioner from being eligible for reappointment to a four-year term, as provided by subsection (a) of this section.

SECTION 15.16.(c) Section 60(b) of S.L. 2013-413 is repealed.

SECTION 15.16.(d) G.S. 97-78(b3) reads as rewritten:

"(b3) The salary of deputy commissioners shall be based upon years of experience as a deputy commissioner as follows:

- (1) Seventy-five percent (75%) of the salary of a commissioner, with three years of experience or less.
- (2) Seventy-seven percent (77%) of the salary of a commissioner, with more than three but less than ~~seven~~eight years of experience.
- ~~(3) Eighty percent (80%) of the salary of a commissioner, with seven or more but less than 10 years of experience.~~
- ~~(4) Eighty three percent (83%) of the salary of a commissioner, with 10 or more but less than 12 years of experience.~~
- ~~(5) Eighty five percent (85%) of the salary of a commissioner, with 12 or more years experience."~~

SECTION 15.16.(e) Subsection (d) of this section becomes effective February 1, 2016. Notwithstanding G.S. 97-31.1, the remainder of this section is effective when it becomes law.

NC BIOTECHNOLOGY CENTER

SECTION 15.17. Section 15.30 of S.L. 2013-360 reads as rewritten:

"SECTION 15.30.(a) Of the funds appropriated in this act to the North Carolina Biotechnology Center (hereinafter "Center"), the sum of twelve million six hundred thousand three hundred thirty-eight dollars (\$12,600,338) for each fiscal year in the 2013-2015 biennium shall be allocated as follows:

- (1) Job Creation: Ag Biotech Initiative, Economic and Industrial Development, and related activities – \$2,709,073;
- (2) Science and Commercialization: Science and Technology Development, Centers of Innovation, Business and Technology Development, Education and Training, and related activities – \$8,165,019; and
- (3) Center Operations: Administration, Professional and Technical Assistance and Oversight, Corporate Communications, Human Resource Management, Financial and Grant Administration, Legal, and Accounting – \$1,726,246.

"SECTION 15.30.(a1) The Center shall prioritize funding and distribution of loans over existing funding and distribution of grants.

"SECTION 15.30.(b) Except to provide administrative flexibility, up to ten percent (10%) of each of the allocations in subsection (a) of this section may be reallocated to one or more of the other allocations in subsection (a) of this section if, in the judgment of Center management, the reallocation will advance the mission of the Center.

"SECTION 15.30.(c) The Center shall comply with the following reporting requirements:

- (1) By September 1 of each year, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division on prior State fiscal year program activities, objectives, and accomplishments and prior State fiscal year itemized expenditures and fund sources.
- (2) Provide to the Fiscal Research Division a copy of the Center's annual audited financial statement within 30 days of issuance of the statement."

RESEARCH TRIANGLE INSTITUTE ENERGY RESEARCH

SECTION 15.18. The Research Triangle Institute shall share with the State Energy Office any research supported wholly or partially through funds appropriated by this act that pertains to energy or energy efficiency.

GRASSROOTS SCIENCE PROGRAM

SECTION 15.19. Section 15.25A of S.L. 2013-360 reads as rewritten:

"SECTION 15.25A.(a) Of the funds appropriated in this act to the Department of Commerce for State-Aid, the sum of two million three hundred forty-seven thousand seven hundred eighty-two dollars (\$2,347,782) for the 2013-2014 fiscal year and the sum of ~~two million three hundred forty seven thousand seven hundred eighty two dollars (\$2,347,782)~~ two million three hundred ninety thousand four hundred twenty-nine dollars (\$2,390,429) for the 2014-2015 fiscal year are allocated as grants-in-aid for each fiscal year as follows:

	2013-2014	2014-2015
Aurora Fossil Museum	\$61,821	\$61,821 \$60,526
Cape Fear Museum	\$85,248	\$85,248 \$84,340
Carolina Raptor Center	\$74,916	\$74,916 \$76,365
Catawba Science Center	\$93,041	\$93,041 \$93,328
Colburn Earth Science Museum, Inc.	\$62,547	\$62,547 \$62,426
Core Sound Waterfowl Museum	\$67,395	\$67,395 \$66,761
Discovery Place	\$261,617	\$261,617 \$254,746
Eastern NC Regional Science Center	\$59,587	\$59,587 \$59,637
Fascinate-U	\$65,616	\$65,616 \$65,792
Granville County Museum Commission, Inc.–Harris Gallery	\$60,651	\$60,651 \$61,068
Greensboro Children's Museum	\$83,575	\$83,575 \$79,322
<u>HandsOn</u>		<u>\$58,000</u>
The Health Adventure Museum of Pack Place Education, Arts and Science Center, Inc.	\$73,352	\$73,352 \$0
Highlands Nature Center	\$62,816	\$62,816 \$62,887
Imagination Station	\$67,588	\$67,588 \$65,349
The Iredell Museums, Inc.	\$61,013	\$61,013 \$60,720
Kidsenses	\$65,233	\$65,233 \$64,967
<u>Marbles</u>		<u>\$58,000</u>
Museum of Coastal Carolina	\$65,454	\$65,454 \$66,591
The Natural Science Center of Greensboro, Inc.	\$116,532	\$116,532 \$115,410
North Carolina Estuarium	\$58,000	\$58,000 \$62,359
North Carolina Museum of Life and Science	\$203,545	\$203,545 \$197,983
Pisgah Astronomical Research Institute	\$74,925	\$74,925 \$83,281
Port Discover: Northeastern North Carolina's Center for Hands-On Science, Inc.	\$60,610	\$60,610 \$60,248
Rocky Mount Children's Museum	\$66,463	\$66,463 \$67,464
Schiele Museum of Natural History and Planetarium, Inc.	\$100,990	\$100,990 \$107,868
Sci Works Science Center and Environmental Park of Forsyth County	\$83,725	\$83,725 \$84,336
Sylvan Heights Waterfowl Park and Eco-Center	\$69,864	\$69,864 \$68,981
Western North Carolina Nature Center	\$74,973	\$74,973 \$72,400
Wilmington Children's Museum	\$66,684	\$66,684 \$69,274
Total	\$2,347,782	\$2,347,782\$2,390,429

~~SECTION 15.25A.(f) Each museum listed in subsection (a) of this section shall do the following:~~

- ~~(1) By September 1 of each year, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division on prior State fiscal year program activities, objectives, and accomplishments and prior State fiscal year itemized expenditures and fund sources.~~
- ~~(2) Provide to the Fiscal Research Division a copy of the organization's annual audited financial statement within 30 days of issuance of the statement."~~

PART XVI. DEPARTMENT OF PUBLIC SAFETY

SUBPART XVI-A. GENERAL PROVISIONS

TRANSFER MAPPING FUNCTIONS TO OFFICE OF THE STATE CHIEF INFORMATION OFFICER

SECTION 16A.1.(a) The Geospatial and Technology Management Program (Budget Code 14550, Fund Code 1504) and the North Carolina Geodetic Survey Section of the Division of Emergency Management of the Department of Public Safety (Budget Code 14550, Fund Code 1511) are hereby transferred to the Center for Geographic Information and Analysis in the Office of the State Chief Information Officer. This transfer shall have all of the elements of a Type I transfer, as described in G.S. 143A-6.

SECTION 16A.1.(b) The following statutes are amended by deleting the language "Division of Emergency Management of the Department of Public Safety" or "Department of Public Safety" wherever it appears and substituting "Office of the State Chief Information Officer:" G.S. 47-30(f)(9), 102-1.1, 102-8, and 102-10.

SECTION 16A.1.(c) G.S. 143-215.52(a)(1c) and (4b) are repealed.

SECTION 16A.1.(d) G.S. 143-215.52(1b) reads as rewritten:

"(1b) "Base floodplain" or "100-year floodplain" means that area subject to a one percent (1%) or greater chance of flooding in any given year, as shown on the current floodplain maps prepared pursuant to the National Flood Insurance Program or approved by the ~~Department.~~Office of the State Chief Information Officer."

SECTION 16A.1.(e) G.S. 143-215.54A(b) reads as rewritten:

"(b) A flood hazard prevention ordinance may include a procedure for granting variances for uses prohibited under G.S. 143-215.54(c). A county or city shall notify the ~~Secretary State Chief Information Officer~~ of its intention to grant a variance at least 30 days prior to granting the variance. A county or city may grant a variance upon finding that all of the following apply:

- (1) The use serves a critical need in the community.
- (2) No feasible location exists for the location of the use outside the 100-year floodplain.
- (3) The lowest floor of any structure is elevated above the base flood elevation or is designed to be watertight with walls substantially impermeable to the passage of water and with structural components capable of resisting hydrostatic and hydrodynamic loads and the effects of buoyancy.
- (4) The use complies with all other applicable laws and regulations."

SECTION 16A.1.(f) G.S. 143-215.56 reads as rewritten:

"§ 143-215.56. Delineation of flood hazard areas and 100-year floodplains; powers of ~~Department; the State Chief Information Officer;~~ powers of local governments and of the ~~Department.~~State Chief Information Officer.

(a) For the purpose of delineating a flood hazard area and evaluating the possibility of flood damages, a local government may:

- (1) Request technical assistance from the competent State and federal agencies, including the Army Corps of Engineers, the Natural Resources Conservation Service, the Tennessee Valley Authority, the Federal Emergency Management Agency, the North Carolina Department of Public Safety, ~~the North Carolina Geodetic Survey,~~ the Office of the State Chief Information Officer, the North Carolina Geological Survey, and the U.S. Geological Survey, or successor agencies.

...

(b) ~~The Department~~ State Chief Information Officer shall provide advice and assistance to any local government having responsibilities under this Part. In exercising this function the ~~Department~~ State Chief Information Officer may furnish manuals, suggested standards, plans, and other technical data; conduct training programs; give advice and assistance with respect to delineation of flood hazard areas and the development of appropriate ordinances; and provide any other advice and assistance that the ~~Department~~ State Chief Information Officer deems appropriate. The ~~Department~~ State Chief Information Officer shall send a copy of every rule adopted to implement this Part to the governing body of each local government in the State.

...

(d) ~~The Department~~ State Chief Information Officer may prepare a floodplain map that identifies the 100-year floodplain and base flood elevations for an area for the purposes of this Part if all of the following conditions apply:

- (1) The 100-year floodplain and base flood elevations for the area are not identified on a floodplain map prepared pursuant to the National Flood Insurance Program within the previous five years.
- (2) The ~~Department~~ State Chief Information Officer determines that the 100-year floodplain and the base flood elevations for the area need to be identified and the use of the area regulated in accordance with the requirements of this Part in order to prevent damage from flooding.
- (3) The ~~Department~~ State Chief Information Officer prepares the floodplain map in accordance with the federal standards required for maps to be accepted for use in administering the National Flood Insurance Program.

(e) Prior to preparing a floodplain map pursuant to subsection (d) of this section, the ~~Department~~ State Chief Information Officer shall advise each local government whose jurisdiction includes a portion of the area to be mapped.

(f) Upon completing a floodplain map pursuant to subsection (d) of this section, the ~~Department~~ State Chief Information Officer shall both:

- (1) Provide copies of the floodplain map to every local government whose jurisdiction includes a portion of the 100-year floodplain identified on the floodplain map.
- (2) Submit the floodplain map to the Federal Emergency Management Agency for approval for use in administering the National Flood Insurance Program.

(g) Upon approval of a floodplain map prepared pursuant to subsection (d) of this section by the Federal Emergency Management Agency for use in administering the National Flood Insurance Program, it shall be the responsibility of each local government whose jurisdiction includes a portion of the 100-year floodplain identified in the floodplain map to incorporate the revised map into its floodplain ordinance."

SECTION 16A.1.(g) G.S. 143-215.56A reads as rewritten:

"§ 143-215.56A. Floodplain Mapping Fund.

1 The Floodplain Mapping Fund is established as a special revenue fund. The Fund consists
2 of the fees credited to it under G.S. 161-11.5. Revenue in the fund may be used only to offset
3 the ~~Department's~~State Chief Information Officer's cost in preparing floodplain maps and
4 performing its other duties under this Part."
5

6 GOVERNOR'S CRIME COMMISSION

7 **SECTION 16A.2.** G.S. 143B-1101(b) reads as rewritten:

8 "(b) The Governor's Crime Commission shall review the level of gang activity
9 throughout the State and assess the progress and accomplishments of the State, and of local
10 governments, in preventing the proliferation of gangs and addressing the needs of juveniles
11 who have been identified as being associated with gang activity.

12 The Governor's Crime Commission shall develop recommendations concerning the
13 establishment of priorities and needed improvements with respect to gang prevention ~~to the~~
14 ~~General Assembly and shall report those recommendations to the Chairs of the Joint~~
15 Legislative Oversight Committee on Justice and Public Safety on or before March 1 of each
16 year."
17

18 SUBPART XVI-B. DIVISION OF LAW ENFORCEMENT

19 COMPLIANCE WITH CJIS DATA SECURITY STANDARDS

20 **SECTION 16B.1.** The Department of Public Safety shall use funds available to the
21 Division of Law Enforcement to ensure compliance with applicable Federal Bureau of
22 Investigation security standards relating to the access of data in its Criminal Justice Information
23 System. The Department is encouraged to use funds transferred to the State from federal asset
24 forfeiture programs for this purpose.
25
26

27 ABC PERMIT FEE INCREASE

28 **SECTION 16B.2.(a)** G.S. 18B-903 reads as rewritten:

29 "**§ 18B-903. Duration of permit; renewal and transfer.**

30 ...
31 (b) Renewal. – Application for renewal of an ABC permit shall be on a form provided
32 by the Commission. An application for renewal shall be accompanied by an application ~~fee of~~
33 ~~twenty five percent (25%) of the original application fee set in G.S. 18B-902, fee.~~ The
34 application fee shall be the same amount as the initial fee set in G.S. 18B-902, except that the
35 renewal application fee for each wine shop permit shall be five hundred dollars (\$500.00), and
36 the renewal application fee for each mixed beverages permit and each guest room cabinet
37 permit shall be ~~seven hundred fifty dollars (\$750.00)~~ one thousand dollars (\$1,000). A renewal
38 fee shall not be refundable.

39 (b1) Registration. – Each person holding a malt beverage, fortified wine, or unfortified
40 wine permit issued pursuant to G.S. 18B-902(d)(1) through G.S. 18B-902(d)(6) shall register
41 by May 1 of each year on a form provided by the Commission, in order to provide information
42 needed by the State in enforcing this Chapter and to support the costs of that enforcement. The
43 registration required by this subsection shall be accompanied by an annual registration and
44 inspection fee of ~~two hundred dollars (\$200.00)~~ four hundred dollars (\$400.00) for each permit
45 held. The fee shall be paid by May 1 of each year. A registration fee shall not be refundable.
46 Failure to pay the annual registration and inspection fee shall result in revocation of the permit.
47"

48 **SECTION 16B.2.(b)** This section applies to fees assessed or collected for permits
49 issued or renewed on or after July 1, 2014.
50

ESTABLISH HAZARDOUS MATERIALS FACILITY FEE

SECTION 16B.3.(a) G.S. 166A-21 reads as rewritten:

"§ 166A-21. Definitions.

~~As used in this Article:~~ The following definitions apply in this Article:

(1) Department. – The Department of Public Safety.

(2) Division. – The Division of Emergency Management.

~~(1)(3) "Hazardous materials emergency response team" or "hazmat team" means an~~
Hazardous materials emergency response team or hazmat team. – An
organized group of persons specially trained and equipped to respond to and
control actual or potential leaks or spills of hazardous materials.

~~(2)(4) "Hazardous material" means any Hazardous material. – Any material~~
defined as a hazardous substance under 29 Code of Federal Regulations §
1910.120(a)(3).

~~(3)(5) "Hazardous materials incident" or "hazardous materials emergency" means~~
an Hazardous materials incident or hazardous materials emergency. – An
uncontrolled release or threatened release of a hazardous substance requiring
outside assistance by a local fire department or hazmat team to contain and
control.

~~(4)(6) "Regional response team" means a Regional response team. – A hazmat~~
team under contract with the State to provide response to hazardous
materials emergencies occurring outside the hazmat team's local jurisdiction
at the direction of the Department of Public Safety, Division of Emergency
Management.

~~(5)(7) "Secretary" means the Secretary. – The Secretary of the Department of~~
Public Safety.

~~(6)(8) "Technician-level entry capability" means the Technician-level entry~~
capability. – The capacity of a hazmat team, in terms of training and
equipment as specified in 29 Code of Federal Regulations § 1910.120, to
respond to a hazardous materials incident requiring affirmative measures,
such as patching, plugging, or other action necessary to stop and contain the
release of a hazardous substance at its source.

~~(7)(9) "Terrorist incident" means activities Terrorist incident. – Activities~~
that occur within the territorial jurisdiction of the United States, involve acts
dangerous to human life that are a violation of the criminal laws of the
United States or of any state, and are intended to do one of the following:

a. Intimidate or coerce a civilian population.

b. Influence the policy of a government by intimidation or coercion.

c. Affect the conduct of a government by mass destruction,
assassination, or kidnapping."

SECTION 16B.3.(b) Article 2 of Chapter 166A of the General Statutes is amended
by adding a new section to read:

"§ 166A-29.1. Hazardous materials facility fee.

(a) Definitions. – The following definitions apply in this section:

(1) EPCRA. – The federal Emergency Planning and Community Right-to-Know
Act, P.L. No. 99-499 et. seq.

(2) Hazardous chemical. – As defined in 29 C.F.R. 1910.1200(c), except that the
term does not include any of the following:

a. Any food, food additive, color additive, drug, or cosmetic regulated
by the Food and Drug Administration.

- b. Any substance present as a solid in any manufactured item to the extent exposure to the substance does not occur under normal conditions of use.
- c. Any substance to the extent that it is used for personal, family, or household purposes or is present in the same form and concentration as a product packaged for distribution and use by the public.
- d. Any substance to the extent that it is used in a research laboratory or a hospital or other medical facility under the direct supervision of a technically qualified individual.
- e. Any substance to the extent that it is used in routine agricultural operations or is a fertilizer held for sale by a retailer to the ultimate consumer.
- (3) Extremely hazardous substance. – Any substance, regardless of its state, set forth in 40 C.F.R. Part 355, Appendix A or B.
- (b) Annual Fee Shall Be Charged. – A person required under Section 302 or 312 of EPCRA to submit a notification or an annual inventory form to the Division shall be required to pay to the Department an annual fee in the amount set forth in subsection (c) of this section.
- (c) Amount of Fee. – The amount of the annual fee charged pursuant to subsection (b) of this section shall be calculated in accordance with the following:
- (1) A fee of fifty dollars (\$50.00) shall be assessed for each substance reported by a facility that is classified as a hazardous chemical.
- (2) A fee of ninety dollars (\$90.00) shall be assessed for each substance reported by a facility that is classified as an extremely hazardous substance.
- (d) Late Fees. – The Division may impose a late fee for failure to submit a report or filing that substantially complies with the requirements of EPCRA by the federal filing deadline or for failure to pay any fee, including a late fee. This fee shall be in addition to the fee imposed pursuant to subsection (c) of this section. Prior to imposing a late fee, the Division shall provide the person who will be assessed the late fee with written notice that identifies the specific requirements that have not been met and informs the person of its intent to assess a late fee. The assessment of a late fee shall be subject to the following limitations:
- (1) If the report filing or fee is submitted within 30 days after receipt of the Division's notice that it intends to assess a late fee, no late fee shall be assessed.
- (2) If the report filing or fee has not been submitted by the end of the period set forth in subdivision (1) of this subsection, the Division may impose a late fee in an amount equal to the amount of the fee charged pursuant to subsection (c) of this section.
- (e) Exemptions. – No fee shall be charged under this section to any of the following:
- (1) An owner or operator of a family farm enterprise, a facility owned by a State or local government, or a nonprofit corporation.
- (2) An owner or operator of a facility where motor vehicle fuels are stored and from which such fuels are offered for retail sale. However, hazardous chemicals or extremely hazardous substances at such a facility, other than motor vehicle fuels for retail sale, shall not be subject to this exemption.
- (f) Use of Fee Proceeds. – The proceeds of fees assessed pursuant to this section shall be used for costs associated with the maintenance of a hazardous materials database and to support the operations of the Regional Response Teams."

SECTION 16B.3.(c) This section applies to fees assessed on or after July 1, 2014.

ALL MISDEMEANANTS TO SERVE SENTENCES IN LOCAL CONFINEMENT FACILITIES**SECTION 16C.1.(a)** G.S. 15A-1351(a) reads as rewritten:

"(a) The judge may sentence to special probation a defendant convicted of a criminal offense other than impaired driving under G.S. 20-138.1, if based on the defendant's prior record or conviction level as found pursuant to Article 81B of this Chapter, an intermediate punishment is authorized for the class of offense of which the defendant has been convicted. A defendant convicted of impaired driving under G.S. 20-138.1 may also be sentenced to special probation. Under a sentence of special probation, the court may suspend the term of imprisonment and place the defendant on probation as provided in Article 82, Probation, and in addition require that the defendant submit to a period or periods of imprisonment in the custody of the Division of Adult Correction of the Department of Public Safety or a designated local confinement or treatment facility at whatever time or intervals within the period of probation, consecutive or nonconsecutive, the court ~~determines~~ determines, as provided in this subsection. For probationary sentences for misdemeanors, including impaired driving under G.S. 20-138.1, all imprisonment under this subsection shall be in a designated local confinement or treatment facility. In addition to any other conditions of probation which the court may impose, the court shall impose, when imposing a period or periods of imprisonment as a condition of special probation, the condition that the defendant obey the Rules and Regulations of the Division of Adult Correction of the Department of Public Safety governing conduct of inmates, and this condition shall apply to the defendant whether or not the court imposes it as a part of the written order. ~~If~~ Except for probationary sentences for misdemeanors, including impaired driving under G.S. 20-138.1, if imprisonment is for continuous periods, the confinement may be in the custody of either the Division of Adult Correction of the Department of Public Safety or a local confinement facility. Noncontinuous periods of imprisonment under special probation may only be served in a designated local confinement or treatment facility. Except for probationary sentences of impaired driving under G.S. 20-138.1, the total of all periods of confinement imposed as an incident of special probation, but not including an activated suspended sentence, may not exceed one-fourth the maximum sentence of imprisonment imposed for the offense, and no confinement other than an activated suspended sentence may be required beyond two years of conviction. For probationary sentences for impaired driving under G.S. 20-138.1, the total of all periods of confinement imposed as an incident of special probation, but not including an activated suspended sentence, shall not exceed one-fourth the maximum penalty allowed by law. In imposing a sentence of special probation, the judge may credit any time spent committed or confined, as a result of the charge, to either the suspended sentence or to the imprisonment required for special probation. The original period of probation, including the period of imprisonment required for special probation, shall be as specified in G.S. 15A-1343.2(d), but may not exceed a maximum of five years, except as provided by G.S. 15A-1342(a). The court may revoke, modify, or terminate special probation as otherwise provided for probationary sentences."

SECTION 16C.1.(b) G.S. 15A-1352 reads as rewritten:

"§ 15A-1352. Commitment to ~~Division of Adult Correction of the Department of Public Safety or a~~ local confinement facility.

(a) ~~Except as provided in subsection (f) of this section, a person sentenced to imprisonment for a misdemeanor under this Article or for nonpayment of a fine under Article 84 of this Chapter shall be committed for the term designated by the court to the custody of the Division of Adult Correction of the Department of Public Safety or to a local confinement facility. If the~~ A sentence imposed for a misdemeanor is for a period of 90 days or less, the commitment must be to a facility other than one maintained by the Division of Adult

Correction of the Department of Public Safety, except as provided in G.S. 148-32.1(b). ~~If the sentence or sentences imposed require confinement for more than 180 days, the commitment must be to the custody of the Division of Adult Correction of the Department of Public Safety.~~

If a person is sentenced to imprisonment for a misdemeanor under this Article or for nonpayment of a fine under Article 84 of this Chapter, the sentencing judge shall make a finding of fact as to whether the person would be suitable for placement in a county satellite jail/work release unit operated pursuant to G.S. 153A-230.3. If the sentencing judge makes a finding of fact that the person would be suitable for placement in a county satellite jail/work release unit and the person meets the requirements listed in G.S. 153A-230.3(a)(1), then the custodian of the local confinement facility may transfer the misdemeanant to a county satellite jail/work release unit.

(b) A person sentenced to imprisonment for a felony under this Article shall be committed for the term designated by the court to the custody of the Division of Adult Correction of the Department of Public Safety.

(c) A person sentenced to imprisonment for nonpayment of a fine under Article 84, Fines, shall be committed for the term designated by the court:

(1) To the custody of the Division of Adult Correction of the Department of Public Safety if the person was fined for conviction of a felony;

(2) To the custody of ~~the Division of Adult Correction of the Department of Public Safety or to a local confinement facility~~ if the person was fined for conviction of a misdemeanor, ~~provided that (i) if the sentence imposed is for a period of 90 days or less, the commitment shall be to a facility other than one maintained by the Division of Adult Correction of the Department of Public Safety, except as provided in G.S. 148-32.1(b) and (ii) if the sentence or sentences imposed require confinement for more than 180 days, the commitment must be to the custody of the Division of Adult Correction of the Department of Public Safety except as provided in G.S. 148-32.1(b).~~

(d) Notwithstanding any other provision of law, when the sentencing court, with the consent of the person sentenced, orders that a person convicted of a misdemeanor be granted work release, the court may commit the person to a specific ~~prison facility or local confinement facility~~ or satellite jail/work release unit within the county of the sentencing court in order to facilitate the work release arrangement. When appropriate to facilitate the work release arrangement, the sentencing court may, with the consent of the sheriff or board of commissioners, commit the person to a specific local confinement facility or satellite jail/work release unit in another ~~county, or, with the consent of the Division of Adult Correction of the Department of Public Safety, commit the person to a specific prison facility in another county.~~ ~~The Division of Adult Correction of the Department of Public Safety may transfer a prisoner committed to a specific prison facility to a different facility when necessary to alleviate overcrowding or for other administrative purposes.~~ county.

(e) A person sentenced for a misdemeanor who has a sentence imposed that requires confinement for a period of more than 90 ~~days and up to 180 days~~, except for those serving sentences for an impaired driving offense under G.S. 20-138.1 under this Article or for nonpayment of a fine under Article 84 of this Chapter, shall be committed for the term designated by the court to confinement pursuant to the Statewide Misdemeanant Confinement Program established by G.S. 148-32.1.

(f) A person sentenced to imprisonment of any duration for impaired driving under G.S. 20-138.1, other than imprisonment required as a condition of special probation under G.S. 15A-1351(a) or G.S. 15A-1344(e), shall be committed to the Statewide Misdemeanant Confinement Program established under G.S. 148-32.1."

SECTION 16C.1.(c) G.S. 20-176(c1) is repealed.

SECTION 16C.1.(d) G.S. 20-179(f3) reads as rewritten:

"(f3) Aggravated Level One Punishment. – A defendant subject to Aggravated Level One punishment may be fined up to ten thousand dollars (\$10,000) and shall be sentenced to a term of imprisonment that includes a minimum term of not less than 12 months and a maximum term of not more than 36 months. Notwithstanding G.S. 15A-1371, a defendant sentenced to a term of imprisonment pursuant to this subsection shall not be eligible for parole. However, the defendant shall be released from the ~~Division of Adult Correction of the Department of Public Safety~~ Statewide Misdemeanant Confinement Program on the date equivalent to the defendant's maximum imposed term of imprisonment less four months and shall be supervised by the Section of ~~Prisons~~ Community Supervision of the Division of Adult Correction under and subject to the provisions of Article 84A of Chapter 15A of the General Statutes and shall also be required to abstain from alcohol consumption for the four-month period of supervision as verified by a continuous alcohol monitoring system. For purposes of revocation, violation of the requirement to abstain from alcohol or comply with the use of a continuous alcohol monitoring system shall be deemed a controlling condition under G.S. 15A-1368.4.

The term of imprisonment may be suspended only if a condition of special probation is imposed to require the defendant to serve a term of imprisonment of at least 120 days. If the defendant is placed on probation, the judge shall impose as requirements that the defendant (i) abstain from alcohol consumption for a minimum of 120 days to a maximum of the term of probation, as verified by a continuous alcohol monitoring system pursuant to subsections (h1) and (h3) of this section, and (ii) obtain a substance abuse assessment and the education or treatment required by G.S. 20-17.6 for the restoration of a drivers license and as a condition of probation. The judge may impose any other lawful condition of probation."

SECTION 16C.1.(e) G.S. 148-13 reads as rewritten:**"§ 148-13. Regulations as to custody grades, privileges, gain time credit, etc.**

(a) The Secretary of Public Safety may issue regulations regarding the grades of custody in which State prisoners are kept, the privileges and restrictions applicable to each custody grade, and the amount of cash, clothing, etc., to be awarded to State prisoners after their discharge or parole. The amount of cash awarded to a prisoner upon discharge or parole after being incarcerated for two years or longer shall be at least forty-five dollars (\$45.00).

(a1) The Secretary of Public Safety shall adopt rules to specify the rates at, and circumstances under, which earned time authorized by G.S. 15A-1340.13(d) and G.S. 15A-1340.20(d) may be earned or forfeited by persons serving activated sentences of imprisonment for felony or misdemeanor convictions.

(b) With respect to prisoners who are serving ~~prison or~~ jail terms for impaired driving offenses under G.S. 20-138.1, the Secretary of Public Safety may, in his discretion, issue regulations regarding deductions of time from the terms of such prisoners for good behavior, meritorious conduct, work or study, participation in rehabilitation programs, and the like.

(c), (d) Repealed by Session Laws 1993, c. 538, s. 32, effective January 1, 1995.

(e) The Secretary's regulations concerning earned time and good time credits authorized by this section shall be distributed to and followed by local jail administrators with regard to sentenced jail prisoners.

(f) The provisions of this section do not apply to persons sentenced to a term of special probation under G.S. 15A-1344(e) or G.S. 15A-1351(a)."

SECTION 16C.1.(f) G.S. 148-32.1 reads as rewritten:**"§ 148-32.1. Local confinement, costs, alternate facilities, parole, work release.**

(a) Repealed by Session Laws 2009-451, s. 19.22A, effective July 1, 2009.

(b) In the event that the custodian of the local confinement facility certifies in writing to the clerk of the superior court in the county in which the local confinement facility is located that the local confinement facility is filled to capacity, or that the facility cannot reasonably

1 accommodate any more prisoners due to segregation requirements for particular prisoners, or
2 that the custodian anticipates, in light of local experiences, an influx of temporary prisoners at
3 that time, or if the local confinement facility does not meet the minimum standards published
4 pursuant to G.S. 153A-221, any judge of the district court in the district court district as defined
5 in G.S. 7A-133 where the facility is located, or any superior court judge who has jurisdiction
6 pursuant to G.S. 7A-47.1 or G.S. 7A-48 in a district or set of districts as defined in
7 G.S. 7A-41.1 where the facility is located may order that a prisoner not housed pursuant to the
8 Statewide Misdemeanant Confinement Program established in subsection (b2) of this section
9 be transferred to any other qualified local confinement facility within that district or within
10 another such district where space is available, including a satellite jail unit operated pursuant to
11 G.S. 153A-230.3 if the prisoner is a non-violent misdemeanor, which local facility shall accept
12 the transferred prisoner.

13 If no other local confinement facility is available and the reason for the requested transfer is
14 that the local confinement facility that would be required to house the prisoner cannot
15 reasonably accommodate any more prisoners due to segregation requirements for particular
16 prisoners or the local facility does not meet the minimum standards published pursuant to
17 G.S. 153A-221, then the judge may order that a prisoner not housed pursuant to the Statewide
18 Misdemeanant Confinement Program established in subsection (b2) of this section be
19 transferred to a facility operated by the Division of Adult Correction of the Department of
20 Public Safety as designated by the Division of Adult Correction. In no event, however, shall a
21 prisoner whose term of imprisonment is less than 30 days be assigned or ordered transferred to
22 a facility operated by the Division of Adult Correction.

23 (b1) It is the intent of the General Assembly to authorize the Division of Adult
24 Correction to enter into voluntary agreements with counties to provide housing for
25 misdemeanants serving periods of confinement of more than 90 days and up to 180 days,
26 except for those serving a sentence for an impaired driving offense. It is further the intent of the
27 General Assembly that the Division of Adult Correction, in conjunction with the North
28 Carolina Sheriffs' Association, Inc., establish a program for housing misdemeanants serving
29 periods of confinement of more than 90 days ~~and up to 180 days, except for those serving~~
30 ~~sentences for an impaired driving offense, and for all sentences imposed for impaired driving~~
31 under G.S. 20-138.1, regardless of length. It is also the intent of the General Assembly that the
32 Division of Adult Correction contract with the North Carolina Sheriffs' Association, Inc., to
33 provide a service that identifies space in local confinement facilities that is available for
34 housing these misdemeanants.

35 The General Assembly intends that the cost of housing and caring for these misdemeanants,
36 including, but not limited to, care, supervision, transportation, medical, and any other related
37 costs, be covered by State funds and not be imposed as a local cost. Therefore, the General
38 Assembly intends that the funds in the Statewide Misdemeanant Confinement Fund established
39 in G.S. 148-10.4 be used to provide funding to cover the costs of managing a system for
40 providing that housing of misdemeanants in local confinement facilities as well as reimbursing
41 the counties for housing and related expenses for those misdemeanants.

42 (b2) The Statewide Misdemeanant Confinement Program is established. The Program
43 shall provide for the housing of misdemeanants from all counties serving sentences imposed for
44 a period of more than 90 days ~~and up to 180 days, except for those serving sentences for an~~
45 ~~impaired driving offense under G.S. 20-138.1 and for all sentences imposed for impaired~~
46 driving under G.S. 20-138.1, regardless of length. Those misdemeanants shall be confined in
47 local confinement facilities except as provided in subsections (b3) and (b4) of this section. The
48 Program shall address methods for the placement and transportation of inmates and
49 reimbursement to counties for the housing of those inmates. Any county that voluntarily agrees

to house misdemeanants from that county or from other counties pursuant to the Program may enter into a written agreement with the Division of Adult Correction to do so.

This Program shall only operate as long as sufficient State funds are available through the Statewide Misdemeanant Confinement Fund established in G.S. 148-10.4(c).

...."

SECTION 16C.1.(g) This section becomes effective October 1, 2014, and applies to (i) persons placed on probation or sentenced to imprisonment for impaired driving under G.S. 20-138.1 on or after January 1, 2015, and (ii) persons placed on probation or sentenced to imprisonment for all other misdemeanors other than impaired driving under G.S. 20-138.1 on or after October 1, 2014.

REMOVE LIMITATION ON COMMUNITY WORK CREW FEE

SECTION 16C.2. G.S. 148-32.2 reads as rewritten:

"§ 148-32.2. Community work crew fee.

The Division of Adult Correction of the Department of Public Safety may charge a fee to any unit of local government to which it provides, upon request, a community work crew. The amount of the fee shall be no more than the cost to the Division to provide the crew to the unit of local government, ~~not to exceed a daily rate of one hundred fifty dollars (\$150.00) per work crew government.~~

INMATE LABOR CONTRACT

SECTION 16C.3. The Division of Adult Correction of the Department of Public Safety shall prioritize inmate labor contracts in areas where prisons were closed during the 2013-2014 fiscal year. The Division shall charge a transportation fee equivalent to the mileage cost of transporting inmates to and from the contract site. The Division shall also charge an administrative fee as part of the inmate labor contract that reflects the other costs associated with providing the inmate labor.

EVALUATION OF ELECTRICAL DEVICES, APPLIANCES, AND EQUIPMENT USED BY THE DIVISION OF ADULT CORRECTION

SECTION 16C.4. 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~~ 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 shall 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."~~

MAINTENANCE OF PRISONS

SECTION 16C.5. Section 1.1 of S.L. 2011-412, as amended by Section 1.2 of S.L. 2011-412, reads as rewritten:

"SECTION 1.1. The Department of Public Safety shall study the potential benefits and costs of contracting for maintenance services at prison facilities and report its findings to the 2013 Session of the General Assembly. ~~The Department shall not expand private maintenance contracts to additional prison facilities unless authorized by the 2013 Session of the General Assembly.~~ The Department may expand private maintenance contracts to additional prison facilities if it determines that savings can be realized by doing so and that safety can be maintained at those facilities. The Department shall report to the Joint Legislative Commission on Governmental Operations on the anticipated savings and on safety considerations prior to entering any prison maintenance contract under this section."

ADULT AND JUVENILE INMATE MEDICAL COSTS

SECTION 16C.6.(a) Section 16C.4(a) of S.L. 2013-360 reads as rewritten:

"SECTION 16C.4.(a) The Department of Public Safety shall reimburse those providers and facilities providing approved inmate medical services outside the correctional or juvenile facility the lesser amount of either a rate of seventy percent (70%) of the provider's then-current prevailing charge or two times the then-current Medicaid rate for any given service. The Department shall have the right to audit any given provider to determine the actual prevailing charge to ensure compliance with this provision.

This section does apply to vendors providing services that are not billed on a fee-for-service basis, such as temporary staffing. Nothing in this section shall preclude the Department from contracting with a provider for services at rates that provide greater documentable cost avoidance for the State than do the rates contained in this section or at rates that are less favorable to the State but that will ensure the continued access to care."

SECTION 16C.6.(b) Section 19.6(c) of S.L. 2010-31 reads as rewritten:

"SECTION 19.6.(c) ~~The Department of Correction~~ Department of Public Safety shall consult with the Division of Medical Assistance in the Department of Health and Human Services to develop protocols for prisoners and juveniles committed to the Department who would be eligible for Medicaid if they were not incarcerated to access Medicaid while in ~~eustody or under extended limits of confinement.~~ custody, under extended limits of confinement, or committed to the Department. The Department shall seek reimbursement from Medicaid for those health care costs incurred by the Department in those instances when ~~an inmate's~~ the Medicaid eligibility of an inmate or of a juvenile held in secure custody or committed to the Department has been temporarily reinstated due to a hospitalization. ~~The Department of Correction shall also work with the Division of Medical Assistance to determine the feasibility of applying for a Medicaid waiver to cover the inmate population."~~

REPORT ON TREATMENT FOR EFFECTIVE COMMUNITY SUPERVISION PROGRAM

SECTION 16C.7.(a) Section 16C.12 of S.L. 2013-360 is repealed.

SECTION 16C.7.(b) G.S. 143B-1155(c) reads as rewritten:

"(c) The Division of Adult Correction shall report by March 1 of each year to the Chairs of the ~~Senate and House of Representatives Appropriations Committees, the Senate and House of Representatives Appropriations Subcommittees on Justice and Public Safety,~~ Safety and the Joint Legislative Oversight Committee on Justice and Public Safety on the status of the

Treatment for Effective Community Supervision Program. The report shall include the following information:

- (1) The dollar amount and purpose of funds provided on a contractual basis to service providers for the previous fiscal ~~year-year~~ and the amount of any funds carried over from the previous fiscal year.
- (2) An analysis of offender participation data received, including the following:
 - a. The number of people on probation and post-release supervision that are in the priority population that received services.
 - b. The number of people on probation and post-release supervision that are in the priority population that did not receive services.
 - c. The number of people on probation and post-release supervision outside of the priority population that received services.
 - d. The type of services provided to these ~~populations-populations,~~ including data on each program's utilization, capacity, and completion rates.
 - e. The rate of revocations ~~and successful completions for~~ and the educational progress and employment status of people who received services.
 - f. Other measures as determined appropriate.
- (3) The dollar amount needed to provide additional services to meet the needs of the priority population in the upcoming budget year.
- (4) Details of personnel, travel, contractual, operating, and equipment expenditures for each program type."

CLARIFY THE IMPOSITION OF CONFINEMENT IN RESPONSE TO VIOLATIONS

SECTION 16C.8.(a) G.S. 15A-1344(d2) reads as rewritten:

"(d2) Confinement in Response to Violation. – When a defendant under supervision for a felony conviction has violated a condition of probation other than G.S. 15A-1343(b)(1) or G.S. 15A-1343(b)(3a), the court may impose a period of confinement of 90 consecutive ~~days-days,~~ to be served in the custody of the Division of Adult Correction of the Department of Public Safety. The court may not revoke probation unless the defendant has previously received a total of two periods of confinement under this subsection. A defendant may receive only two periods of confinement under this subsection. ~~If~~The 90-day term of confinement ordered under this subsection for a felony shall not be reduced by credit for time already served in the case. Any such credit shall instead be applied to the suspended sentence. However, if the time remaining on the maximum imposed sentence on a defendant under supervision for a felony conviction is 90 days or less, then the term of confinement is for the remaining period of the sentence. Confinement under this section shall be credited pursuant to G.S. 15-196.1.

When a defendant under supervision for a misdemeanor conviction has violated a condition of probation other than G.S. 15A-1343(b)(1) or G.S. 15A-1343(b)(3a), the court may impose a period of confinement of up to 90 consecutive ~~days-days,~~ to be served where the defendant would have served an active sentence. The court may not revoke probation unless the defendant has previously received a total of two periods of confinement under this subsection. A defendant may receive only two periods of confinement under this subsection. Confinement under this section shall be credited pursuant to G.S. 15-196.1.

If a defendant is arrested for violation of a condition of probation and is lawfully confined to await a hearing for the violation, then the judge shall first credit any confinement time spent awaiting the hearing to any confinement imposed under this subsection; any excess time shall be credited to the activated sentence. The period of confinement imposed under this subsection on a defendant who is on probation for multiple offenses shall run concurrently on all cases

related to the violation. Confinement shall be immediate unless otherwise specified by the court.

A defendant shall serve any confinement imposed under this subsection in the correctional facility where the defendant would have served an active sentence."

SECTION 16C.8.(b) This section becomes effective October 1, 2014, and applies to probation violations occurring on or after that date.

PART XVII. DEPARTMENT OF JUSTICE

TRANSFER THE SBI AND THE ALCOHOL LAW ENFORCEMENT SECTION

SECTION 17.1.(a) The State Bureau of Investigation is hereby transferred to the Department of Public Safety as a new section within the Law Enforcement Division. This transfer shall have all of the elements of a Type I transfer, as described in G.S. 143A-6.

SBI TRANSFER – CREATION OF STATUTORY SUBPARTS

SECTION 17.1.(b) Part 4 of Article 13 of Chapter 143B of the General Statutes is amended by adding a new Subpart to read:

"Subpart A. General Provisions."

SECTION 17.1.(c) Part 4 of Article 13 of Chapter 143B of the General Statutes is amended by adding a new Subpart to read:

"Subpart B. State Capitol Police."

SECTION 17.1.(d) Part 4 of Article 13 of Chapter 143B of the General Statutes is amended by adding a new Subpart to read:

"Subpart C. State Bureau of Investigation."

SBI TRANSFER – REPEAL OF CERTAIN STATUTES AND RECODIFICATION OF OTHER AFFECTED STATUTES

SECTION 17.1.(e) G.S. 114-13 is repealed.

SECTION 17.1.(f) G.S. 114-2.7 is recodified as G.S. 143B-901 under Subpart A of Part 4 of Article 13 of Chapter 143B of the General Statutes, as created by subsection (b) of this section.

SECTION 17.1.(g) G.S. 114-10 through G.S. 114-10.1 are recodified as G.S. 143B-902 through G.S. 143B-905 under Subpart A of Part 4 of Article 13 of Chapter 143B of the General Statutes, as created by subsection (b) of this section.

SECTION 17.1.(h) G.S. 143B-900 is recodified as G.S. 143B-911 under Subpart B of Part 4 of Article 13 of Chapter 143B of the General Statutes, as created by subsection (c) of this section.

SECTION 17.1.(i) The following statutes are recodified as G.S. 143B-915 through G.S. 143B-924 under Subpart C of Part 4 of Article 13 of Chapter 143B of the General Statutes, as created by subsection (d) of this section: G.S. 114-12, 114-12.1, 114-14 through 114-15.3, and 114-17 through 114-18.

SECTION 17.1.(j) G.S. 114-19 is recodified as G.S. 143B-906 under Subpart A of Part 4 of Article 13 of Chapter 143B of the General Statutes, as created by subsection (b) of this section.

SECTION 17.1.(k) G.S. 114-19.01 is recodified as G.S. 143B-925 under Subpart C of Part 4 of Article 13 of Chapter 143B of the General Statutes, as created by subsection (d) of this section.

SECTION 17.1.(l) All of Part 2 of Article 4 of Chapter 114 of the General Statutes, other than the section recodified by subsection (k) of this section, is recodified as Subpart D of Part 4 of Article 13 of Chapter 143B of the General Statutes, "Criminal History

Record Checks", G.S. 143B-930 through G.S. 143B-981. Statutory sections of the former statutes that were reserved for future codification shall have corresponding sections that are reserved for future codification in the recodified statutes.

SECTION 17.1.(m) Part 3 of Article 4 of Chapter 114 of the General Statutes is recodified as Subpart E of Part 4 of Article 13 of Chapter 143B of the General Statutes, "Protection of Public Officials", G.S. 143B-986 through G.S. 143B-987.

SBI TRANSFER – OTHER CHANGES

SECTION 17.1.(n) The following statutes, as recodified by subsections (f) through (m) of this section, as applicable, are amended by deleting the language "Department of Justice" wherever it appears and substituting "Department of Public Safety": G.S. 14-208.15A, 14-415.19, 15A-145, 15A-145.1, 15A-145.2, 15A-145.3, 15A-145.4(c) and (j), 15A-145.5(c), 15A-145.6(c), 15A-146, 18B-902, 19A-24, 48-3-309, 53-244.050, 58-71-51, 58-89A-60, 66-407, 70-13.1, 74C-8.1, 74D-2.1, 74F-18, 84-24, 85B-3.2, 90-11, 90-30, 90-85.15, 90-102.1, 90-113.5, 90-113.46A, 90-143.3, 90-171.48, 90-210.25, 90-224, 90-270.22, 90-270.26, 90-270.29A, 90-288.01, 90-622, 90-629, 90-629.1, 90-652, 90D-7, 93A-4, 95-47.2, 106-65.26, 110-90.2, 115C-238.73, 115C-332, 121-25.1, 143-166.13, 143-143.10A, 143B-916, 143B-930 through 143B-965, and 160A-304.

SECTION 17.1.(o) The following statutes, as recodified by subsections (f) through (m) of this section, as applicable, are amended by deleting the language "Attorney General" wherever it appears and substituting "Secretary of Public Safety": G.S. 15A-1475, 58-79-1 through 58-79-15, 58-79-25, 143B-921, and 163-278.

SECTION 17.1.(p) The following statutes, as recodified by subsections (f) through (m) of this section, as applicable, are amended by deleting the language "Division of Criminal Information" and "State Bureau of Investigation's Division of Criminal Information" wherever they appear and substituting "Department of Public Safety": G.S. 7B-2507, 15A-1340.14, 15A-1340.21, 20-26, 85B-3.2, 122C-80, 143B-935, 143B-943, 143B-954, and 143B-981.

SECTION 17.1.(q) The following statutes are amended by deleting the language "Division" wherever it appears and substituting "Department of Public Safety": G.S. 14-208.7, 14-208.8, 14-208.8A, 14-208.9, 14-208.9A, 14-208.12A, 14-208.15, 14-208.15A, 14-208.22, and 14-208.27. However, no substitution shall be made under this subsection to instances of the word "Division" that appear in the phrase "Division of Adult Correction."

SECTION 17.1.(r) G.S. 7A-349 reads as rewritten:

"§ 7A-349. Criminal history record check; denial of employment, contract, or volunteer opportunity.

The Judicial Department may deny employment, a contract, or a volunteer opportunity to any person who refuses to consent to a criminal history check authorized under ~~G.S. 114-19.19~~ G.S. 143B-950 and may dismiss a current employee, terminate a contractor, or terminate a volunteer relationship if that employee, contractor, or volunteer refuses to consent to a criminal history record check authorized under ~~G.S. 114-19.19~~ G.S. 143B-950."

SECTION 17.1.(s) G.S. 7B-1904 reads as rewritten:

"§ 7B-1904. Order for secure or nonsecure custody.

The custody order shall be in writing and shall direct a law enforcement officer or other authorized person to assume custody of the juvenile and to make due return on the order. The official executing the order shall give a copy of the order to the juvenile's parent, guardian, or custodian. If the order is for nonsecure custody, the official executing the order shall also give a copy of the petition and order to the person or agency with whom the juvenile is being placed. If the order is for secure custody, copies of the petition and custody order shall accompany the juvenile to the detention facility or holdover facility of the jail. A message of ~~the Division of Criminal Information, State Bureau of Investigation,~~ the Department of Public Safety stating

that a juvenile petition and secure custody order relating to a specified juvenile are on file in a particular county shall be authority to detain the juvenile in secure custody until a copy of the juvenile petition and secure custody order can be forwarded to the juvenile detention facility. The copies of the juvenile petition and secure custody order shall be transmitted to the detention facility no later than 72 hours after the initial detention of the juvenile.

An officer receiving an order for custody which is complete and regular on its face may execute it in accordance with its terms and need not inquire into its regularity or continued validity, nor does the officer incur criminal or civil liability for its execution."

SECTION 17.1.(t) G.S. 8-58.20(c) reads as rewritten:

"(c) The analyst who analyzes the forensic sample and signs the report shall complete an affidavit on a form developed by the ~~State Bureau of Investigation~~ State Crime Laboratory. In the affidavit, the analyst shall state (i) that the person is qualified by education, training, and experience to perform the analysis, (ii) the name and location of the laboratory where the analysis was performed, and (iii) that performing the analysis is part of that person's regular duties. The analyst shall also aver in the affidavit that the tests were performed pursuant to the accrediting body's standards for that discipline and that the evidence was handled in accordance with established and accepted procedures while in the custody of the laboratory. The affidavit shall be sufficient to constitute prima facie evidence regarding the person's qualifications. The analyst shall attach the affidavit to the laboratory report and shall provide the affidavit to the investigating officer and the district attorney in the prosecutorial district in which the criminal charges are pending. An affidavit by a forensic analyst sworn to and properly executed before an official authorized to administer oaths is admissible in evidence without further authentication in any criminal proceeding with respect to the forensic analysis administered and the procedures followed."

SECTION 17.1.(u) G.S. 14-16.9 reads as rewritten:

"§ 14-16.9. Officers-elect to be covered.

Any person who has been elected to any office covered by this Article but has not yet taken the oath of office shall be considered to hold the office for the purpose of this Article and ~~G.S. 114-15~~ G.S. 143B-919."

SECTION 17.1.(v) G.S. 14-132(c)(3) reads as rewritten:

"(3) Designated by the ~~Attorney General~~ Secretary of Public Safety in accordance with ~~G.S. 114-20.1~~ G.S. 143B-987."

SECTION 17.1.(w) G.S. 14-208.6 reads as rewritten:

"§ 14-208.6. Definitions.

The following definitions apply in this Article:

...

(1c) ~~"Division"~~ "Department" means the ~~Division of Criminal Information of the Department of Justice~~ Department of Public Safety.

...

(8) "Statewide registry" means the central registry compiled by the ~~Division~~ Department in accordance with G.S. 14-208.14.

...."

SECTION 17.1.(x) G.S. 14-208.13 reads as rewritten:

"§ 14-208.13. File with ~~Police~~ Criminal Information Network.

(a) The ~~Division~~ Department of Public Safety shall include the registration information in the ~~Police~~ Criminal Information Network as set forth in ~~G.S. 114-10.1~~ G.S. 143B-905.

(b) The ~~Division~~ Department of Public Safety shall maintain the registration information permanently even after the registrant's reporting requirement expires."

SECTION 17.1.(y) G.S. 14-208.14 reads as rewritten:

1 **"§ 14-208.14. Statewide registry; ~~Division of Criminal Statistics~~ Department of Public**
2 **Safety designated custodian of statewide registry.**

3 (a) The ~~Division of Criminal Statistics~~ Department of Public Safety shall compile and
4 keep current a central statewide sex offender registry. The ~~Division~~ Department is the State
5 agency designated as the custodian of the statewide registry. As custodian the ~~Division~~
6 Department has the following responsibilities:

7 (1) To receive from the sheriff or any other law enforcement agency or penal
8 institution all sex offender registrations, changes of address, changes of
9 academic or educational employment status, and prerelease notifications
10 required under this Article or under federal law. The ~~Division~~ Department
11 shall also receive notices of any violation of this Article, including a failure
12 to register or a failure to report a change of address.

13 (2) To provide all need-to-know law enforcement agencies (local, State,
14 campus, federal, and those located in other states) immediately upon receipt
15 by the ~~Division~~ Department of any of the following: registration information,
16 a prerelease notification, a change of address, a change of academic or
17 educational employment status, or notice of a violation of this Article.

18 (2a) To notify the appropriate law enforcement unit at an institution of higher
19 education as soon as possible upon receipt by the ~~Division~~ Department of
20 relevant information based on registration information or notice of a change
21 of academic or educational employment status. If an institution of higher
22 education does not have a law enforcement unit, then the
23 ~~Division~~ Department shall provide the information to the local law
24 enforcement agency that has jurisdiction for the campus.

25 (3) To coordinate efforts among law enforcement agencies and penal institutions
26 to ensure that the registration information, changes of address, change of
27 name, prerelease notifications, and notices of failure to register or to report a
28 change of address are conveyed in an appropriate and timely manner.

29 (4) To provide public access to the statewide registry in accordance with this
30 Article.

31 (4a) To maintain the system for public access so that a registrant's full name, any
32 aliases, and any legal name changes are cross-referenced and a member of
33 the public may conduct a search of the system for a registrant under any of
34 those names.

35 (5) To maintain a system allowing an entity to access a list of online identifiers
36 of persons in the central sex offender registry.

37 (b) The statewide registry shall include the following:

38 (1) Registration information obtained by a sheriff or penal institution under this
39 Article or from any other local or State law enforcement agency.

40 (2) Registration information received from a state or local law enforcement
41 agency or penal institution in another state.

42 (3) Registration information received from a federal law enforcement agency or
43 penal institution."

44 **SECTION 17.1.(z) G.S. 14-208.31 reads as rewritten:**

45 **"§ 14-208.31. File with ~~Police~~ Criminal Information Network.**

46 (a) The ~~Division~~ Department of Public Safety shall include the registration information
47 in the ~~Police~~ Criminal Information Network as set forth in ~~G.S. 114-10.1~~ G.S. 143B-905.

48 (b) The ~~Division~~ Department of Public Safety shall maintain the registration
49 information permanently even after the registrant's reporting requirement expires; however, the

records shall remain confidential in accordance with Article 32 of Chapter 7B of the General Statutes."

SECTION 17.1.(aa) G.S. 14-415.4(d)(5) reads as rewritten:

"(5) The petitioner submits his or her fingerprints to the sheriff of the county in which the petitioner resides for a criminal background check pursuant to ~~G.S. 114-19.28~~G.S. 143B-959."

SECTION 17.1.(bb) G.S. 15A-266.2(4) reads as rewritten:

"(4) 'DNA Sample' means blood, cheek swabs, or any biological sample containing cells provided by any person with respect to offenses covered by this Article or submitted to the ~~State Bureau of Investigation~~State Crime Laboratory pursuant to this Article for analysis pursuant to a criminal investigation or storage or both."

SECTION 17.1.(cc) G.S. 15A-1341(d) reads as rewritten:

"(d) Search of Sex Offender Registration Information Required When Placing a Defendant on Probation. – When the court places a defendant on probation, the probation officer assigned to the defendant shall conduct a search of the defendant's name or other identifying information against the registration information regarding sex offenders compiled by the ~~Division of Criminal Statistics of the Department of Justice~~Department of Public Safety in accordance with Article 27A of Chapter 14 of the General Statutes. The probation officer may conduct the search using the Internet site maintained by the ~~Division of Criminal Statistics~~Department of Public Safety."

SECTION 17.1.(dd) G.S. 15A-298 reads as rewritten:

"§ 15A-298. Subpoena authority.

Pursuant to rules issued by the ~~Attorney General~~Department of Public Safety, the Director of the State Bureau of Investigation or the Director's designee may issue an administrative subpoena to a communications common carrier or an electronic communications service to compel production of business records if the records:

- (1) Disclose information concerning local or long-distance toll records or subscriber information; and
- (2) Are material to an active criminal investigation being conducted by the State Bureau of Investigation."

SECTION 17.1.(ee) G.S. 18C-151(a)(3) reads as rewritten:

"(3) All proposals shall be accompanied by a bond or letter of credit in an amount equal to not less than five percent (5%) of the proposal and the fee to cover the cost of the criminal record check conducted under ~~G.S. 114-19.6~~G.S. 143B-935."

SECTION 17.1.(ff) G.S. 74F-6(16) reads as rewritten:

"(16) Request that the ~~Department of Justice~~Department of Public Safety conduct criminal history record checks of applicants for licensure and apprenticeships pursuant to ~~G.S. 114-19.15~~G.S. 143B-946."

SECTION 17.1.(gg) G.S. 90-113.33(10) reads as rewritten:

"(10) Request that the ~~Department of Justice~~Department of Public Safety conduct criminal history record checks of applicants for registration, certification, or licensure pursuant to ~~G.S. 114-19.11A~~G.S. 143B-941."

SECTION 17.1.(hh) G.S. 90-171.23(b)(19) reads as rewritten:

"(19) Request that the ~~Department of Justice~~Department of Public Safety conduct criminal history record checks of applicants for licensure pursuant to ~~G.S. 114-19.11~~G.S. 143B-940."

SECTION 17.1.(ii) G.S. 90-270.63(b) reads as rewritten:

1 "(b) The Board may request that an applicant for licensure, an applicant seeking
2 reinstatement of a license, or a licensee under investigation by the Board for alleged criminal
3 offenses in violation of this Article consent to a criminal history record check. Refusal to
4 consent to a criminal history record check may constitute grounds for the Board to deny
5 licensure to an applicant, deny reinstatement of a license to an applicant, or revoke the license
6 of a licensee. The Board shall ensure that the State and national criminal history of an applicant
7 is checked. The Board shall be responsible for providing to the North Carolina ~~Department of~~
8 ~~Justice~~Department of Public Safety the fingerprints of the applicant or licensee to be checked, a
9 form signed by the applicant or licensee consenting to the criminal history record check and the
10 use of fingerprints and other identifying information required by the State or National
11 Repositories of Criminal Histories, and any additional information required by the ~~Department~~
12 ~~of Justice~~Department of Public Safety in accordance with ~~G.S. 114-19-27~~G.S. 143B-958. The
13 Board shall keep all information obtained pursuant to this section confidential. The Board shall
14 collect any fees required by the ~~Department of Justice~~Department of Public Safety and shall
15 remit the fees to the ~~Department of Justice~~Department of Public Safety for expenses associated
16 with conducting the criminal history record check."

17 **SECTION 17.1.(jj)** G.S. 90-345(b) reads as rewritten:

18 "(b) The Board may request that an applicant for licensure, an applicant seeking
19 reinstatement of a license, or a licensee under investigation by the Board for alleged criminal
20 offenses in violation of this Article consent to a criminal history record check. Refusal to
21 consent to a criminal history record check may constitute grounds for the Board to deny
22 licensure to an applicant, deny reinstatement of a license to an applicant, or revoke the license
23 of a licensee. The Board shall ensure that the State and national criminal history of an applicant
24 is checked. The Board shall be responsible for providing to the North Carolina ~~Department of~~
25 ~~Justice~~Department of Public Safety the fingerprints of the applicant or licensee to be checked, a
26 form signed by the applicant or licensee consenting to the criminal record check and the use of
27 fingerprints and other identifying information required by the State or National Repositories of
28 Criminal Histories, and any additional information required by the ~~Department of~~
29 ~~Justice~~Department of Public Safety in accordance with ~~G.S. 114-19-26~~G.S. 143B-957. The
30 Board shall keep all information obtained pursuant to this section confidential. The Board shall
31 collect any fees required by the ~~Department of Justice~~Department of Public Safety and shall
32 remit the fees to the ~~Department of Justice~~Department of Public Safety for expenses associated
33 with conducting the criminal history record check."

34 **SECTION 17.1.(kk)** G.S. 93E-1-6(c1) reads as rewritten:

35 "(c1) The Board shall also make an investigation as it deems necessary into the
36 background of the applicant to determine the applicant's qualifications with due regard to the
37 paramount interest of the public as to the applicant's competency, honesty, truthfulness, and
38 integrity. All applicants shall consent to a criminal history record check. Refusal to consent to a
39 criminal history record check may constitute grounds for the Board to deny an application. The
40 Board shall ensure that the State and national criminal history of an applicant is checked. The
41 Board shall be responsible for providing to the North Carolina ~~Department of~~
42 ~~Justice~~Department of Public Safety the fingerprints of the applicant to be checked, a form
43 signed by the applicant consenting to the criminal history record check, and the use of
44 fingerprints and other identifying information required by the State or National Repositories of
45 Criminal Histories and any additional information required by the ~~Department of Justice~~
46 Department of Public Safety in accordance with ~~G.S. 114-19-30~~G.S. 143B-961. The Board
47 shall keep all information obtained pursuant to this section confidential. The Board shall collect
48 any fees required by the ~~Department of Justice~~Department of Public Safety and shall remit the
49 fees to the ~~Department of Justice~~Department of Public Safety for expenses associated with
50 conducting the criminal history record check."

SECTION 17.1.(II) G.S. 93E-2-11(b) reads as rewritten:

"(b) The Board may require that an applicant for registration as an appraisal management company or a registrant consent to a criminal history record check. Refusal to consent to a criminal history record check may constitute grounds for the Board to deny registration to an applicant or registrant. The Board shall ensure that the State and national criminal history of an applicant or registrant is checked. The Board shall be responsible for providing to the North Carolina ~~Department of Justice~~Department of Public Safety the fingerprints of the applicant or registrant to be checked, a form signed by the applicant or registrant consenting to the criminal record check and the use of fingerprints and other identifying information required by the State or National Repositories of Criminal Histories, and any additional information required by the ~~Department of Justice~~Department of Public Safety in accordance with ~~G.S. 114-19.30~~G.S. 143B-961. The Board shall keep all information obtained pursuant to this section confidential. The Board shall collect any fees required by the ~~Department of Justice~~Department of Public Safety and shall remit the fees to the ~~Department of Justice~~Department of Public Safety for expenses associated with conducting the criminal history record check."

SECTION 17.1.(mm) G.S. 101-5 reads as rewritten:**"§ 101-5. Name change application requirements; grounds for clerk to order or deny name change; certificate and record.**

...
(e) The clerk shall forward the order granting the name change to:

...
(2) The ~~Division of Criminal Information at the State Bureau of Investigation~~Department of Public Safety, which shall update its records to show the name change.

...
(g) Upon information obtained by the clerk of fraud or material misrepresentation in the application for a name change, the clerk on his or her own motion may set aside the order granting the name change after notice to the applicant and opportunity to be heard. If the clerk sets aside the name change order, the clerk shall notify the State Registrar of Vital Statistics and the ~~Division of Criminal Information~~Department of Public Safety."

SECTION 17.1.(nn) G.S. 110-90.2(g), as rewritten by subsection (n) of this section, reads as rewritten:

"(g) The child care provider shall pay the cost of the fingerprinting and the federal criminal history record check in accordance with ~~G.S. 114-19.5~~G.S. 143B-934. The Department of Public Safety shall perform the State criminal history record check. The Department of Health and Human Services shall pay for and conduct the county criminal history record check. Child care providers who reside outside the State bear the cost of the county criminal history record check and shall provide the county criminal history record check to the Division of Child Development as required by this section."

SECTION 17.1.(oo) G.S. 113-172(a) reads as rewritten:

"(a) The Secretary shall designate license agents for the Department. The Division and license agents designated by the Secretary under this section shall issue licenses authorized under this Article in accordance with this Article and the rules of the Commission. The Secretary may require license agents to enter into a contract that provides for their duties and compensation, post a bond, and submit to reasonable inspections and audits. If a license agent violates any provision of this Article, the rules of the Commission, or the terms of the contract, the Secretary may initiate proceedings for the forfeiture of the license agent's bond and may summarily suspend, revoke, or refuse to renew a designation as a license agent and may impound or require the return of all licenses, moneys, record books, reports, license forms and

1 other documents, ledgers, and materials pertinent or apparently pertinent to the license agency.
2 The Secretary shall report evidence or misuse of State property, including license fees, by a
3 license agent to the State Bureau of Investigation as provided by
4 ~~G.S. 114-15.1.~~G.S. 143B-920."

5 **SECTION 17.1.(pp)** G.S. 114-2.7, as recodified as G.S. 143B-901 by subsection
6 (f) of this section, reads as rewritten:

7 "**§ 143B-901. Reporting system and database on certain domestic-violence-related**
8 **homicides; reports by law enforcement agencies required; annual report to the**
9 **General Assembly.**

10 The ~~Attorney General's Office,~~Department of Public Safety, in consultation with the North
11 Carolina Council for Women/Domestic Violence Commission, the North Carolina Sheriffs'
12 Association, and the North Carolina Association of Chiefs of Police, shall develop a reporting
13 system and database that reflects the number of homicides in the State where the offender and
14 the victim had a personal relationship, as defined by G.S. 50B-1(b). The information in the
15 database shall also include the type of personal relationship that existed between the offender
16 and the victim, whether the victim had obtained an order pursuant to G.S. 50B-3, and whether
17 there was a pending charge for which the offender was on pretrial release pursuant to
18 G.S. 15A-534.1. All State and local law enforcement agencies shall report information to the
19 ~~Attorney General's Office~~Department of Public Safety upon making a determination that a
20 homicide meets the reporting system's criteria. The report shall be made in the format adopted
21 by the ~~Attorney General's Office,~~Department of Public Safety. The ~~Attorney General's Office~~
22 ~~Department of Public Safety~~ shall report to the ~~Joint Legislative Committee on Domestic~~
23 ~~Violence,~~Joint Legislative Oversight Committee on Justice and Public Safety, no later than
24 February 1 of each year, with the data collected for the previous calendar year."

25 **SECTION 17.1.(qq)** G.S. 114-10, as recodified as G.S. 143B-902 by subsection
26 (g) of this section, reads as rewritten:

27 "**§ 143B-902. ~~Division of Criminal Information.~~Powers and duties of the Department of**
28 **Public Safety with respect to criminal information.**

29 The ~~Attorney General~~ shall set up in the Department of Justice a ~~division to be designated~~
30 ~~as the Division of Criminal Information.~~ There shall be assigned to this Division by the
31 ~~Attorney General~~ duties as follows:In addition to its other duties, it shall be the duty of the
32 Department of Public Safety to do all of the following:

33 ...
34 (2) To collect, correlate, and maintain access to information that will assist in
35 the performance of duties required in the administration of criminal justice
36 throughout the State. This information may include, but is not limited to,
37 motor vehicle registration, drivers' licenses, wanted and missing persons,
38 stolen property, warrants, stolen vehicles, firearms registration, sexual
39 offender registration as provided under Article 27A of Chapter 14 of the
40 General Statutes, drugs, drug users and parole and probation histories. In
41 performing this function, the ~~Division~~Department may arrange to use
42 information available in other agencies and units of State, local and federal
43 government, but shall provide security measures to insure that such
44 information shall be made available only to those whose duties, relating to
45 the administration of justice, require such information.

46 ...
47 (5) ~~To perform such other duties as may be from time to time prescribed by the~~
48 ~~Attorney General.~~

49 (6) To promulgate rules and regulations for the administration of this Article."

SECTION 17.1.(rr) G.S. 114-10.01, as recodified as G.S. 143B-903 by subsection (g) of this section, reads as rewritten:

"§ 143B-903. Collection of traffic law enforcement statistics.

(a) ~~In addition to the duties set forth in G.S. 114-10, the Division of Criminal Information~~ In addition to its other duties, the Department of Public Safety shall collect, correlate, and maintain the following information regarding traffic law enforcement by law enforcement officers:

(b) For purposes of this section, "law enforcement officer" means any of the following:

- (1) All State law enforcement officers.
- (2) Law enforcement officers employed by county sheriffs or county police departments.
- (3) Law enforcement officers employed by police departments in municipalities with a population of 10,000 or more persons.
- (4) Law enforcement officers employed by police departments in municipalities employing five or more full-time sworn officers for every 1,000 in population, as calculated by the ~~Division~~Department for the calendar year in which the stop was made.

(d) Each law enforcement officer making a stop covered by subdivision (1) of subsection (a) of this section shall be assigned an anonymous identification number by the officer's employing agency. The anonymous identifying number shall be public record and shall be reported to the ~~Division~~Department to be correlated along with the data collected under subsection (a) of this section. The correlation between the identification numbers and the names of the officers shall not be a public record, and shall not be disclosed by the agency except when required by order of a court of competent jurisdiction to resolve a claim or defense properly before the court.

(d1) Any agency subject to the requirements of this section shall submit information collected under subsection (a) of this section to the ~~Division~~Department within 60 days of the close of each month. Any agency that does not submit the information as required by this subsection shall be ineligible to receive any law enforcement grants available by or through the State until the information which is reasonably available is submitted.

(e) The ~~Division~~Department shall publish and distribute by December 1 of each year a list indicating the law enforcement officers that will be subject to the provisions of this section during the calendar year commencing on the following January 1."

SECTION 17.1.(ss) G.S. 114-10.02, as recodified as G.S. 143B-904 by subsection (g) of this section, reads as rewritten:

"§ 143B-904. Collection of statistics on the use of deadly force by law enforcement officers.

(a) ~~In addition to the duties set forth in G.S. 114-10, the Division of Criminal Information~~ its other duties, the Department of Public Safety shall collect, maintain, and annually publish the number of deaths, by law enforcement agency, resulting from the use of deadly force by law enforcement officers in the course and scope of their official duties.

(b) For purposes of this section, "law enforcement officer" means sworn law enforcement officers with the power of arrest, both State and local."

SECTION 17.1.(tt) G.S. 114-10.1, as recodified as G.S. 143B-905 by subsection (g) of this section, reads as rewritten:

"§ 143B-905. Police-Criminal Information Network.

(a) The ~~Division of Criminal Information~~Department of Public Safety is authorized to establish, devise, maintain and operate a system for receiving and disseminating to participating

agencies information collected, maintained and correlated under authority of ~~G.S. 114-10 of this Article.~~ G.S. 143B-902. The system shall be known as the ~~Division of Criminal Information~~ Network.

(b) ~~The Division of Criminal Information~~ Department of Public Safety is authorized to cooperate with the Division of Motor Vehicles, Department of Administration, ~~the Department of Public Safety,~~ and other State, local and federal agencies and organizations in carrying out the purpose and intent of this section, and to utilize, in cooperation with other State agencies and to the extent as may be practical, computers and related equipment as may be operated by other State agencies.

(c) ~~The Division of Criminal Information,~~ Department of Public Safety, after consultation with participating agencies, shall adopt rules and regulations governing the organization and administration of the ~~Division of Criminal Information~~ Network, including rules and regulations governing the types of information relating to the administration of criminal justice to be entered into the system, and who shall have access to such information. The rules and regulations governing access to the ~~Division of Criminal Information~~ Network shall not prohibit an attorney who has entered a criminal proceeding in accordance with G.S. 15A-141 from obtaining information relevant to that criminal proceeding. The rules and regulations governing access to the ~~Division of Criminal Information~~ Network shall not prohibit an attorney who represents a person in adjudicatory or dispositional proceedings for an infraction from obtaining the person's driving record or criminal history.

(d) ~~The Division of Criminal Information may impose an initial set up fee of two thousand six hundred fifty dollars (\$2,650) for agencies to participate in the Division of Criminal Information Network. This one time fee shall be used to offset the cost of the router and data circuit needed to access the Network.~~

~~The Division of Criminal Information Department may also impose monthly fees on participating agencies. The monthly fees collected under this subsection shall be used to offset the cost of operating and maintaining the Police-Criminal Information Network.~~

(1) ~~The Division of Criminal Information~~ Department may impose a monthly circuit fee on agencies that access the ~~Division of Criminal Information~~ Network through a circuit maintained and operated by the ~~Department of Justice,~~ Department of Public Safety. The amount of the monthly fee is three hundred dollars (\$300.00) plus an additional fee amount for each device linked to the Network. The additional fee amount varies depending upon the type of device. For a desktop device after the first seven desktop devices, the additional monthly fee is twenty-five dollars (\$25.00) per device. For a mobile device, the additional monthly fee is twelve dollars (\$12.00) per device.

(2) ~~The Division of Criminal Information~~ Department may impose a monthly device fee on agencies that access the ~~Police-Criminal~~ Information Network through some other approved means. The amount of the monthly device fee varies depending upon the type of device. For a desktop device, the monthly fee is twenty-five dollars (\$25.00) per device. For a mobile device, the fee is twelve dollars (\$12.00) per device."

SECTION 17.1.(uu) G.S. 114-12, as recodified as G.S. 143B-915 by subsection (i) of this section, reads as rewritten:

"§ 143B-915. Bureau of Investigation created; powers and duties.

In order to secure a more effective administration of the criminal laws of the State, to prevent crime, and to procure the speedy apprehension of criminals, the ~~Attorney General~~ Secretary of Public Safety shall set up in the Division of Law Enforcement of the Department of Justice-Public Safety a ~~division~~ section to be designated as the State Bureau of

Investigation. The ~~Division~~ Section shall have charge of and administer the agencies and activities herein set up for the identification of criminals, for their apprehension, and investigation and preparation of evidence to be used in criminal courts; and the said Bureau shall have charge of investigation of criminal matters herein especially mentioned, and of such other crimes and criminal procedure as the Governor may direct.

In the personnel of the Bureau shall be included a sufficient number of persons of training and skill in the investigation of crime and in the preparation of evidence as to be of service to local enforcement officers, under the direction of the Governor, in criminal matters of major importance.

~~The State radio system shall be made available to the Bureau Laboratory for use in its work."~~

SECTION 17.1.(vv) G.S. 114-14, as recodified as G.S. 143B-917 by subsection (i) of this section, reads as rewritten:

"§ 143B-917. General powers and duties of ~~Director and assistants~~ law enforcement officers of the State Bureau of Investigation.

~~The Director of the Bureau and his assistants~~ Sworn law enforcement officers of the State Bureau of Investigation are given the same power of arrest as is now vested in the sheriffs of the several counties, and their jurisdiction shall be statewide. ~~The Director of the Bureau and his assistants~~ Sworn law enforcement officers of the Bureau shall, at the request of the Governor, give assistance to sheriffs, police officers, district attorneys, and judges when called upon by them and so directed. ~~They shall also give assistance, when requested, to the Department of Public Safety in the investigation of cases pending before the parole office and of complaints lodged against parolees, when so directed by the Governor."~~

SECTION 17.1.(ww) G.S. 114-15, as recodified as G.S. 143B-919 by subsection (i) of this section, reads as rewritten:

"§ 143B-919. Investigations of lynchings, election frauds, etc.; services subject to call of Governor; witness fees and mileage for ~~Director and assistants~~ employees.

(a) The Bureau shall, ~~through its Director and~~ upon request of the Governor, investigate and prepare evidence in the event of any lynching or mob violence in the State; shall investigate all cases arising from frauds in connection with elections when requested to do so by the Board of Elections, and when so directed by the Governor. Such investigation, however, shall in nowise interfere with the power of the Attorney General to make such investigation as the Attorney General is authorized to make under the laws of the State. The Bureau is authorized further, at the request of the Governor, to investigate cases of frauds arising under the Social Security Laws of the State, of violations of the gaming laws, and lottery laws, and matters of similar kind when called upon by the Governor so to do. In all such cases it shall be the duty of the Department to keep such records as may be necessary and to prepare evidence in the cases investigated, for the use of enforcement officers and for the trial of causes. The services of ~~the Director of the Bureau, and of the Director's assistants~~ employees of the Bureau may be required by the Governor in connection with the investigation of any crime committed anywhere in the State when called upon by the enforcement officers of the State, and when, in the judgment of the Governor, such services may be rendered with advantage to the enforcement of the criminal law. The State Bureau of Investigation is hereby authorized to investigate without request the attempted arson of, or arson of, damage of, theft from, or theft of, or misuse of, any State-owned personal property, buildings, or other real property or any assault upon or threats against any legislative officer named in G.S. 147-2(1), (2), or (3), any executive officer named in G.S. 147-3(c), or any court officer as defined in G.S. 14-16.10(1).

(a1) The Bureau also is authorized at the request of the Governor to conduct a background investigation on a person that the Governor plans to nominate for a position that must be confirmed by the General Assembly, the Senate, or the House of Representatives. The

background investigation of the proposed nominee shall be limited to an investigation of the person's criminal record, educational background, employment record, records concerning the listing and payment of taxes, and credit record, and to a requirement that the person provide the information contained in the statements of economic interest required to be filed by persons subject to Chapter 138A of the General Statutes. The Governor must give the person being investigated written notice that the Governor intends to request a background investigation at least 10 days prior to the date that the Governor requests the State Bureau of Investigation to conduct the background investigation. The written notice shall be sent by regular mail, and there is created a rebuttable presumption that the person received the notice if the Governor has a copy of the notice.

...

(c) All records and evidence collected and compiled by ~~the Director of the Bureau and his assistants~~ employees of the Bureau shall, upon request, be made available to the district attorney of any district if the same concerns persons or investigations in his district.

(d) In all cases where the cost is assessed against the defendant and paid by him, there shall be assessed in the bill of cost, mileage and witness fees to ~~the Director and any of his assistants~~ any employees of the Bureau who are witnesses in cases arising in courts of this State. The fees so assessed, charged and collected shall be forwarded by the clerks of the court to the Treasurer of the State of North Carolina, and there credited to the Bureau of Identification and Investigation Fund."

SECTION 17.1.(xx) G.S. 114-19.1(d), as recodified by subsection (l) of this section, reads as rewritten:

"(d) Nothing in this section shall be construed as enlarging any right to receive any record of the State Bureau of Investigation. Such rights are and shall be controlled by ~~G.S. 114-15, G.S. 114-19, G.S.~~ G.S. 143B-919, 143B-906, 120-19.4A, and other applicable statutes."

SECTION 17.1.(yy) G.S. 114-19.6(b), as recodified by subsection (l) of this section and rewritten by subsection (o) of this section, reads as rewritten:

"(b) When requested by the Department of Health and Human Services or the Division of Juvenile Justice of the Department of Public Safety, the North Carolina Department of Public Safety may provide to the requesting department or division a covered person's criminal history from the State Repository of Criminal Histories. Such requests shall not be due to a person's age, sex, race, color, national origin, religion, creed, political affiliation, or handicapping condition as defined by G.S. 168A-3. For requests for a State criminal history record check only, the requesting department or division shall provide to the Department of Public Safety a form consenting to the check signed by the covered person to be checked and any additional information required by the Department of Public Safety. National criminal record checks are authorized for covered applicants who have not resided in the State of North Carolina during the past five years. For national checks the Department of Health and Human Services or the Division of Juvenile Justice of the Department of Public Safety shall provide to the North Carolina Department of Public Safety the fingerprints of the covered person to be checked, any additional information required by the Department of Public Safety, and a form signed by the covered person to be checked consenting to the check of the criminal record and to the use of fingerprints and other identifying information required by the State or National Repositories. The fingerprints of the individual shall be forwarded to the State Bureau of Investigation for a search of the State criminal history record file and the State Bureau of Investigation shall forward a set of fingerprints to the Federal Bureau of Investigation for a national criminal history record check. The Department of Health and Human Services and the Division of Juvenile Justice of the Department of Public Safety shall keep all information

pursuant to this section confidential. The Department of Public Safety shall charge a reasonable fee for conducting the checks of the criminal history records authorized by this section."

SECTION 17.1.(zz) G.S. 114-20, as recodified as G.S. 143B-986 by subsection (m) of this section, reads as rewritten:

"§ 143B-986. Authority to provide protection to certain public officials.

The North Carolina State Bureau of Investigation is authorized to provide protection to public officials who request it, and who, in the discretion of the Director of the Bureau with the approval of the Attorney General, demonstrate a need for such protection. The bureau shall not provide protection for any individual other than the Governor for a period greater than 30 days without review and reapproval by the ~~Attorney General~~Secretary of Public Safety. This review and reapproval shall be required at the end of each 30-day period."

SECTION 17.1.(aaa) G.S. 114-20.1, as recodified as G.S. 143B-987 by subsection (m) of this section, reads as rewritten:

"§ 143B-987. Authority to designate areas for protection of public officials.

(a) The ~~Attorney General~~Secretary of Public Safety is authorized to designate buildings and grounds which constitute temporary residences or temporary offices of any public official being protected under authority of ~~G.S. 114-20~~G.S. 143B-986, or any area that will be visited by any such official, a public building or facility during the time of such use.

(b) ~~The Attorney General or the Director of the State Bureau of Investigation~~Secretary of Public Safety may, with the consent of the official to be protected, make rules governing ingress to or egress from such buildings, grounds or areas designated under this section."

SECTION 17.1.(bbb) G.S. 122C-80 reads as rewritten:

"§ 122C-80. Criminal history record check required for certain applicants for employment.

...

(b) Requirement. – An offer of employment by a provider licensed under this Chapter to an applicant to fill a position that does not require the applicant to have an occupational license is conditioned on consent to a State and national criminal history record check of the applicant. If the applicant has been a resident of this State for less than five years, then the offer of employment is conditioned on consent to a State and national criminal history record check of the applicant. The national criminal history record check shall include a check of the applicant's fingerprints. If the applicant has been a resident of this State for five years or more, then the offer is conditioned on consent to a State criminal history record check of the applicant. A provider shall not employ an applicant who refuses to consent to a criminal history record check required by this section. Except as otherwise provided in this subsection, within five business days of making the conditional offer of employment, a provider shall submit a request to the ~~Department of Justice~~Department of Public Safety under ~~G.S. 114-19.10~~G.S. 143B-939 to conduct a criminal history record check required by this section or shall submit a request to a private entity to conduct a State criminal history record check required by this section. Notwithstanding ~~G.S. 114-19.10~~G.S. 143B-939, the ~~Department of Justice~~Department of Public Safety shall return the results of national criminal history record checks for employment positions not covered by Public Law 105-277 to the Department of Health and Human Services, Criminal Records Check Unit. Within five business days of receipt of the national criminal history of the person, the Department of Health and Human Services, Criminal Records Check Unit, shall notify the provider as to whether the information received may affect the employability of the applicant. In no case shall the results of the national criminal history record check be shared with the provider. Providers shall make available upon request verification that a criminal history check has been completed on any staff covered by this section. A county that has adopted an appropriate local ordinance and has access to the Division of Criminal Information data bank may conduct on behalf of a provider a

1 State criminal history record check required by this section without the provider having to
2 submit a request to the Department of Justice. In such a case, the county shall commence with
3 the State criminal history record check required by this section within five business days of the
4 conditional offer of employment by the provider. All criminal history information received by
5 the provider is confidential and may not be disclosed, except to the applicant as provided in
6 subsection (c) of this section. For purposes of this subsection, the term "private entity" means a
7 business regularly engaged in conducting criminal history record checks utilizing public
8 records obtained from a State agency.

9 ...

10 (g) Conditional Employment. – A provider may employ an applicant conditionally prior
11 to obtaining the results of a criminal history record check regarding the applicant if both of the
12 following requirements are met:

13 (1) The provider shall not employ an applicant prior to obtaining the applicant's
14 consent for criminal history record check as required in subsection (b) of this
15 section or the completed fingerprint cards as required in
16 G.S. 114-19.10.G.S. 143B-939.

17 (2) The provider shall submit the request for a criminal history record check not
18 later than five business days after the individual begins conditional
19 employment."

20 **SECTION 17.1.(ccc)** G.S. 122C-205(c) reads as rewritten:

21 "(c) Upon receipt of notice of an escape or breach of a condition of release as described
22 in subsections (a) and (b) of this section, an appropriate law enforcement officer shall take the
23 client into custody and have the client returned to the 24-hour facility from which the client has
24 escaped or has been conditionally released. Transportation of the client back to the 24-hour
25 facility shall be provided in the same manner as described in G.S. 122C-251 and
26 G.S. 122C-408(b). Law enforcement agencies who are notified of a client's escape or breach of
27 conditional release shall be notified of the client's return by the responsible 24-hour facility.
28 Under the circumstances described in this section, the initial notification by the 24-hour facility
29 of the client's escape or breach of conditional release shall be given by telephone
30 communication to the appropriate law enforcement agency or agencies and, if available and
31 appropriate, by ~~Division of Criminal Information (DCI)~~ Department of Public Safety message to
32 any law enforcement agency in or out of state and by entry into the National Crime Information
33 Center (NCIC) telecommunications system. As soon as reasonably possible following
34 notification, written authorization to take the client into custody shall also be issued by the
35 24-hour facility. Under this section, law enforcement officers shall have the authority to take a
36 client into custody upon receipt of the telephone notification or ~~Division of Criminal~~
37 ~~Information~~ Department of Public Safety message prior to receiving written authorization. The
38 notification of a law enforcement agency does not, in and of itself, render this information
39 public information within the purview of Chapter 132 of the General Statutes. However, the
40 responsible law enforcement agency shall determine the extent of disclosure of personal
41 identifying and background information reasonably necessary, under the circumstances, in
42 order to assure the expeditious return of a client to the 24-hour facility involved and to protect
43 the general public and is authorized to make such disclosure. The responsible law enforcement
44 agency may also place any appropriate message or entry into either the ~~Division of Criminal~~
45 ~~Information System~~ Department of Public Safety's Criminal Information System or National
46 Crime Information System, or both, as appropriate."

47 **SECTION 17.1.(ddd)** G.S. 131D-10.3A reads as rewritten:

48 "**§ 131D-10.3A. Mandatory criminal checks.**

49 ...

(d) The ~~Department of Justice~~ Department of Public Safety shall provide to the Department the criminal history of the individuals specified in subsection (a) of this section obtained from the State and National Repositories of Criminal Histories as requested by the Department. The Department shall provide to the ~~Department of Justice~~ Department of Public Safety, along with the request, the fingerprints of the individual to be checked, any additional information required by the ~~Department of Justice~~ Department of Public Safety, and a form consenting to the check of the criminal record and to the use of fingerprints and other identifying information required by the State or National Repositories signed by the individual to be checked. The fingerprints of the individual to be checked shall be forwarded to the State Bureau of Investigation for a search of the State's criminal history record file, and the State Bureau of Investigation shall forward a set of fingerprints to the Federal Bureau of Investigation for a national criminal history record check.

...
(i) The ~~Department of Justice~~ Department of Public Safety shall perform the State and national criminal history checks on individuals required by this section and shall charge the Department a reasonable fee only for conducting the checks of the national criminal history records authorized by this section. The Division of Social Services, Department of Health and Human Services, shall bear the costs of implementing this section."

SECTION 17.1.(eee) G.S. 131D-40 reads as rewritten:

"§ 131D-40. Criminal history record checks required for certain applicants for employment.

(a) Requirement; Adult Care Home. – An offer of employment by an adult care home licensed under this Chapter to an applicant to fill a position that does not require the applicant to have an occupational license is conditioned on consent to a criminal history record check of the applicant. If the applicant has been a resident of this State for less than five years, then the offer of employment is conditioned on consent to a State and national criminal history record check of the applicant. The national criminal history record check shall include a check of the applicant's fingerprints. If the applicant has been a resident of this State for five years or more, then the offer is conditioned on consent to a State criminal history record check of the applicant. An adult care home shall not employ an applicant who refuses to consent to a criminal history record check required by this section. Within five business days of making the conditional offer of employment, an adult care home shall submit a request to the ~~Department of Justice~~ Department of Public Safety under ~~G.S. 114-19.10~~ G.S. 143B-939 to conduct a State or national criminal history record check required by this section, or shall submit a request to a private entity to conduct a State criminal history record check required by this section. Notwithstanding ~~G.S. 114-19.10~~ G.S. 143B-939, the ~~Department of Justice~~ Department of Public Safety shall return the results of national criminal history record checks for employment positions not covered by Public Law 105-277 to the Department of Health and Human Services, Criminal Records Check Unit. Within five business days of receipt of the national criminal history of the person, the Department of Health and Human Services, Criminal Records Check Unit, shall notify the adult care home as to whether the information received may affect the employability of the applicant. In no case shall the results of the national criminal history record check be shared with the adult care home. Adult care homes shall make available upon request verification that a criminal history check has been completed on any staff covered by this section. All criminal history information received by the home is confidential and may not be disclosed, except to the applicant as provided in subsection (b) of this section.

(a1) Requirement; Contract Agency of Adult Care Home. – An offer of employment by a contract agency of an adult care home licensed under this Chapter to an applicant to fill a position that does not require the applicant to have an occupational license is conditioned upon

consent to a criminal history record check of the applicant. If the applicant has been a resident of this State for less than five years, then the offer of employment is conditioned on consent to a State and national criminal history record check of the applicant. The national criminal history record check shall include a check of the applicant's fingerprints. If the applicant has been a resident of this State for five years or more, then the offer is conditioned on consent to a State criminal history record check of the applicant. A contract agency of an adult care home shall not employ an applicant who refuses to consent to a criminal history record check required by this section. Within five business days of making the conditional offer of employment, a contract agency of an adult care home shall submit a request to the ~~Department of Justice~~ Department of Public Safety under ~~G.S. 114-19.10~~ G.S. 143B-939 to conduct a State or national criminal history record check required by this section, or shall submit a request to a private entity to conduct a State criminal history record check required by this section. Notwithstanding ~~G.S. 114-19.10~~ G.S. 143B-939, the ~~Department of Justice~~ Department of Public Safety shall return the results of national criminal history record checks for employment positions not covered by Public Law 105-277 to the Department of Health and Human Services, Criminal Records Check Unit. Within five business days of receipt of the national criminal history of the person, the Department of Health and Human Services, Criminal Records Check Unit, shall notify the contract agency of the adult care home as to whether the information received may affect the employability of the applicant. In no case shall the results of the national criminal history record check be shared with the contract agency of the adult care home. Contract agencies of adult care homes shall make available upon request verification that a criminal history check has been completed on any staff covered by this section. All criminal history information received by the contract agency is confidential and may not be disclosed, except to the applicant as provided by subsection (b) of this section.

...
(f) Conditional Employment. – An adult care home may employ an applicant conditionally prior to obtaining the results of a criminal history record check regarding the applicant if both of the following requirements are met:

- (1) The adult care home shall not employ an applicant prior to obtaining the applicant's consent for a criminal history record check as required in subsection (a) of this section or the completed fingerprint cards as required in ~~G.S. 114-19.10~~ G.S. 143B-939.
- (2) The adult care home shall submit the request for a criminal history record check not later than five business days after the individual begins conditional employment.

...."

SECTION 17.1.(fff) G.S. 131E-159(g) reads as rewritten:

"(g) An individual who applies for EMS credentials, seeks to renew EMS credentials, or holds EMS credentials is subject to a criminal background review by the Department. At the request of the Department, the Emergency Medical Services Disciplinary Committee, established by G.S. 143-519, shall review criminal background information and make a recommendation regarding the eligibility of an individual to obtain initial EMS credentials, renew EMS credentials, or maintain EMS credentials. The Department and the Emergency Medical Services Disciplinary Committee shall keep all information obtained pursuant to this subsection confidential. The Medical Care Commission shall adopt rules to implement the provisions of this subsection, including rules to establish a reasonable fee to offset the actual costs of criminal history information obtained pursuant to ~~G.S. 114-19.21~~ G.S. 143B-952."

SECTION 17.1.(ggg) G.S. 131E-265 reads as rewritten:

"§ 131E-265. Criminal history record checks required for certain applicants for employment."

(a) Requirement; Nursing Home or Home Care Agency. – An offer of employment by a nursing home licensed under this Chapter to an applicant to fill a position that does not require the applicant to have an occupational license is conditioned on consent to a criminal history record check of the applicant. If the applicant has been a resident of this State for less than five years, then the offer of employment is conditioned on consent to a State and national criminal history record check of the applicant. The national criminal history record check shall include a check of the applicant's fingerprints. If the applicant has been a resident of this State for five years or more, then the offer is conditioned on consent to a State criminal history record check of the applicant. An offer of employment by a home care agency licensed under this Chapter to an applicant to fill a position that requires entering the patient's home is conditioned on consent to a criminal history record check of the applicant. In addition, employment status change of a current employee of a home care agency licensed under this Chapter from a position that does not require entering the patient's home to a position that requires entering the patient's home shall be conditioned on consent to a criminal history record check of that current employee. If the applicant for employment or if the current employee who is changing employment status has been a resident of this State for less than five years, then the offer of employment or change in employment status is conditioned on consent to a State and national criminal history record check. The national criminal history record check shall include a check of the applicant's or current employee's fingerprints. If the applicant or current employee has been a resident of this State for five years or more, then the offer is conditioned on consent to a State criminal history record check of the applicant or current employee applying for a change in employment status. A nursing home or a home care agency shall not employ an applicant who refuses to consent to a criminal history record check required by this section. In addition, a home care agency shall not change a current employee's employment status from a position that does not require entering the patient's home to a position that requires entering the patient's home who refuses to consent to a criminal history record check required by this section. Within five business days of making the conditional offer of employment, a nursing home or home care agency shall submit a request to the ~~Department of Justice~~Department of Public Safety under ~~G.S. 114-19.10~~G.S. 143B-939 to conduct a State or national criminal history record check required by this section, or shall submit a request to a private entity to conduct a State criminal history record check required by this section. Notwithstanding ~~G.S. 114-19.10~~G.S. 143B-939, the ~~Department of Justice~~Department of Public Safety shall return the results of national criminal history record checks for employment positions not covered by Public Law 105-277 to the Department of Health and Human Services, Criminal Records Check Unit. Within five business days of receipt of the national criminal history of the person, the Department of Health and Human Services, Criminal Records Check Unit, shall notify the nursing home or home care agency as to whether the information received may affect the employability of the applicant. In no case shall the results of the national criminal history record check be shared with the nursing home or home care agency. Nursing homes and home care agencies shall make available upon request verification that a criminal history check has been completed on any staff covered by this section. All criminal history information received by the home or agency is confidential and may not be disclosed, except to the applicant as provided in subsection (b) of this section.

(a1) Requirement; Contract Agency of Nursing Home or Home Care Agency. – An offer of employment by a contract agency of a nursing home or home care agency licensed under this Chapter to an applicant to fill a position that does not require the applicant to have an occupational license is conditioned upon consent to a criminal history record check of the applicant. If the applicant has been a resident of this State for less than five years, then the offer of employment is conditioned on consent to a State and national criminal history record check of the applicant. The national criminal history record check shall include a check of the applicant's fingerprints. If the applicant has been a resident of this State for five years or more,

1 then the offer is conditioned on consent to a State criminal history record check of the
2 applicant. A contract agency of a nursing home or home care agency shall not employ an
3 applicant who refuses to consent to a criminal history record check required by this section.
4 Within five business days of making the conditional offer of employment, a contract agency of
5 a nursing home or home care agency shall submit a request to the ~~Department of~~
6 ~~Justice~~Department of Public Safety under ~~G.S. 114-19.10~~G.S. 143B-939 to conduct a State or
7 national criminal history record check required by this section, or shall submit a request to a
8 private entity to conduct a State criminal history record check required by this section.
9 Notwithstanding ~~G.S. 114-19.10~~G.S. 143B-939, the ~~Department of Justice~~Department of
10 Public Safety shall return the results of national criminal history record checks for employment
11 positions not covered by Public Law 105-277 to the Department of Health and Human
12 Services, Criminal Records Check Unit. Within five business days of receipt of the national
13 criminal history of the person, the Department of Health and Human Services, Criminal
14 Records Check Unit, shall notify the contract agency of the nursing home or home care agency
15 as to whether the information received may affect the employability of the applicant. In no case
16 shall the results of the national criminal history record check be shared with the contract agency
17 of the nursing home or home care agency. Contract agencies of nursing homes and home care
18 agencies shall make available upon request verification that a criminal history check has been
19 completed on any staff covered by this section. All criminal history information received by the
20 contract agency is confidential and may not be disclosed, except to the applicant as provided by
21 subsection (b) of this section.

22 ...

23 (f) Conditional Employment. – A nursing home or home care agency may employ an
24 applicant conditionally prior to obtaining the results of a criminal history record check
25 regarding the applicant if both of the following requirements are met:

- 26 (1) The nursing home or home care agency shall not employ an applicant prior
27 to obtaining the applicant's consent for a criminal history record check as
28 required in subsection (a) of this section or the completed fingerprint cards
29 as required in ~~G.S. 114-19.10~~G.S. 143B-939.
30 (2) The nursing home or home care agency shall submit the request for a
31 criminal history record check not later than five business days after the
32 individual begins conditional employment.

33"

34 **SECTION 17.1.(hhh)** G.S. 143-143.10(b)(6) reads as rewritten:

35 "(6) To request that the Department of Justice conduct criminal history checks of
36 applicants for licensure pursuant to ~~G.S. 114-19.13~~G.S. 143B-944."

37 **SECTION 17.1.(iii)** G.S. 148-37.3(c) reads as rewritten:

38 "(c) Any private corporation described in subsection (a) of this section shall reimburse
39 the State and any county or other law enforcement agency for the full cost of any additional
40 expenses incurred by the State or the county or other law enforcement agency in connection
41 with the pursuit and apprehension of an escaped inmate from the facility.

42 In the event of an escape from the facility, any private corporation described in subsection
43 (a) of this section shall immediately notify the sheriff in the county in which the facility is
44 located, who shall cause an immediate entry into the ~~State Bureau of Investigation Division of~~
45 ~~Criminal Information network~~Department of Public Safety's Criminal Information Network.
46 The sheriff of the county in which the facility is located shall be the lead law enforcement
47 officer in connection with the pursuit and apprehension of an escaped inmate from the facility."

48 **SECTION 17.1.(jjj)** G.S. 153A-94.2 reads as rewritten:

49 "§ 153A-94.2. Criminal history record checks of employees permitted.

1 The board of commissioners may adopt or provide for rules and regulations or ordinances
2 concerning a requirement that any applicant for employment be subject to a criminal history
3 record check of State and National Repositories of Criminal Histories conducted by the
4 ~~Department of Justice~~ Department of Public Safety in accordance with
5 ~~G.S. 114-19.14~~ G.S. 143B-945. The local or regional public employer may consider the results
6 of these criminal history record checks in its hiring decisions."

7 **SECTION 17.1.(kkk)** G.S. 160A-164.2 reads as rewritten:

8 **"§ 160A-164.2. Criminal history record check of employees permitted.**

9 The council may adopt or provide for rules and regulations or ordinances concerning a
10 requirement that any applicant for employment be subject to a criminal history record check of
11 State and National Repositories of Criminal Histories conducted by the ~~Department of~~
12 ~~Justice~~ Department of Public Safety in accordance with ~~G.S. 114-19.14~~ G.S. 143B-945. The city
13 may consider the results of these criminal history record checks in its hiring decisions."

14 **SECTION 17.1.(lll)** G.S. 164-44(a) reads as rewritten:

15 "(a) The Commission shall have the secondary duty of collecting, developing, and
16 maintaining statistical data relating to sentencing, corrections, and juvenile justice so that the
17 primary duties of the Commission will be formulated using data that is valid, accurate, and
18 relevant to this State. All State agencies shall provide data as it is requested by the
19 Commission. For the purposes of ~~G.S. 114-19.1~~ G.S. 143B-930, the Commission shall be
20 considered to be engaged in the administration of criminal justice. All meetings of the
21 Commission shall be open to the public and the information presented to the Commission shall
22 be available to any State agency or member of the General Assembly."

23 **SECTION 17.1.(mmm)** Subpart C of Part 2 of Article 4 of Chapter 114 of the
24 General Statutes is amended by adding a new section to read:

25 **"§ 143B-926. Appointment and term of the Director of the State Bureau of Investigation.**

26 The Director of the State Bureau of Investigation shall be appointed by the Governor for a
27 term of eight years subject to confirmation by the General Assembly by joint resolution. The
28 name of the person to be appointed by the Governor shall be submitted by the Governor to the
29 General Assembly for confirmation by the General Assembly on or before May 1 of the year in
30 which the term for which the appointment is to be made expires. Upon failure of the Governor
31 to submit a name as herein provided, the President Pro Tempore of the Senate and the Speaker
32 of the House of Representatives jointly shall submit a name of an appointee to the General
33 Assembly on or before May 15 of the same year. The appointment shall then be made by
34 enactment of a bill. The bill shall state the name of the person being appointed, the office to
35 which the appointment is being made, the effective date of the appointment, the date of
36 expiration of the term, the county of residence of the appointee, and that the appointment is
37 made upon the joint recommendation of the Speaker of the House of Representatives and the
38 President Pro Tempore of the Senate. Nothing precludes any member of the General Assembly
39 from proposing an amendment to any bill making such an appointment."

40 **SECTION 17.1.(nnn)** Notwithstanding anything in G.S. 143B-926, as enacted by
41 subsection (mmm) of this section, to the contrary, the Governor shall appoint an acting Director
42 of the State Bureau of Investigation who shall serve until a new Director is appointed pursuant
43 to G.S. 143B-926. A Director shall be appointed pursuant to G.S. 143B-926 no later than June
44 1, 2015, for a term that shall end on June 30, 2023.

45 **SECTION 17.1.(ooo)** Notwithstanding any other provision of law, there shall be
46 no transfer of positions to or from the State Bureau of Investigation and no changes to the
47 authorized budget of the State Bureau of Investigation, as it existed on March 1, 2014, prior to
48 the transfer of the State Bureau of Investigation to the Department of Public Safety.

50 **ALCOHOL LAW ENFORCEMENT SECTION TRANSFER**

SECTION 17.1.(ppp) The Alcohol Law Enforcement Section shall be relocated as a branch under the State Bureau of Investigation.

SECTION 17.1.(qqq) G.S. 18B-500 reads as rewritten:

"§ 18B-500. Alcohol law-enforcement agents.

(a) Appointment. – The ~~Secretary of Public Safety~~Director of the State Bureau of Investigation shall appoint alcohol law-enforcement agents and other enforcement personnel. The ~~Secretary of Public Safety~~Director may also appoint regular employees of the Commission as alcohol law-enforcement agents. Alcohol law-enforcement agents shall be designated as "alcohol law-enforcement agents". Persons serving as reserve alcohol law-enforcement agents are considered employees of the Alcohol Law Enforcement Section for workers' compensation purposes while performing duties assigned or approved by the ~~Director-Head of the Alcohol Law Enforcement Section-Branch~~ or the ~~Director's-Head's~~ designee.

(b) Subject Matter Jurisdiction. – After taking the oath prescribed for a peace officer, an alcohol law-enforcement agent shall have authority to arrest and take other investigatory and enforcement actions for any criminal offense. The primary responsibility of an agent shall be enforcement of the ~~ABC laws, lottery laws, and Article 5 of Chapter 90 (The Controlled Substances Act); however, an agent may perform any law enforcement duty assigned by the Secretary of Public Safety or the Governor.~~ABC and lottery laws.

...

(g) Shifting of Personnel From One District to Another. – The ~~Director-Head~~ of the Alcohol Law Enforcement ~~Section-Branch~~, under rules adopted by the Department of Public Safety may, from time to time, shift the forces from one district to another or consolidate more than one district force at any point for special purposes. Whenever an agent of the Alcohol Law Enforcement Section is transferred from one district to another for the convenience of the State or for reasons other than the request of the agent, the Department shall be responsible for transporting the household goods, furniture, and personal apparel of the agent and members of the agent's household."

SECTION 17.1.(rrr) The following statutes are amended by deleting the word "Section" wherever it appears in uppercase and substituting "Branch": G.S. 18B-101(5), 18B-201, 18B-202, 18B-203, 18B-504, 18B-805, 18B-902, 18B-903, 18B-904, 19-2.1, 105-259(b)(15), and 143-652.1 through 143-658.

SECTION 17.1.(sss) G.S. 143-651 reads as rewritten:

"§ 143-651. Definitions.

The following definitions apply in this Article:

...

(4a) Branch. – The Alcohol Law Enforcement Branch of the State Bureau of Investigation.

...

(23b) Sanctioned amateur match. – Any match regulated by an amateur sports organization that has been recognized and approved by the ~~Section-Branch~~.

...

(~~24a~~) ~~Section.~~ – The Alcohol Law Enforcement Section of the Department of Public Safety.

...."

MISCELLANEOUS PROVISIONS

SECTION 17.1.(ttt) The Department of Public Safety shall consolidate ALE and SBI Regions and Regional Offices. These regional offices shall be operational by October 1, 2014.

SECTION 17.1.(uuu) The Department of Public Safety shall make the following reports on progress implementing this section to the Joint Legislative Oversight Committee on Justice and Public Safety:

- (1) An interim report on or before January 1, 2015.
- (2) A second interim report on or before April 1, 2015.
- (3) A final report on or before October 1, 2015. This report may include any recommendations for changes to applicable statutes.

SECTION 17.1.(vvv) Subsection (ooo) of this section is effective when it becomes law. The remainder of this section becomes effective July 1, 2014.

**TRANSFER THE NORTH CAROLINA STATE CRIME LABORATORY TO THE
DEPARTMENT OF PUBLIC SAFETY**

SECTION 17.2.(a) The North Carolina State Crime Laboratory and the State DNA Database and Databank are hereby transferred from the Department of Justice to the Department of Public Safety. This transfer shall have all of the elements of a Type I transfer, as described in G.S. 143A-6.

SECTION 17.2.(b) The Forensic Science Advisory Board is hereby transferred from the Department of Justice to the Department of Public Safety. This transfer shall have all of the elements of a Type I transfer, as described in G.S. 143A-6.

SECTION 17.2.(c) Article 9 of Chapter 114 of the General Statutes is recodified as Part 8 of Article 13 of Chapter 143B of the General Statutes, G.S. 143B-1205 through G.S. 143B-1208

SECTION 17.2.(d) G.S. 114-8.6 is recodified as G.S. 143B-1209 under Part 8 of Article 13 of Chapter 143B of the General Statutes, as created by subsection (c) of this section.

SECTION 17.2.(e) G.S. 7A-304(a) reads as rewritten:

"§ 7A-304. Costs in criminal actions.

(a) In every criminal case in the superior or district court, wherein the defendant is convicted, or enters a plea of guilty or nolo contendere, or when costs are assessed against the prosecuting witness, the following costs shall be assessed and collected. No costs may be assessed when a case is dismissed. Only upon entry of a written order, supported by findings of fact and conclusions of law, determining that there is just cause, the court may (i) waive costs assessed under this section or (ii) waive or reduce costs assessed under subdivision (7), (8), (11), or (12) of this section.

...

- (7) For the services of the North Carolina State Crime Laboratory facilities, the district or superior court judge shall, upon conviction, order payment of the sum of six hundred dollars (\$600.00) to be remitted to the ~~Department of Justice~~ Department of Public Safety for support of the Laboratory. This cost shall be assessed only in cases in which, as part of the investigation leading to the defendant's conviction, the laboratories have performed DNA analysis of the crime, tests of bodily fluids of the defendant for the presence of alcohol or controlled substances, or analysis of any controlled substance possessed by the defendant or the defendant's agent.

...

- (9) For the support and services of the State DNA Database and DNA Databank, the sum of two dollars (\$2.00). This amount is annually appropriated to the ~~Department of Justice~~ Department of Public Safety for this purpose. Notwithstanding the provisions of subsection (e) of this section, this cost does not apply to infractions.

...

(11) For the services of an expert witness employed by the North Carolina State Crime Laboratory who completes a chemical analysis pursuant to G.S. 20-139.1 or a forensic analysis pursuant to G.S. 8-58.20 and provides testimony about that analysis in a defendant's trial, the district or superior court judge shall, upon conviction of the defendant, order payment of the sum of six hundred dollars (\$600.00) to be remitted to the ~~Department of Justice~~ Department of Public Safety for support of the State Crime Laboratory. This cost shall be assessed only in cases in which the expert witness provides testimony about the chemical or forensic analysis in the defendant's trial and shall be in addition to any cost assessed under subdivision (7) of this subsection.

...."

SECTION 17.2.(f) G.S. 15A-266.2(1c) reads as rewritten:

"§ 15A-266.2. Definitions.

As used in this Article, unless another meaning is specified or the context clearly requires otherwise, the following terms have the meanings specified:

...

(1c) "Crime Laboratory" means the North Carolina State Crime Laboratory of the ~~Department of Justice~~ Department of Public Safety.

...."

SECTION 17.2.(g) G.S. 15A-266.3A(d) reads as rewritten:

"(d) After taking a DNA sample from an arrested person required to provide a DNA sample pursuant to this section, the person taking the DNA sample shall provide the arrested person with a written notice of the procedures for seeking an expunction of the DNA sample pursuant to subsections (h), (i), (j), (k), and (l) of this section. The ~~Department of Justice~~ Department of Public Safety shall provide the written notice required by this subsection."

SECTION 17.2.(h) G.S. 114-60, as recodified as G.S. 143B-1205 by subsection (c) of this section, reads as rewritten:

"§ 143B-1205. Laboratory and clinical facilities; employment of criminologists; services of scientists, etc., employed by State; radio system.State.

In the ~~Department of Justice~~ Department of Public Safety there shall be provided laboratory facilities for the analysis of evidences of crime, including the determination of presence, quantity and character of poisons, the character of bloodstains, microscopic and other examination material associated with the commission of crime, examination and analysis of projectiles of ballistic imprints and records which might lead to the determination or identification of criminals, the examination and identification of fingerprints, and other evidence leading to the identification, apprehension, or conviction of criminals. A sufficient number of persons skilled in such matters shall be employed to render a reasonable service to the public through the criminal justice system and to the criminal justice system in the discharge of their duties.

The laboratory and clinical facilities of the institutions of the State, both educational and departmental, shall be made available to the Laboratory, and scientists and doctors now working for the State through its institutions and departments may be called upon by the Governor to aid the Laboratory in the evaluation, preparation, and preservation of evidence in which scientific methods are employed, and a reasonable fee may be allowed by the Governor for such service.

The Director of the State Crime Laboratory shall be subject to the direction and control of the Secretary of Public Safety."

1 **SECTION 17.2.(i)** G.S. 114-61, as recodified as G.S. 143B-1206 by subsection (c)
2 of this section, reads as rewritten:

3 **"§ 143B-1206. Forensic Science Advisory Board.**

4 (a) Creation and Membership. – The North Carolina Forensic Science Advisory Board
5 (Board) is hereby established as an advisory board within the ~~Department of~~
6 ~~Justice.~~Department of Public Safety. The Board shall consist of 16 members, consisting of the
7 State Crime Laboratory Director, and 15 members appointed by the ~~Attorney General~~Secretary
8 of Public Safety as follows:

9 ...

10 A chairman shall be elected from among the members appointed, and staff shall be
11 provided by the ~~Department of Justice.~~Department of Public Safety.

12 (b) Meetings. – The Board shall meet quarterly and at such other times and places as it
13 determines. Members of the Board cannot designate a proxy to vote in their absence.

14 (c) Terms. – Members of the Board initially appointed shall serve the following terms:
15 five members shall serve a term of two years; five members shall serve a term of three years;
16 and five members shall serve a term of four years. Thereafter, all appointments shall be for a
17 term of four years. A vacancy other than by expiration of term shall be filled by the ~~Attorney~~
18 ~~General~~Secretary of Public Safety for the unexpired term. Members of the Board cannot
19 designate a proxy to vote in their absence.

20 "

21 **SECTION 17.2.(j)** G.S. 114-62, as recodified as G.S. 143B-1207 by subsection (c)
22 of this section, reads as rewritten:

23 **"§ 143B-1207. North Carolina State Crime Laboratory Ombudsman.**

24 The position of ombudsman is created in the North Carolina State Crime Laboratory within
25 the ~~North Carolina Department of Justice.~~Department of Public Safety. The primary purpose
26 of this position shall be to work with defense counsel, prosecutorial agencies, criminal justice
27 system stakeholders, law enforcement officials, and the general public to ensure all processes,
28 procedures, practices, and protocols at the State Crime Laboratory are consistent with State and
29 federal law, best forensic law practices, and in the best interests of justice in this State. The
30 ombudsman shall mediate complaints brought to the attention of the ombudsman between the
31 Crime Laboratory and defense counsel, prosecutorial agencies, law enforcement agencies, and
32 the general public. The ombudsman shall ensure all criminal justice stakeholders and the
33 general public are aware of the availability, responsibilities, and role of the ombudsman and
34 shall regularly attend meetings of the Conferences of the District Attorneys, District and
35 Superior Court Judges, Public Defenders, the Advocates for Justice, and Bar Criminal Law
36 Sections. The ombudsman shall make recommendations on a regular basis to the Director of
37 the State Crime Laboratory and the ~~Attorney General of North Carolina~~Secretary of Public
38 Safety as to policies, procedures, practices, and training of employees needed at the Laboratory
39 to ensure compliance with State and federal law, best forensic law practices, and to resolve any
40 meritorious systemic complaints received by the ombudsman."

41 **SECTION 17.2.(k)** G.S. 114-8.6, as recodified as G.S. 143B-1209 by subsection
42 (d) of this section, reads as rewritten:

43 **"§ 143B-1209. Designation of State Crime Laboratory as Internet Crimes Against**
44 **Children affiliated agency.**

45 The ~~Attorney General~~Secretary of Public Safety shall designate the North Carolina State
46 Crime Laboratory as a North Carolina Internet Crimes Against Children (ICAC) affiliated
47 agency."

48 **SECTION 17.2.(l)** Notwithstanding any other provision of law, there shall be no
49 transfer of positions to or from the State Crime Laboratory and no changes to the authorized

1 budget of the State Crime Laboratory, as it existed on March 1, 2014, prior to the transfer of the
2 State Crime Laboratory to the Department of Public Safety.

3 **SECTION 17.2.(m)** Section 17.2 of S.L. 2013-360 is repealed.

4 **SECTION 17.2.(n)** Part 8 of Article 13 of Chapter 143B of the General Statutes, as
5 created by subsection (c) of this section, is amended by adding a new section to read:

6 **"§ 143B-1210. Annual Crime Laboratory report.**

7 No later than October 1 every year, the Department of Public Safety shall report on the
8 work of the North Carolina State Crime Laboratory during the previous fiscal year. The reports
9 required by this section shall be filed with the Chairs of the Joint Legislative Oversight
10 Committee on Justice and Public Safety and with the Fiscal Research Division. Each report
11 shall include at least the following:

- 12 (1) Information about the workload of the Laboratory during the previous fiscal
13 year, including the number of submissions, identified by forensic discipline,
14 received at each location of the Laboratory.
- 15 (2) Information about the number of cases completed in the previous fiscal year,
16 identified by forensic discipline, at each location of the Laboratory.
- 17 (3) A breakdown by county of the number of submissions received by the
18 Laboratory in the previous fiscal year.
- 19 (4) An average estimate of the dollar and time cost to perform each type of
20 procedure and analysis performed by the Laboratory."

21 **SECTION 17.2.(o)** Section 17.4 of S.L. 2013-360 reads as rewritten:

22 **"USE OF TOXICOLOGY ANALYSIS FUNDS**

23 **"SECTION 17.4.** If the ~~Attorney General~~ Secretary of the Department of Public Safety
24 determines that it is not appropriate to outsource toxicology cases due to legal or fiscal
25 concerns involving analyst testimony, funds appropriated in this act for that purpose shall be
26 reallocated to increase toxicology analysis capabilities within the North Carolina State Crime
27 Laboratory."

28 **SECTION 17.2.(p)** Section 17.5 of S.L. 2013-360 reads as rewritten:

29 **"NO HIRING OF SWORN STAFF POSITIONS FOR THE NORTH CAROLINA**
30 **STATE CRIME LABORATORY**

31 **"SECTION 17.5.** The ~~Department of Justice~~ Department of Public Safety shall not hire
32 sworn personnel to fill vacant positions in the North Carolina State Crime Laboratory. Nothing
33 in this section shall be construed to require the termination of sworn personnel, but as vacant
34 positions in the State Laboratory are filled, they shall be filled only with nonsworn personnel.
35 Nothing in this section shall be construed to affect North Carolina State Crime Laboratory
36 personnel who are sworn and employed by the Laboratory as of the effective date of this
37 section and who continue to meet the sworn status retention standards mandated by the NC
38 Criminal Justice Education and Standards Commission."

39 **SECTION 17.2.(q)** Subsection (l) of this section is effective when it becomes law.
40 The remainder of this section becomes effective on July 1, 2014.

41
42 **PART XVIII. JUDICIAL DEPARTMENT**

43
44 **SUBPART XVIII-A. OFFICE OF INDIGENT DEFENSE SERVICES**

45
46 **INDIGENT DEFENSE SERVICES FEE TRANSPARENCY**

47 **SECTION 18A.1.** The Office of Indigent Defense Services, in consultation and
48 cooperation with the Office of the State Controller and the Office of State Budget and
49 Management, shall develop and implement a plan for making all fee applications by attorneys
50 publicly available online. The plan shall provide for (i) the information to be updated at least

monthly, (ii) the fee applications to be searchable, and (iii) all fee applications in capital cases to be clearly labeled as such. The Office of Indigent Defense Services shall report on the development and implementation of this plan to the Chairs of the Senate and House Appropriations Subcommittees on Justice and Public Safety by October 1, 2014.

SUBPART XVIII-B. ADMINISTRATIVE OFFICE OF THE COURTS

AMEND VARIOUS PROVISIONS REQUIRING REPORTS ON THE OPERATIONS OF THE COURTS

SECTION 18B.1.(a) G.S. 7A-343 reads as rewritten:

"§ 7A-343. Duties of Director.

The Director is the Administrative Officer of the Courts, and the Director's duties include all of the following:

...

- (8) Prepare and submit an annual report on the work of the Judicial Department to the Chief Justice, and transmit a copy to ~~each member of the General Assembly~~ the Chairs of the Joint Legislative Oversight Committee on Justice and Public Safety. The annual report shall include the activities of each North Carolina Business Court site, including the number of new, closed, and pending cases, the average age of pending cases, and the annual expenditures for the prior fiscal year.

...."

SECTION 18B.1.(b) G.S. 7A-343.2 reads as rewritten:

"§ 7A-343.2. Court Information Technology Fund.

(a) Fund. – The Court Information Technology Fund is established within the Judicial Department as a special revenue fund. Interest and other investment income earned by the Fund accrues to it. The Fund consists of the following revenues:

- (1) All monies collected by the Director pursuant to G.S. 7A-109(d) and G.S. 7A-49.5.
- (2) State judicial facilities fees credited to the Fund under G.S. 7A-304 through G.S. 7A-307.

(b) Use. – Money in the Fund derived from State judicial facilities fees must be used to upgrade, maintain, and operate the judicial and county courthouse phone systems. All other monies in the Fund must be used to supplement funds otherwise available to the Judicial Department for court information technology and office automation needs.

(c) Report. – The Director must report annually by ~~August 1 and~~ February 1 of each year to the ~~Joint Legislative Commission on Governmental Operations, the Chairs of the Senate and House Appropriations Committees, and the~~ Chairs of the Joint Legislative Oversight Committee on Justice and Public Safety and the Chairs of the Senate and House Appropriations Subcommittees on Justice and Public Safety. The report must include the following:

- (1) Amounts credited in the preceding ~~six months~~ year to the Fund.
- (2) Amounts expended in the preceding ~~six months~~ year from the Fund and the purposes of the expenditures.
- (3) Proposed expenditures of the monies in the Fund."

SECTION 18B.1.(c) G.S. 7A-809 reads as rewritten:

"§ 7A-809. Reports.

The Conference of Clerks of Superior Court shall, in consultation with the registers of deeds, annually study the status of the individual counties and judicial districts as to whether or not the clerks of superior court or the registers of deeds are implementing G.S. 132-1.10(f1) and report results of the study to the ~~Joint Legislative Commission on Governmental~~

1 ~~Operations~~ Joint Legislative Oversight Committee on Justice and Public Safety on or before
2 March 1 of each year."

3 **SECTION 18B.1.(d)** Section 15.4 of S.L. 2009-451 is repealed.

4 **SECTION 18B.1.(e)** Article 7 of Chapter 7A of the General Statutes is amended
5 by adding a new section to read:

6 **"§ 7A-45.5. Annual report on Business Court activities.**

7 The Administrative Office of the Courts shall report to the Chairs of the House of
8 Representatives Appropriations Subcommittee on Justice and Public Safety and the Senate
9 Appropriations Committee on Justice and Public Safety by March 1 of each year on the
10 activities of each North Carolina Business Court site, including the number of new, closed, and
11 pending cases, average age of pending cases, and annual expenditures for the prior fiscal year."

12 **SECTION 18B.1.(f)** Section 18B.2 of S.L. 2013-360 is repealed.

13 **SECTION 18B.1.(g)** G.S. 15A-1475 reads as rewritten:

14 **"§ 15A-1475. Reports.**

15 ~~Beginning January 1, 2008, and annually thereafter, the~~ The North Carolina Innocence
16 Inquiry Commission shall report annually by February 1 of each year on its activities to the
17 Joint Legislative Oversight Committee on Justice and Public Safety and the State Judicial
18 Council. The report may contain recommendations of any needed legislative changes related to
19 the activities of the Commission. The report shall recommend the funding needed by the
20 Commission, the district attorneys, and the State Bureau of Investigation in order to meet their
21 responsibilities under S.L. 2006-184. Recommendations concerning the district attorneys or the
22 State Bureau of Investigation shall only be made after consultations with the North Carolina
23 Conference of District Attorneys and the Attorney General."

24 **SECTION 18B.1.(h)** G.S. 7A-38.6 is repealed.

25 **SECTION 18B.1.(i)** G.S. 7A-409.1(g) reads as rewritten:

26 "(g) The State Judicial Council shall report annually to the ~~General Assembly~~ Chairs of
27 the Joint Legislative Oversight Committee on Justice and Public Safety and the Chief Justice ~~no~~
28 ~~later than December 31, 2009, and no later than December 31 of every third year,~~ regarding the
29 implementation of S.L. 2006-184 S.L. 2006-184, the act creating the North Carolina Innocence
30 Inquiry Commission, and shall include in its report the statistics regarding inquiries and any
31 recommendations for changes. The House of Representatives and the Senate shall refer the
32 report of the State Judicial Council to the Joint Legislative Oversight Committee on Justice and
33 Public Safety and such other committees as the Speaker of the House of Representatives or the
34 President Pro Tempore of the Senate shall deem appropriate, for their review."

35 **SECTION 18B.1.(j)** Section 18A.1 of S.L. 2013-360 is repealed.

36 **SECTION 18B.1.(k)** Article 39B of Chapter 7A of the General Statutes is
37 amended by adding a new section to read:

38 **"§ 7A-498.9. Annual report on Office of Indigent Defense Services.**

39 The Office of Indigent Defense Services shall report to the Chairs of the Joint Legislative
40 Oversight Committee on Justice and Public Safety and the Chairs of the House of
41 Representatives Subcommittee on Justice and Public Safety and the Chairs of the Senate
42 Appropriations Committee on Justice and Public Safety by February 1 of each year on the
43 following:

- 44 (1) The volume and cost of cases handled in each district by assigned counsel or
45 public defenders;
- 46 (2) Actions taken by the Office to improve the cost-effectiveness and quality of
47 indigent defense services, including the capital case program;
- 48 (3) Plans for changes in rules, standards, or regulations in the upcoming year;
49 and

(4) Any recommended changes in law or funding procedures that would assist the Office in improving the management of funds expended for indigent defense services, including any recommendations concerning the feasibility and desirability of establishing regional public defender offices."

SECTION 18B.1.(l) Section 18A.4 of S.L. 2013-360 reads as rewritten:

"SECTION 18A.4. The Office of Indigent Defense Services shall issue a request for proposals from private law firms or not-for-profit legal representation organizations for the provision of all classes of legal cases for indigent clients in all judicial districts. The Office of Indigent Defense Services shall report on the issuance of this request for proposals to the ~~Joint Legislative Commission on Governmental Operations by October 1, 2013.~~Chairs of the Joint Legislative Oversight Committee on Justice and Public Safety by October 1 of each year. In cases where the proposed contract can provide representation services more efficiently than current costs and ensure that the quality of representation is sufficient to meet applicable constitutional and statutory standards, the Office of Indigent Defense Services shall use private assigned counsel funds to enter into contracts for this purpose. In selecting contracts, the Office of Indigent Defense Services shall consider the cost-effectiveness of the proposed contract. Disputes regarding the ability of the potential contractor to provide effective representation for clients served by the contract shall be determined by the senior resident superior court judge for the district."

ANNUAL REPORT ON CRIMINAL COURT COST WAIVERS

SECTION 18B.2. Section 15.10(b) of S.L. 2011-145 reads as rewritten:

"SECTION 15.10.(b) The Administrative Office of the Courts shall make the necessary modifications to its information systems to maintain records of all cases in which the judge makes a finding of just cause to grant a waiver of criminal court costs under G.S. 7A-304(a) and shall report on those waivers to the ~~Joint Legislative Commission on Governmental Operations by October 1~~Chairs of the Senate and House Appropriations Subcommittees on Justice and Public Safety by February 1 of each year. The report shall aggregate the waivers by the district in which the waiver or waivers were granted and by the name of each judge granting a waiver or waivers."

COMPENSATION OF COURT REPORTERS

SECTION 18B.3. Section 18B.21 of S.L. 2013-360 reads as rewritten:

"SECTION 18B.21. The Administrative Office of the Courts, in consultation with the National Center for State Courts, shall study the most effective and efficient deployment of court reporters to produce timely records of court proceedings and the most appropriate and effective compensation for court reporters. The Administrative Office of the Courts shall make an interim report of its findings and recommendations to the Chairs of the Joint Legislative Oversight Committee on Justice and Public Safety by February 1, 2014.~~February 1, 2014,~~ and a final report of its findings and recommendations by September 1, 2014."

FAMILY COURT PROGRAMS

SECTION 18B.4. Section 18B.6 of S.L. 2013-360 reads as rewritten:

"SECTION 18B.6. The Administrative Office of the Courts shall provide direction and oversight to the existing family court programs in order to ensure that each district with a family court program is utilizing best practices and is working effectively and efficiently in the disposition of domestic and juvenile cases. The Administrative Office of the Courts shall report on its efforts in this regard and the results of those efforts to the Chairs of the House of Representatives Appropriations Subcommittee on Justice and Public Safety, the Senate

Appropriations Committee on Justice and Public Safety, and the Joint Legislative Oversight Committee on Justice and Public Safety by ~~March 1, 2014.~~ March 1 of each year."

TRAINING FOR SUPERIOR AND DISTRICT COURT JUDGES

SECTION 18B.5. The School of Government at the University of North Carolina at Chapel Hill shall ensure that the continuing judicial training conducted by its faculty on behalf of the Conference of District Court Judges and the Conference of Superior Court Judges provides annual training for superior and district court judges in the State on the work of the State Crime Laboratory and the proper custody and handling of biological evidence in the court system.

ABOLISH FOUR SPECIAL SUPERIOR COURT JUDGESHIPS

SECTION 18B.6. G.S. 7A-45.1 is amended by adding a new subsection to read:

"(a8) Notwithstanding any other provision of this section, the four special superior court judgeships held as of April 1, 2014, by judges whose terms expire between July 1, 2014, and June 30, 2016, and who had not been designated under G.S. 7A-45.3 as business court judges, are abolished when any of the following first occurs:

- (1) Retirement of the incumbent judge.
- (2) Resignation of the incumbent judge.
- (3) Removal from office of the incumbent judge.
- (4) Death of the incumbent judge.
- (5) Expiration of the term of the incumbent judge."

ALLOCATION OF ASSISTANT DISTRICT ATTORNEYS

SECTION 18B.7.(a) G.S. 7A-60 reads as rewritten:

"§ 7A-60. District attorneys and prosecutorial districts.

...

(a1) The counties of the State are organized into prosecutorial districts, and each district has the counties ~~and the number of full time assistant district attorneys~~ set forth in the following table:

Prosecutorial District	Counties	No. of Full-Time Asst. District Attorneys
1	Camden, Chowan, Currituck, Dare, Gates, Pasquotank, Perquimans	11
2	Beaufort, Hyde, Martin, Tyrrell, Washington	8
3A	Pitt	11
3B	Carteret, Craven, Pamlico	12
4	Duplin, Jones, Onslow, Sampson	18
5	New Hanover, Pender	18
6A	Halifax	5
6B	Bertie, Hertford, Northampton	5
7	Edgecombe, Nash, Wilson	18
8	Greene, Lenoir, Wayne	14
9	Franklin, Granville, Vance, Warren	10

1	9A	Person, Caswell	6
2	10	Wake	41
3	11A	Harnett, Lee	9
4	11B	Johnston	10
5	12	Cumberland	23
6	13	Bladen, Brunswick, Columbus	13
7	14	Durham	18
8	15A	Alamance	11
9	15B	Orange, Chatham	10
10	16A	Scotland, Hoke	7
11	16B	Robeson	12
12	17A	Rockingham	7
13	17B	Stokes, Surry	8
14	18	Guilford	32
15	19A	Cabarrus	9
16	19B	Montgomery, Randolph	9
17	19C	Rowan	8
18	19D	Moore	5
19	20A	Anson, Richmond,	11
20		Stanly	
21	20B	Union	10
22	21	Forsyth	25
23	22A	Alexander, Iredell	11
24	22B	Davidson, Davie	11
25	23	Alleghany, Ashe, Wilkes,	8
26		Yadkin	
27	24	Avery, Madison, Mitchell,	7
28		Watauga, Yancey	
29	25	Burke, Caldwell, Catawba	18
30	26	Mecklenburg	58
31	27A	Gaston	14
32	27B	Cleveland,	11
33		Lincoln	
34	28	Buncombe	14
35	29A	McDowell, Rutherford	7
36	29B	Henderson, Polk, Transylvania	8
37	30	Cherokee, Clay, Graham,	10
38		Haywood, Jackson, Macon,	
39		Swain.	

(a2) Upon the convening of each regular session of the General Assembly and its reconvening in the even-numbered year, the Administrative Office of the Courts shall report 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~~ has allocated to each prosecutorial district and the caseload and criteria 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 on Justice and Public, and the Fiscal Research Division.

...."

SECTION 18B.7.(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, allocated by the Administrative Office of the Courts,~~ to be appointed by the district attorney, to serve at his 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. ~~He~~ The district attorney shall devote his or her full time to the duties of his the office and shall not engage in the private practice of law during his or her term."

POSSESSION OF MARIJUANA PARAPHERNALIA/CLASS 3 MISDEMEANOR

SECTION 18B.8.(a) G.S. 90-113.22 reads as rewritten:

"§ 90-113.22. Possession of drug paraphernalia.

(a) It is unlawful for any person to knowingly use, or to possess with intent to use, drug paraphernalia to plant, propagate, cultivate, grow, harvest, manufacture, compound, convert, produce, process, prepare, test, analyze, package, repackage, store, contain, or conceal a controlled substance which it would be unlawful to possess, or to inject, ingest, inhale, or otherwise introduce into the body a controlled substance which it would be unlawful to possess.

(b) ~~Violation~~ Except as provided in G.S. 90-113.22A, a violation of this section is a Class 1 misdemeanor.

(c) Prior to searching a person, a person's premises, or a person's vehicle, an officer may ask the person whether the person is in possession of a hypodermic needle or other sharp object that may cut or puncture the officer or whether such a hypodermic needle or other sharp object is on the premises or in the vehicle to be searched. If there is a hypodermic needle or other sharp object on the person, on the person's premises, or in the person's vehicle and the person alerts the officer of that fact prior to the search, the person shall not be charged with or prosecuted for possession of drug paraphernalia for the needle or sharp object. The exemption under this subsection does not apply to any other drug paraphernalia that may be present and found during the search. For purposes of this subsection, the term "officer" includes "criminal justice officers" as defined in G.S. 17C-2(3) and a "justice officer" as defined in G.S. 17E-2(3)."

SECTION 18B.8.(b) Article 5B of Chapter 90 of the General Statutes is amended by adding a new section to read:

"§ 90-113.22A. Possession of marijuana drug paraphernalia.

(a) It is unlawful for any person to knowingly use, or to possess with intent to use, drug paraphernalia to plant, propagate, cultivate, grow, harvest, manufacture, compound, convert, produce, process, prepare, test, analyze, package, repackage, store, contain, or conceal marijuana, or to inject, ingest, inhale, or otherwise introduce marijuana into the body.

(b) A violation of this section is a Class 3 misdemeanor."

SECTION 18B.8.(c) This section becomes effective December 1, 2014, and applies to offenses committed on or after that date.

AMEND DEFERRED PROSECUTION

SECTION 18B.9.(a) G.S. 15A-1341(a1) reads as rewritten:

"(a1) Deferred Prosecution. – ~~A person who has been charged with~~ Whenever a person pleads guilty to or is found guilty of a Class H or I felony or a misdemeanor may be placed misdemeanor, the court may, without entering a judgment of guilt and with the consent of the person, defer further proceedings and place the person on probation as provided in this Article on motion of the defendant and the prosecutor if the court finds each of the following facts:

- (1) Prosecution has been deferred by the prosecutor pursuant to written agreement with the defendant, with the approval of the court, for the purpose of allowing the defendant to demonstrate ~~his~~the defendant's good conduct.
- (2) Each known victim of the crime has been notified of the motion for probation by subpoena or certified mail and has been given an opportunity to be heard.
- (3) The defendant has not been convicted of any felony or of any misdemeanor involving moral turpitude.
- (4) The defendant has not previously been placed on probation and so states under oath.
- (5) The defendant is unlikely to commit another offense other than a Class 3 misdemeanor."

SECTION 18B.9.(b) This section becomes effective December 1, 2014, and applies to offenses committed on or after that date.

**UNLAWFUL TO CHARGE FEE TO RETRACT OR REMOVE BOOKING PHOTO
AND OTHER CRIMINAL RECORD INFORMATION WHEN NO CONVICTION**

SECTION 18B.10.(a) Article 23 of Chapter 15A of the General Statutes is amended by adding a new section to read:

"§ 15A-502.2. Prohibition on providing copy of booking photograph; statement required; criminal liability for false statement.

(a) Notwithstanding the provisions of G.S. 132-1, a law enforcement agency shall not provide a copy of a photograph taken pursuant to G.S. 15A-502(a)(1) or G.S. 15A-502(a2) or authorized by G.S. 15A-502(b) in any format to a person requesting a copy of the photograph for the following purposes:

- (1) The photograph will be placed in a publication or posted to a Web site; and
- (2) Removal of the photograph from the publication or Web site will require the payment of a fee or other consideration.

(b) A person who requests a copy of a photograph taken pursuant to G.S. 15A-502(a)(1) or G.S. 15A-502(a2) or authorized by G.S. 15A-502(b) from a law enforcement agency shall, at the time of making the request, submit a written statement signed by the person affirming that the photograph will not be placed in a publication or posted to a Web site that requires the payment of a fee or other consideration in order to remove or delete the photograph from the publication or Web site. A person who submits a false statement under this subsection is criminally liable under G.S. 14-101.1."

SECTION 18B.10.(b) Article 19 of Chapter 14 of the General Statutes is amended by adding a new section to read:

"§ 14-101.1. Written false statement to law enforcement agency to obtain booking photograph.

Any person who, with the intent to deceive a law enforcement agency, submits a false statement to obtain a photograph under G.S. 15A-502.2 is guilty of a Class 1 misdemeanor."

SECTION 18B.10.(c) Article 1 of Chapter 75 of the General Statutes is amended by adding a new section to read:

"§ 75-43. Unfair use of criminal record information.

(a) The violation of any provision of this section shall be considered an unfair trade practice, as prohibited by G.S. 75-1.1.

(b) A person commits a violation under this section if the person does both of the following:

- (1) Engages in publishing or otherwise disseminating, in print or over the Internet, photographs of an individual taken pursuant to G.S. 15A-502(a)(1) or G.S. 15A-502(a2) or authorized by G.S. 15A-502(b); and
- (2) Solicits or accepts the payment of a fee or other consideration to remove the individual's photograph when the individual is acquitted or the charges are dropped or otherwise resolved without a conviction.

(c) Any publisher of a print publication or operator of an Internet Web site that contains criminal record information of a person charged with a crime shall, within 15 days after written notification from the person or the person's designee, remove, or retract if removal is not possible, criminal record information and any other personal information if the person is acquitted or the charges are dropped or otherwise resolved without a conviction. The removal or retraction shall be without charge to the person. Failure of the publisher or operator to remove the person's name or personal information shall result in a civil penalty of one hundred dollars (\$100.00) per instance per week and, after 45 days, shall create a presumption of defamation of character of the person.

(d) For the purposes of this section, "criminal record information" includes any and all of the following:

- (1) Descriptions or notations of any arrests, any formal criminal charges, and the disposition of those criminal charges.
- (2) Photographs of the person taken pursuant to an arrest or other involvement in the criminal justice system.
- (3) Personal identifying information, including a person's name, address, date of birth, photograph, and social security number or other government-issued identification number.
- (4) Any information collected pursuant to Article 23 of Chapter 15A of the General Statutes."

SECTION 18B.10.(d) This section becomes effective December 1, 2014. Subsection (a) of this section applies to requests made on or after December 1, 2014. Subsection (b) of this section applies to offenses committed on or after December 1, 2014. Subsection (c) of this section applies to photographs and other criminal record information published or disseminated on or after December 1, 2014.

INCREASE PENALTY FOR CRIMINAL OFFENSE OF CARRYING A CONCEALED WEAPON WHEN WEAPON IS A GUN

SECTION 18B.11.(a) G.S. 14-269(c) reads as rewritten:

"(c) Any person violating the provisions of subsection (a) of this section shall be guilty of a Class 2 misdemeanor. Any person violating the provisions of subsection (a1) of this section shall be guilty of a ~~Class 2 misdemeanor~~ Class A1 misdemeanor for the first offense. A second or subsequent offense is punishable as a ~~Class I felony~~ Class H felony."

SECTION 18B.11.(b) This section becomes effective December 1, 2014, and applies to offenses committed on or after that date.

MAINTAIN TRIAL COURT ADMINISTRATOR

SECTION 18B.13. The Administrative Office of the Courts shall maintain the trial court administrator position serving Superior Court Districts 7B and 7C and ensure that the position remains filled during the 2014-2015 fiscal year.

AUTHORIZE THE COURT TO ASSESS A FEE FOR THE COSTS OF THE SERVICES OF A PRIVATE HOSPITAL PERFORMING TOXICOLOGICAL TESTING FOR A PROSECUTORIAL DISTRICT

SECTION 18B.14.(a) G.S. 7A-304(a) reads as rewritten:

"(a) In every criminal case in the superior or district court, wherein the defendant is convicted, or enters a plea of guilty or nolo contendere, or when costs are assessed against the prosecuting witness, the following costs shall be assessed and collected. No costs may be assessed when a case is dismissed. Only upon entry of a written order, supported by findings of fact and conclusions of law, determining that there is just cause, the court may (i) waive costs assessed under this section or (ii) waive or reduce costs assessed under subdivision (7), (8), (8a), (11), or (12), or (13) of this section.

...

(7) For the services of the North Carolina State Crime Laboratory facilities, the district or superior court judge shall, upon conviction, order payment of the sum of six hundred dollars (\$600.00) to be remitted to the Department of Justice for support of the Laboratory. This cost shall be assessed only in cases in which, as part of the investigation leading to the defendant's conviction, the laboratories have performed DNA analysis of the crime, tests of bodily fluids of the defendant for the presence of alcohol or controlled substances, or analysis of any controlled substance possessed by the defendant or the defendant's agent.

(8) For the services of any crime laboratory facility operated by a local government or group of local governments, the district or superior court judge shall, upon conviction, order payment of the sum of six hundred dollars (\$600.00) to be remitted to the general fund of the local governmental unit that operates the laboratory to be used for law enforcement purposes. The cost shall be assessed only in cases in which, as part of the investigation leading to the defendant's conviction, the laboratory has performed DNA analysis of the crime, test of bodily fluids of the defendant for the presence of alcohol or controlled substances, or analysis of any controlled substance possessed by the defendant or the defendant's agent. The costs shall be assessed only if the court finds that the work performed at the local government's laboratory is the equivalent of the same kind of work performed by the North Carolina State Crime Laboratory under subdivision (7) of this subsection.

(8a) For the services of any private hospital performing toxicological testing under contract with a prosecutorial district, the district or superior court judge shall, upon conviction, order payment of the sum of six hundred dollars (\$600.00) to be remitted to the Judicial Department for reimbursement to and support of the prosecutorial district. The cost shall be assessed only in cases in which, as part of the investigation leading to the defendant's conviction, the laboratory has performed testing of bodily fluids of the defendant for the presence of alcohol or controlled substances. The costs shall be assessed only if the court finds that the work performed by the local hospital is the equivalent of the same kind of work performed by the North Carolina State Crime Laboratory under subdivision (7) of this subsection.

...

(11) For the services of an expert witness employed by the North Carolina State Crime Laboratory who completes a chemical analysis pursuant to G.S. 20-139.1 or a forensic analysis pursuant to G.S. 8-58.20 and provides testimony about that analysis in a defendant's trial, the district or superior court judge shall, upon conviction of the defendant, order payment of the

sum of six hundred dollars (\$600.00) to be remitted to the Department of Justice for support of the State Crime Laboratory. This cost shall be assessed only in cases in which the expert witness provides testimony about the chemical or forensic analysis in the defendant's trial and shall be in addition to any cost assessed under subdivision (7) of this subsection.

(12) For the services of an expert witness employed by a crime laboratory operated by a local government or group of local governments who completes a chemical analysis pursuant to G.S. 20-139.1 or a forensic analysis pursuant to G.S. 8-58.20 and provides testimony about that analysis in a defendant's trial, the district or superior court judge shall, upon conviction of the defendant, order payment of the sum of six hundred dollars (\$600.00) to be remitted to the general fund of the local governmental unit that operates the laboratory to be used for local law enforcement. This cost shall be assessed only in cases in which the expert witness provides testimony about the chemical or forensic analysis in the defendant's trial and shall be in addition to any cost assessed under subdivision (8) of this subsection.

(13) For the services of an expert witness employed by a private hospital performing toxicological testing under contract with a prosecutorial district who completes a chemical analysis pursuant to G.S. 20-139.1 and provides testimony about that analysis in a defendant's trial, the district or superior court judge shall, upon conviction of the defendant, order payment of the sum of six hundred dollars (\$600.00) to be remitted to the Judicial Department for reimbursement to and support of the prosecutorial district. This cost shall be assessed only in cases in which the expert witness provides testimony about the chemical analysis in the defendant's trial and shall be in addition to any cost assessed under subdivision (8a) of this subsection."

SECTION 18B.14.(b) This section becomes effective July 1, 2014, and applies to fees assessed or collected on or after that date.

REPEAL OF TRANSFER OF CERTAIN FEE PROCEEDS TO THE NC STATE BAR

SECTION 18B.15.(a) G.S. 7A-304(a)(4) reads as rewritten:

"(a) In every criminal case in the superior or district court, wherein the defendant is convicted, or enters a plea of guilty or nolo contendere, or when costs are assessed against the prosecuting witness, the following costs shall be assessed and collected. No costs may be assessed when a case is dismissed. Only upon entry of a written order, supported by findings of fact and conclusions of law, determining that there is just cause, the court may (i) waive costs assessed under this section or (ii) waive or reduce costs assessed under subdivision (7), (8), (11), or (12) of this section.

...

(4) For support of the General Court of Justice, the sum of one hundred twenty-nine dollars and fifty cents (\$129.50) in the district court, including cases before a magistrate, and the sum of one hundred fifty-four dollars and fifty cents (\$154.50) in the superior court, to be remitted to the State Treasurer. For a person convicted of a felony in superior court who has made a first appearance in district court, both the district court and superior court fees shall be assessed. The State Treasurer shall remit the sum of ~~one dollar and fifty cents (\$1.50) of each fee collected under this subdivision to the North Carolina State Bar for the provision of services described in~~

~~G.S. 7A-474.4, and ninety-five cents (\$.95)~~ninety-five cents (95¢) of each fee collected under this subdivision to the North Carolina State Bar for the provision of services described in G.S. 7A-474.19."

SECTION 18B.15.(b) G.S. 7A-305 reads as rewritten:

"§ 7A-305. Costs in civil actions.

(a) In every civil action in the superior or district court, except for actions brought under Chapter 50B of the General Statutes, shall be assessed:

...

(2) For support of the General Court of Justice, the sum of one hundred eighty dollars (\$180.00) in the superior court and the sum of one hundred thirty dollars (\$130.00) in the district court except that if the case is assigned to a magistrate the sum shall be eighty dollars (\$80.00). If a case is assigned to a special superior court judge as a complex business case under G.S. 7A-45.3, upon assignment the party filing the notice of designation pursuant to G.S. 7A-45.4 or the motion for complex business designation shall pay an additional one thousand dollars (\$1,000) for support of the General Court of Justice; if a case is assigned to a special superior court judge as a complex business case under G.S. 7A-45.3 by a court on its own motion, upon assignment the plaintiff shall pay an additional one thousand dollars (\$1,000) for support of the General Court of Justice. Sums collected under this subdivision shall be remitted to the State Treasurer. The State Treasurer shall remit the sum of ~~one dollar and fifty cents (\$1.50) of each fee collected under this subdivision to the North Carolina State Bar for the provision of services described in G.S. 7A-474.4, and ninety-five cents (\$.95)~~ninety-five cents (95¢) of each fee collected under this subdivision to the North Carolina State Bar for the provision of services described in G.S. 7A-474.19.

...

(a5) In every civil action in the superior or district court wherein a party files a pleading containing one or more counterclaims, third-party complaints, or cross-claims, except for counterclaim and cross-claim actions brought under Chapter 50B of the General Statutes for which costs are assessed pursuant to subsection (a1) of this section, the following shall be assessed:

...

(3) For support of the General Court of Justice, the sum of one hundred eighty dollars (\$180.00) in the superior court, except that if a case is assigned to a special superior court judge as a complex business case under G.S. 7A-45.3, filing fees shall be collected and disbursed in accordance with subsection (a) of this section, and the sum of one hundred thirty dollars (\$130.00) in the district court, except that if the case is assigned to a magistrate, the sum shall be eighty dollars (\$80.00). Sums collected under this subdivision shall be remitted to the State Treasurer. The State Treasurer shall remit the sum of ~~one dollar and fifty cents (\$1.50) of each fee collected under this subdivision to the North Carolina State Bar for the provision of services described in G.S. 7A-474.4, and ninety-five cents (\$.95)~~ninety-five cents (95¢) of each fee collected under this subdivision to the North Carolina State Bar for the provision of services described in G.S. 7A-474.19.

...."

SECTION 18B.15.(c) G.S. 7A-307(a)(2) reads as rewritten:

"(a) In the administration of the estates of decedents, minors, incompetents, of missing persons, and of trusts under wills and under powers of attorney, in trust proceedings under

G.S. 36C-2-203, in estate proceedings under G.S. 28A-2-4, and in collections of personal property by affidavit, the following costs shall be assessed:

(2) For support of the General Court of Justice, the sum of one hundred six dollars (\$106.00), plus an additional forty cents (40¢) per one hundred dollars (\$100.00), or major fraction thereof, of the gross estate, not to exceed six thousand dollars (\$6,000). Gross estate shall include the fair market value of all personalty when received, and all proceeds from the sale of realty coming into the hands of the fiduciary, but shall not include the value of realty. In collections of personal property by affidavit, the fee based on the gross estate shall be computed from the information in the final affidavit of collection made pursuant to G.S. 28A-25-3 and shall be paid when that affidavit is filed. In all other cases, this fee shall be computed from the information reported in the inventory and shall be paid when the inventory is filed with the clerk. If additional gross estate, including income, comes into the hands of the fiduciary after the filing of the inventory, the fee for such additional value shall be assessed and paid upon the filing of any account or report disclosing such additional value. For each filing the minimum fee shall be fifteen dollars (\$15.00). Sums collected under this subdivision shall be remitted to the State Treasurer. ~~The State Treasurer shall remit the sum of one dollar and fifty cents (\$1.50) of each one hundred six dollar (\$106.00) General Court of Justice fee collected under this subdivision to the North Carolina State Bar for the provision of services described in G.S. 7A-474.4."~~

SECTION 18B.15.(d) G.S. 7A-306(a)(2) reads as rewritten:

"(a) In every special proceeding in the superior court, the following costs shall be assessed:

(2) For support of the General Court of Justice the sum of one hundred six dollars (\$106.00). In addition, in proceedings involving land, except boundary disputes, if the fair market value of the land involved is over one hundred dollars (\$100.00), there shall be an additional sum of thirty cents (30¢) per one hundred dollars (\$100.00) of value, or major fraction thereof, not to exceed a maximum additional sum of two hundred dollars (\$200.00). Fair market value is determined by the sale price if there is a sale, the appraiser's valuation if there is no sale, or the appraised value from the property tax records if there is neither a sale nor an appraiser's valuation. Sums collected under this subdivision shall be remitted to the State Treasurer. ~~The State Treasurer shall remit the sum of one dollar and fifty cents (\$1.50) of each one hundred six dollar (\$106.00) General Court of Justice fee collected under this subdivision to the North Carolina State Bar for the provision of services described in G.S. 7A-474.4."~~

SECTION 18B.15.(e) This subsection applies to fees assessed or collected on or after July 1, 2014.

THREE-JUDGE PANEL/CONSTITUTIONALITY OF ACTS

SECTION 18B.16.(a) Article 26A of Chapter 1 of the General Statutes reads as rewritten:

"Article 26A.

"Three-Judge Panel for Redistricting ~~Challenges~~. Challenges and
for Certain Challenges to State Laws.

"§ 1-267.1. Three-judge panel for actions challenging plans apportioning or redistricting State legislative or congressional districts; claims challenging the facial validity of an act of the General Assembly.

(a) Any action challenging the validity of any act of the General Assembly that apportions or redistricts State legislative or congressional districts shall be filed in the Superior Court of Wake County and shall be heard and determined by a three-judge panel of the Superior Court of Wake County organized as provided by subsection (b) of this section.

(a1) Except as otherwise provided in subsection (a) of this section, any challenge to the validity of an act of the General Assembly on its face shall be transferred pursuant to G.S. 1A-1, Rule 42(b)(4) to the Superior Court of Wake County and shall be heard and determined by a three-judge panel of the Superior Court of Wake County, organized as provided by subsection (b1) of this section.

(b) Whenever any person files in the Superior Court of Wake County any action challenging the validity of any act of the General Assembly that apportions or redistricts State legislative or congressional districts, a copy of the complaint shall be served upon the senior resident superior court judge of Wake County, who shall be the presiding judge of the three-judge panel required by subsection (a) of this section. Upon receipt of that complaint, the senior resident superior court judge of Wake County shall notify the Chief Justice, who shall appoint two additional resident superior court judges to the three-judge panel of the Superior Court of Wake County to hear and determine the action. Before making those appointments, the Chief Justice shall consult with the North Carolina Conference of Superior Court Judges, which shall provide the Chief Justice with a list of recommended appointments. To ensure that members of the three-judge panel are drawn from different regions of the State, the Chief Justice shall appoint to the three-judge panel one resident superior court judge from the First through Fourth Judicial Divisions and one resident superior court judge from the Fifth through Eighth Judicial Divisions. In order to ensure fairness, to avoid the appearance of impropriety, and to avoid political bias, no member of the panel, including the senior resident superior court judge of Wake County, may be a former member of the General Assembly. Should the senior resident superior court judge of Wake County be disqualified or otherwise unable to serve on the three-judge panel, the Chief Justice shall appoint another resident superior court judge of Wake County as the presiding judge of the three-judge panel. Should any other member of the three-judge panel be disqualified or otherwise unable to serve on the three-judge panel, the Chief Justice shall appoint as a replacement another resident superior court judge from the same group of judicial divisions as the resident superior court judge being replaced.

(b1) Any challenge to the validity of an act of the General Assembly on its face filed in the Superior Court of Wake County, other than a challenge to plans apportioning or redistricting State legislative or congressional districts that shall be heard pursuant to subsection (b) of this section, or any claim transferred to the Superior Court of Wake County pursuant to subsection (a1) of this section, shall be assigned by the senior resident superior court judge of Wake County to the three-judge panel established pursuant to subsection (b2) of this section.

(b2) The Chief Justice of the Supreme Court shall appoint three resident superior court judges to a three-judge panel of the Superior Court of Wake County to hear and determine challenges to the validity of statutes and acts pursuant to subsection (a1) of this section. The initial judges appointed to the panel shall remain as a standing three-judge panel to hear any actions transferred to the panel for determination pursuant to this section, and the Chief Justice shall appoint a presiding judge of the three-judge panel. To ensure that members of the three-judge panel are drawn from different regions of the State, the Chief Justice shall appoint to the three-judge panel one resident superior court judge from the First or Second Judicial Division, one resident superior court judge from the Seventh or Eighth Judicial Division, and

one resident superior court judge from the Third, Fourth, Fifth, or Sixth Division. Should any member of the three-judge panel be disqualified or otherwise unable to serve on the three-judge panel, or is removed from the panel at the discretion of the Chief Justice, the Chief Justice shall appoint as a replacement another resident superior court judge from the same group of judicial divisions as the resident superior court judge being replaced.

(c) No order or judgment shall be entered affecting the validity of any act of the General Assembly that apportions or redistricts State legislative or congressional ~~districts~~ districts, or affects the validity of any act of the General Assembly, except by the three-judge panel of the Superior Court of Wake County organized as provided by subsection (b) or subsection (b1) of this section. In the event of disagreement among the three resident superior court judges comprising the three-judge panel, then the opinion of the majority shall prevail.

(d) This section applies only to civil proceedings, and nothing in this section shall be deemed to apply to a defendant in criminal proceedings, or to proceedings in which Chapter 15A of the General Statutes, is applicable."

SECTION 18B.16.(b) G.S. 1-81.1 reads as rewritten:

"§ 1-81.1. Venue in apportionment or redistricting ~~eases cases; certain injunctive relief actions.~~

(a) Venue lies exclusively with the Wake County Superior Court in any action concerning any act of the General Assembly apportioning or redistricting State legislative or congressional ~~districts~~ districts lies exclusively with the Wake County Superior Court.

(a1) Venue lies exclusively with the Wake County Superior Court with regard to any claim, seeking an order or judgment of a court, either final or interlocutory, to restrain the enforcement, operation, or execution of an act of the General Assembly, in whole or in part, based upon an allegation that the act of the General Assembly is unconstitutional on its face pursuant to the United States Constitution or North Carolina Constitution.

(b) Any action brought concerning an act of the General Assembly apportioning or redistricting the State legislative or congressional districts shall be filed in the Superior Court of Wake County."

SECTION 18B.16.(c) G.S. 1A-1, Rule 42, reads as rewritten:

"Rule 42. Consolidation; separate trials.

(a) Consolidation. – Except as provided in subdivision (b)(2) of this section, when actions involving a common question of law or fact are pending in one division of the court, the judge may order a joint hearing or trial of any or all the matters in issue in the actions; he may order all the actions consolidated; and he may make such orders concerning proceedings therein as may tend to avoid unnecessary costs or delay. When actions involving a common question of law or fact are pending in both the superior and the district court of the same county, a judge of the superior court in which the action is pending may order all the actions consolidated, and he may make such orders concerning proceedings therein as may tend to avoid unnecessary costs or delay.

(b) Separate trials. –

(1) The court may in furtherance of convenience or to avoid prejudice and shall for considerations of venue upon timely motion order a separate trial of any claim, cross-claim, counterclaim, or third-party claim, or of any separate issue or of any number of claims, cross-claims, counterclaims, third-party claims, or issues.

(2) Upon motion of any party in an action that includes a claim commenced under Article 1G of Chapter 90 of the General Statutes involving a managed care entity as defined in G.S. 90-21.50, the court shall order separate discovery and a separate trial of any claim, cross-claim, counterclaim, or third-party claim against a physician or other medical provider.

(3) Upon motion of any party in an action in tort wherein the plaintiff seeks damages exceeding one hundred fifty thousand dollars (\$150,000), the court shall order separate trials for the issue of liability and the issue of damages, unless the court for good cause shown orders a single trial. Evidence relating solely to compensatory damages shall not be admissible until the trier of fact has determined that the defendant is liable. The same trier of fact that tries the issues relating to liability shall try the issues relating to damages.

(4) Pursuant to G.S. 1-267.1, any challenge to the validity of an act of the General Assembly on its face, other than a challenge to plans apportioning or redistricting State legislative or congressional districts, shall be heard by a three-judge panel in the Superior Court of Wake County. If a claimant brings such a challenge in any court in this State, or if such a challenge is raised by the defendant in the defendant's motions or pleadings in any court in this State, the court shall, on its own motion, transfer that portion of the action challenging the validity of the act of the General Assembly to the Superior Court of Wake County for resolution by the three-judge panel. The court shall retain jurisdiction over all other matters. The court may dispose of all matters that are not contingent upon the outcome of the constitutional challenge. Those matters that are contingent upon the outcome of the constitutional challenge shall be stayed pending a ruling on the constitutional challenge and until all appeal rights are exhausted."

SECTION 18B.16.(d) G.S. 1A-1, Rule 62, reads as rewritten:

"Rule 62. Stay of proceedings to enforce a judgment.

(a) Automatic stay; exceptions – Injunctions and receiverships. – Except as otherwise stated herein, no execution shall issue upon a judgment nor shall proceedings be taken for its enforcement until the expiration of the time provided in the controlling statute or rule of appellate procedure for giving notice of appeal from the judgment. Unless otherwise ordered by the court, an interlocutory or final judgment in an action for an injunction or in a receivership action shall not be stayed during the period after its entry and until an appeal is taken or during the pendency of an appeal. The provisions of section (c) govern the suspending, modifying, restoring, or granting of an injunction during the pendency of an appeal.

(b) Stay on motion for new trial or for judgment. – In its discretion and on such conditions for the security of the adverse party as are proper, the court may stay the execution of or any proceedings to enforce a judgment pending the disposition of a motion for a new trial or to alter or amend a judgment made pursuant to Rule 59, or of a motion for relief from a judgment or order made pursuant to Rule 60, or of a motion for judgment made pursuant to Rule 50, or of a motion for amendment to the findings or for additional findings made pursuant to Rule 52(b). If the time provided in the controlling statute or rule of appellate procedure for giving notice of appeal from the judgment had not expired before a stay under this subsection was entered, that time shall begin to run immediately upon the expiration of any stay under this section, and no execution shall issue nor shall proceedings be taken for enforcement of the judgment until the expiration of that time.

(c) Injunction pending appeal. – When an appeal is taken from an interlocutory or final judgment granting, dissolving, or denying an injunction, the court in its discretion may suspend, modify, restore, or grant an injunction during the pendency of the appeal upon such terms as to bond or otherwise as it considers proper for the security of the rights of the adverse party.

(d) Stay upon appeal. – When an appeal is taken, the appellant may obtain a stay of execution, subject to the exceptions contained in section (a), by proceeding in accordance with

1 and subject to the conditions of G.S. 1-289, G.S. 1-290, G.S. 1-291, G.S. 1-292, G.S. 1-293,
2 G.S. 1-294, and G.S. 1-295.

3 When stay is had by giving supersedeas bond, the bond may be given at or after the time of
4 filing the notice of appeal or of procuring the order allowing the appeal as the case may be, and
5 stay is then effective when the supersedeas bond is approved by the court.

6 (e) Stay in favor of North Carolina, city, county, local board of education, or agency
7 thereof. – When an appeal is taken by the State of North Carolina, or a city or a county thereof,
8 a local board of education, or an officer in his official capacity or agency thereof or by direction
9 of any department or agency of the State of North Carolina or a city or county thereof or a local
10 board of education and the operation or enforcement of the judgment is stayed, no bond,
11 obligation, or other security shall be required from the appellant.

12 (f) Power of appellate court not limited. – The provisions of this rule do not limit any
13 power of an appellate court or of a judge or justice thereof to stay proceedings during the
14 pendency of an appeal or to suspend, modify, restore, or grant an injunction during the
15 pendency of an appeal or to make any order appropriate to preserve the status quo or the
16 effectiveness of the judgment subsequently to be entered.

17 (g) Stay of judgment as to multiple claims or multiple parties. – When a court has
18 ordered a final judgment under the conditions stated in Rule 54(b), the court may stay
19 enforcement of that judgment until the entering of a subsequent judgment or judgments and
20 may prescribe such conditions as are necessary to secure the benefit thereof to the party in
21 whose favor the judgment is entered.

22 (h) Injunction pending appeal of as-applied constitutional challenge. – Notwithstanding
23 any other provision of law, where a trial court grants interlocutory, temporary, or permanent
24 injunctive or declaratory relief restraining the State or a political subdivision of the State from
25 enforcing the operation or execution of an act of the General Assembly as applied against a
26 party in a civil action, the court shall stay the relief granted pending appeal. This subsection
27 does not apply to facial challenges heard by a three-judge panel pursuant to G.S. 1-267.1."

28 **SECTION 18B.16.(e)** G.S. 7A-27 reads as rewritten:

29 "**§ 7A-27. Appeals of right from the courts of the trial divisions.**

30 (a) Appeal lies of right directly to the Supreme Court in all cases in which the
31 defendant is convicted of murder in the first degree and the judgment of the superior court
32 includes a sentence of death.

33 (a1) Appeal lies of right directly to the Supreme Court from any order or judgment of a
34 court, either final or interlocutory, that holds that an act of the General Assembly, based upon
35 the United States Constitution or North Carolina Constitution, is unconstitutional on its face.

36 (b) Appeal lies of right directly to the Court of Appeals in any of the following cases:

- 37 (1) From any final judgment of a superior court, other than the one described in
38 subsection (a) of this section, or one based on a plea of guilty or nolo
39 contendere, including any final judgment entered upon review of a decision
40 of an administrative agency, except for a final judgment entered upon review
41 of a court martial under G.S. 127A-62.
- 42 (2) From any final judgment of a district court in a civil action.
- 43 (3) From any interlocutory order or judgment of a superior court or district court
44 in a civil action or proceeding which does any of the following:
- 45 a. Affects a substantial right.
- 46 b. In effect determines the action and prevents a judgment from which
47 an appeal might be taken.
- 48 c. Discontinues the action.
- 49 d. Grants or refuses a new trial.
- 50 e. Determines a claim prosecuted under G.S. 50-19.1.

f. Grants temporary injunctive relief restraining the State or a political subdivision of the State from enforcing the operation or execution of an act of the General Assembly as applied against a party in a civil action. This subsection does not apply to facial challenges heard by a three-judge panel pursuant to G.S. 1-267.1.

(4) From any other order or judgment of the superior court from which an appeal is authorized by statute.

(c) through (e) Repealed by Session Laws 2013-411, s. 1, effective August 23, 2013."

SECTION 18B.16.(f) This section becomes effective July 1, 2014, and applies to any action filed on or after that date in which a party alleges that an act of the General Assembly is unconstitutional, based upon the United States Constitution or North Carolina Constitution.

PART XIX. DEPARTMENT OF CULTURAL RESOURCES

CLOSURE OF HOUSE IN THE HORSESHOE STATE HISTORIC SITE

SECTION 19.1. Effective July 1, 2014, the Department of Cultural Resources, Division of State Historic Sites and Properties, shall close the House in the Horseshoe State Historic Site in Moore County.

CAP GRANTS FROM STATE AID TO LIBRARIES FUND

SECTION 19.2. The Department of Cultural Resources shall not allocate a grant to any municipal, county, or regional library from the Aid to Public Libraries Fund that exceeds four hundred thousand dollars (\$400,000) for the 2014-2015 fiscal year.

PART XX. DEPARTMENT OF INSURANCE

FIRE AND RESCUE SQUAD SUPPLEMENTAL PENSIONS AND GRANT FUNDS

SECTION 20.1.(a) Effective October 1, 2014, G.S. 58-86-55 reads as rewritten:

"§ 58-86-55. Monthly pensions upon retirement. attaining the age of 55 years.

(a) Any member who has served 20 years as an "eligible firefighter" or "eligible rescue squad worker" in the State of North Carolina, as provided in G.S. 58-86-25 and G.S. 58-86-30, and who has attained the age of 55 years is entitled to be paid a monthly pension from this fund. The monthly pension shall be in the amount of one hundred seventy dollars (\$170.00) per month. Any retired firefighter receiving a pension shall, effective July 1, 2008, receive a pension of one hundred seventy dollars (\$170.00) per month.

(b) Members shall pay ten dollars (\$10.00) per month as required by G.S. 58-86-35 and G.S. 58-86-40 for a period of no longer than 20 years. No "eligible rescue squad member" shall receive a pension prior to July 1, 1983. ~~No member shall be entitled to a pension hereunder until the member's official duties as a fireman or rescue squad worker for which the member is paid compensation shall have been terminated and the member shall have retired as such according to standards or rules fixed by the board of trustees.~~

(c) A member who is totally and permanently disabled while in the discharge of the member's official duties as a result of bodily injuries sustained or as a result of extreme exercise or extreme activity experienced in the course and scope of those official duties and who leaves the fire or rescue squad service because of this disability shall be entitled to be paid from the fund a monthly benefit in an amount of one hundred seventy dollars (\$170.00) per month beginning the first month after the member's fifty-fifth birthday. All applications for disability are subject to the approval of the board who may appoint physicians to examine and evaluate the disabled member prior to approval of the application, and annually thereafter. Any disabled

member shall not be required to make the monthly payment of ten dollars (\$10.00) as required by G.S. 58-86-35 and G.S. 58-86-40.

(d) A member who is totally and permanently disabled for any cause, other than line of duty, who leaves the fire or rescue squad service because of this disability and who has at least 10 years of service with the pension fund, may be permitted to continue making a monthly contribution of ten dollars (\$10.00) to the fund until the member has made contributions for a total of 240 months. The member shall upon attaining the age of 55 years be entitled to receive a pension as provided by this section. All applications for disability are subject to the approval of the board who may appoint physicians to examine and evaluate the disabled member prior to approval of the application and annually thereafter.

(e) A member who, because the member's residence is annexed by a city under Part 2 or Part 3 of Article 4A of Chapter 160A of the General Statutes, or whose department is closed because of an annexation by a city under Part 2 or Part 3 of Article 4A of Chapter 160A of the General Statutes, or whose volunteer department is taken over by a city or county, and because of such annexation or takeover is unable to perform as a firefighter or rescue squad worker of any status, and if the member has at least 10 years of service with the pension fund, may be permitted to continue making a monthly contribution of ten dollars (\$10.00) to the fund until the member has made contributions for a total of 240 months. The member upon attaining the age of 55 years and completion of such contributions shall be entitled to receive a pension as provided by this section. Any application to make monthly contributions under this section shall be subject to a finding of eligibility by the Board of Trustees upon application of the member.

(f) The pensions provided shall be in addition to all other pensions or benefits under any other statutes of the State of North Carolina or the United States, notwithstanding any exclusionary provisions of other pensions or retirement systems provided by law."

SECTION 20.1.(b) G.S. 105-228.5(d)(3) reads as rewritten:

"(3) Additional Rate on Property Coverage Contracts. – An additional tax at the rate of seventy-four hundredths percent (0.74%) applies to gross premiums on insurance contracts for property coverage. The tax is imposed on ten percent (10%) of the gross premiums from insurance contracts for automobile physical damage coverage and on one hundred percent (100%) of the gross premiums from all other contracts for property coverage. ~~Twenty five percent (25%)~~ Twenty percent (20%) of the net proceeds of this additional tax must be credited to the Volunteer Fire Department Fund established in Article 87 of Chapter 58 of the General Statutes. Twenty percent (20%) of the net proceeds must be credited to the Department of Insurance for disbursement pursuant to G.S. 58-84-25. Up to twenty percent (20%), as determined in accordance with G.S. 58-87-10(f), must be credited to the Workers' Compensation Fund. The remaining net proceeds must be credited to the General Fund.

...."

SECTION 20.1.(c) The Department of State Treasurer shall report by March 1, 2015, and annually thereafter for two years, to the House Committee on State Personnel and the Senate Committee on Pensions & Retirement and Aging on the Department's progress toward the following efforts related to the North Carolina Firefighters' and Rescue Squad Workers' Pension Fund:

- (1) Building appropriate lapse assumptions into the State's annual required contribution to the pension fund.
- (2) Collecting timely member contributions to the pension fund.

SECTION 20.1.(d) Effective January 1, 2015, and applicable to the 2015 grant process, G.S. 58-87-1(a1) reads as rewritten:

"(a1) Grant Program. – An eligible fire department may apply to the Commissioner for a grant under this section. In awarding grants under this section, the Commissioner must, to the extent possible, select applicants from all parts of the State based upon need. The Commissioner must award the grants on May 15 of each year subject to the following limitations:

- (1) The size of a grant may not exceed thirty thousand dollars (\$30,000).
- (2) The applicant shall match the grant on a dollar-for-dollar ~~basis.~~ basis, unless the applicant receives less than fifty thousand dollars (\$50,000) per year from other sources, in which case the applicant shall match one dollar (\$1.00) for each three dollars (\$3.00) of grant funds.
- (3) The grant may be used only for equipment purchases, payment of highway use taxes on those purchases, or capital expenditures necessary to provide fire protection services.

...."

SECTION 20.1.(e) G.S. 58-87-1(c) reads as rewritten:

"(c) Report. – The Commissioner must submit a written report to the General Assembly within 60 days after the grants have been made. This report must contain the following:

- (1) The amount of the grant and the name of the recipient.
- (2) The Fund balance at the beginning of the grant cycle.
- (3) Cash receipts through the grant cycle.
- (4) Cash disbursements through the grant cycle.
- (5) The Fund balance at the end of the grant cycle."

SECTION 20.1.(f) G.S. 58-87-5 is amended by adding a new subsection to read:

"(d) Report. – The Commissioner shall submit a written report to the General Assembly within 60 days after the grants have been made. This report shall contain the following:

- (1) The amount of the grant and the name of the recipient.
- (2) The Fund balance at the beginning of the grant cycle.
- (3) Cash receipts through the grant cycle.
- (4) Cash disbursements through the grant cycle.
- (5) The Fund balance at the end of the grant cycle."

SECTION 20.1.(g) Effective July 1, 2015, G.S. 58-87-7 reads as rewritten:

"§ 58-87-7. Oversight and accountability of grant awards.

(a) Examination of Purchased Equipment and Supplies. – To increase accountability and to expedite receipt of certain grant awards, notwithstanding any other provision, the Office of the State Fire Marshal and other employees of the Department of Insurance may in their discretion conduct on-site examinations of fire, rescue, and EMS equipment and supplies purchased with funds awarded from either the Volunteer Fire Department Fund or the Volunteer Rescue/EMS Fund. Fund, for up to five years from the date of the grant award. The on-site examinations may include the inspection of equipment purchased from prior grants and may be conducted prior to or simultaneous with the delivery of the grant awards. The on-site examination shall document what equipment and supplies have been purchased by the volunteer fire department or volunteer rescue/EMS department and whether those items were received by the department and visually reviewed by the on-site examiner. Items that have already been distributed or put in the field shall be noted by the on-site examiner. The Office of the State Fire Marshal shall maintain records of on-site inspections and provide ~~them, or a summary thereof, in reports~~ reports of such inspections, upon request, to the State Auditor or the Office of State Budget and Management.

(b) Reimbursement to Funds. – If equipment purchased with grant funds is disposed of within five years of the date of the grant award funding its purchase, then the grant recipient shall reimburse the appropriate fund the amount of matching funds used for the purchase of the equipment, less depreciation.

(c) Transfer of Purchased Equipment. – If a grant recipient shall cease to exist within five years of the date of award of the grant, it shall transfer any and all equipment purchased with such grant funds to whichever department shall assume responsibility for providing service to the grant recipient's area of service or to another appropriate department that may effectively use the equipment."

SECTION 20.1.(h) By the effective date of subsection (g) of this section, the Department of Insurance shall take the following actions to facilitate the implementation and enforcement of G.S. 58-87-7:

(1) Adopt rules to establish specific standards and procedures for the following:

a. G.S. 58-87-7(b), enacted by subsection (g) of this section.

b. G.S. 58-87-7(c), enacted by subsection (g) of this section, including guidelines for determining which department receives the equipment of a dissolved department and under what circumstances.

(2) Provide transfer of equipment forms to fire and rescue departments that receive grant equipment from dissolved departments.

Prior to the beginning of the 2015 grant cycle, the Department shall modify the Agreement of Payment forms to include information regarding the disposition of grant equipment in the event of dissolution.

SECTION 20.1.(i) No later than January 1, 2015, the Department of Insurance shall report to the Joint Program Evaluation Oversight Committee on the Department's efforts to update and correct its computer code that assigns points to grant applicants for funds awarded under Article 87 of Chapter 58 of the General Statutes.

PART XXI. RESERVED

PART XXII. GENERAL ASSEMBLY

CREATE JOINT LEGISLATIVE COMMITTEE ON GENERAL GOVERNMENT

SECTION 22.1.(a) Chapter 120 of the General Statutes is amended by adding a new Article to read:

"Article 34.

"Joint Legislative Oversight Committee on General Government.

"§ 120-295. Creation and membership of Joint Legislative Oversight Committee on General Government.

(a) The Joint Legislative Oversight Committee on General Government is established. The Committee consists of 12 members as follows:

(1) Six members of the Senate appointed by the President Pro Tempore of the Senate. At least three of the members shall be members of the Senate appropriations committee that has jurisdiction over the agencies set out in G.S. 120-296(a)(1).

(2) Six members of the House of Representatives appointed by the Speaker of the House of Representatives. At least three of the members shall be members of the House of Representatives appropriations subcommittee that has jurisdiction over the agencies set out in G.S. 120-296(a)(1).

(b) Terms on the Committee are for two years and begin on the convening of the General Assembly in each odd-numbered year. Members may complete a term of service on

1 the Committee even if they do not seek reelection or are not reelected to the General Assembly.
2 but resignation or removal from service in the General Assembly constitutes resignation or
3 removal from service on the Committee.

4 (c) A member continues to serve until a successor is appointed. A vacancy shall be
5 filled within 30 days by the officer who made the original appointment.

6 **"§ 120-296. Purpose and powers of Committee.**

7 (a) The Joint Legislative Oversight Committee on General Government shall examine
8 on a continuing basis the services provided by the departments and agencies set out in this
9 subsection, in order to make ongoing recommendations to the General Assembly on ways to
10 improve the effectiveness, efficiency, and quality of State government services. The Committee
11 has the following powers and duties:

12 (1) Study the programs, organization, operations, and policies of the following
13 agencies:

14 a. Department of Administration.

15 b. Department of State Auditor.

16 c. Department of Cultural Resources.

17 d. Governor's Office.

18 e. Housing Finance Agency.

19 f. Department of Insurance.

20 g. Lieutenant Governor's Office.

21 h. Office of Administrative Hearings.

22 i. Office of State Personnel.

23 j. Department of Revenue.

24 k. Department of Secretary of State.

25 l. State Board of Elections.

26 m. Office of State Budget and Management.

27 n. Office of State Controller.

28 o. State Ethics Commission.

29 p. Department of State Treasurer.

30 q. General Assembly.

31 r. Any other agency under the jurisdiction of the Senate and House of
32 Representatives appropriations subcommittees on General
33 Government.

34 (2) Review compliance of budget actions directed by the General Assembly.

35 (3) Monitor expenditures, deviations, and changes made by the agencies set out
36 in subdivision (a)(1) of this section to the certified budget.

37 (4) Review policy changes as directed by law.

38 (5) Receive presentations of reports from agencies directed in the law, including
39 audits, studies, and other reports.

40 (6) Review any issues that arise during the interim period between sessions of
41 the General Assembly and provide a venue for any of these issues to be
42 heard in a public setting.

43 (7) Monitor the quality of services provided by general government agencies to
44 other agencies and the public.

45 (8) Identify opportunities for general government agencies to coordinate and
46 collaborate to eliminate duplicative functions.

47 (9) Have presentations and reports on any other matters that the Committee
48 considers necessary to fulfill its mandate.

49 (b) The Committee may make reports to the General Assembly. A report to the General
50 Assembly may contain legislation needed to implement a recommendation of the Committee.

"§ 120-297. Organization of Committee.

(a) The President Pro Tempore of the Senate and the Speaker of the House of Representatives shall each designate a cochair of the Joint Legislative Oversight Committee on General Government. The Committee shall meet upon the joint call of the cochairs.

(b) A quorum of the Committee is five members. No action may be taken except by a majority vote at a meeting at which a quorum is present. While in the discharge of its official duties, the Committee has the powers of a joint committee under G.S. 120-19 and G.S. 120-19.1 through G.S. 120-19.4.

(c) Members of the Committee shall receive subsistence and travel expenses as provided in G.S. 120-3.1. The Committee may contract for consultants or hire employees in accordance with G.S. 120-32.02. The Legislative Services Commission, through the Legislative Services Officer, shall assign professional staff to assist the Committee in its work. Upon the direction of the Legislative Services Commission, the Supervisors of Clerks of the Senate and of the House of Representatives shall assign clerical staff to the Committee. The expenses for clerical employees shall be borne by the Committee.

(d) The Committee cochairs may establish subcommittees for the purpose of examining issues relating to services provided by particular divisions within the State's general government departments.

"§ 120-298. Reports to Committee.

Whenever a department, office, or agency set out in subdivision (a)(1) of G.S. 120-296 is required by law to report to the General Assembly or to any of its permanent committees or subcommittees on matters affecting the services the department or agency provides, the department or agency shall transmit a copy of the report to the cochairs of the Joint Legislative Oversight Committee on General Government."

SECTION 22.1.(b) This section is effective when it becomes law.

PART XXIII. RESERVED**PART XXIV. OFFICE OF STATE BUDGET AND MANAGEMENT****MUSEUM OF WAXHAW AMPHITHEATER**

SECTION 24.1. Funds appropriated in this act for The Andrew Jackson Historical Foundation, Inc., a nonprofit organization, to rebuild the dilapidated amphitheater at the Museum of the Waxhaw shall be used to supplement any other funds obtained for this purpose.

WOMEN'S SHELTER FOR MACON AND JACKSON COUNTIES

SECTION 24.2. Funds appropriated in this act for Resources, Education, Assistance, Counseling, and Housing of Macon County, Inc., a nonprofit organization, for the construction of a facility to shelter battered women and their children in Macon and Jackson Counties shall be matched on a dollar-for-dollar basis by non-State funds.

STAFFING ANALYSIS OF STATE AGENCY BUSINESS FUNCTIONS AND REDEPLOYMENT OF RESOURCES FROM HR/PAYROLL MANAGEMENT

SECTION 24.3. Section 6.7 of S.L. 2007-323 is repealed.

PART XXV. OFFICE OF THE STATE AUDITOR**PRIVATE AUDIT OF PENSION FUND**

SECTION 25.1.(a) For the State Retirement Systems listed in G.S. 147-69.2(b)(8), the State Treasurer shall prepare a comprehensive annual financial report that conforms with the standards established by the Governmental Accounting Standards Board. In the

management discussion and analysis section of the comprehensive annual financial report, the State Treasurer shall include a discussion of the State Retirement Systems' risk and returns compared to benchmarks, total management fees and incentives paid, and comparisons to peer cost benchmarks.

SECTION 25.1.(b) The State Auditor shall select a commercial independent third-party audit firm to conduct an audit of the comprehensive annual financial report prepared by the State Treasurer pursuant to subsection (a) of this section. The State Auditor shall provide the audit firm's report, and the State Treasurer shall provide the comprehensive annual financial report prepared pursuant to subsection (a) of this section, to the General Assembly on or before January 1, 2015.

SECTION 25.1.(c) The State Treasurer shall transfer to the State Auditor the funds necessary to conduct the third-party audit required under this section.

PART XXVI. DEPARTMENT OF REVENUE

MODIFY TAX LOCATOR SERVICES CAP

SECTION 26.1.(a) G.S. 105-243.1(e) reads as rewritten:

"(e) Use. – The fee is a receipt of the Department and must be applied to the costs of collecting overdue tax debts. The proceeds of the fee must be credited to a special account within the Department and may be expended only as provided in this subsection. The proceeds of the fee may not be used for any purpose that is not directly and primarily related to collecting overdue tax debts. The Department may apply the proceeds of the fee for the purposes listed in this subsection. The remaining proceeds of the fee may be spent only pursuant to appropriation by the General Assembly. The fee proceeds do not revert but remain in the special account until spent for the costs of collecting overdue tax debts. The Department and the Office of State Budget and Management must account for all expenditures using accounting procedures that clearly distinguish costs allocable to collecting overdue tax debts from costs allocable to other purposes and must demonstrate that none of the fee proceeds are used for any purpose other than collecting overdue tax debts.

The Department may apply the fee proceeds for the following purposes:

...

- (3) To pay for taxpayer ~~locator~~ locator services, not to exceed ~~one hundred fiftyfive hundred~~ thousand dollars ~~(\$150,000)~~ (\$500,000) a year.

...."

SECTION 26.1.(b) This section becomes effective July 1, 2014.

SECONDARY TAXPAYER ASSISTANCE CALL CENTER REPORT

SECTION 26.2.(a) The Department of Revenue shall study the feasibility of establishing and locating a second taxpayer assistance call center within the State. In conducting the feasibility study, the Department shall issue a report that considers each of the following:

- (1) The necessity of establishing a second taxpayer assistance call center. In considering this element, the Department shall provide historical data for the previous 10 years for the following measures. If data from the previous 10 years is not available for a particular measure, the Department may provide data for a shorter period, but not less than three years.
 - a. Current and projected call volumes.
 - b. The history and length of call center outages for the current facility.
 - c. The number of calls dropped or abandoned.
 - d. The percentage of calls answered within 30 seconds.

- e. Average and median wait-time for calls.
 - f. Calls answered per agent.
 - g. Average backlog of unanswered questions or issues, including any callbacks.
 - h. Resolution rate for taxpayer questions at levels 1, 2, and 3.
 - i. Average resolution time for taxpayer questions at levels 1, 2, and 3.
- (2) Site location options, including the following:
- a. Potential site locations.
 - b. Cost associated with locating a new site, or relocating the existing facility.
 - c. Site development and leasing cost options.
 - d. Labor pool access data for proposed locations and impact on local employment for each proposed site.
- (3) A listing of deficiencies in current call center facilities and equipment, including a list of current assets and equipment, estimates for both repair and replacement costs of those assets and equipment, and projected impact on labor costs and taxpayer assistance measures.
- (4) To the extent not required elsewhere in this feasibility study, a cost-benefit analysis that includes total and itemized cost estimates and projected benefits for all options considered by the Department.

SECTION 26.2.(b) The Department of Revenue shall submit its feasibility study to the Senate Appropriations Committee on General Government and Information Technology and to the House Appropriations Subcommittee on General Government on or before January 1, 2015.

PART XXVII. RESERVED

PART XXVIII. RESERVED

PART XXIX. RESERVED

PART XXX. DEPARTMENT OF ADMINISTRATION

ELIMINATE AUTHORITY FOR STATE CONTRIBUTION TO COUNTY VETERANS SERVICE PROGRAMS

SECTION 30.1. G.S. 165-6(9) is repealed.

CLOSURE OF CERTAIN NC DIVISION OF VETERANS AFFAIRS OFFICES PROHIBITED

SECTION 30.2. The District Offices of the North Carolina Division of Veterans Affairs located in the Town of Garner and the City of Wilson shall not be closed during the 2013-2015 fiscal biennium.

PART XXXI. HOUSING FINANCE AGENCY

WORKFORCE HOUSING LOAN PROGRAM

SECTION 31.1.(a) Of the funds appropriated in this act to the North Carolina Housing Trust Fund, the sum of ten million dollars (\$10,000,000) in nonrecurring funds for the 2014-2015 fiscal year shall be used by the North Carolina Housing Finance Agency for the purpose of making loans for qualified North Carolina low-income housing development.

SECTION 31.1.(b) The following definitions apply in this section:

- (1) Code. – As defined in G.S. 105-228.90.
- (2) Qualified North Carolina low-income housing development. – A qualified low-income project or building that is allocated a federal tax credit under section 42(h)(1) of the Code.
- (3) Qualified residential unit. – A housing unit that meets the requirements of section 42 of the Code.

SECTION 31.1.(c) Of the funds referred to in subsection (a) of this section, the Housing Finance Agency shall, pursuant to criteria established by the Agency, make loans to a taxpayer who is allocated a federal low-income housing tax credit under section 42 of the Code to construct or substantially rehabilitate a qualified North Carolina low-income housing development. The amount of the loan to the taxpayer shall equal the funds referred to in subsection (a) of this section divided by the number of qualified residential units constructed or substantially rehabilitated in the 2014-2015 fiscal year and then multiplied by the number of qualified residential units constructed or substantially rehabilitated by the taxpayer in the 2014-2015 fiscal year. However, the Agency shall take into consideration all eligible sources of funding for each development project and may reduce the amount of the loan authorized in this subsection if there are other eligible sources of funding available for the development project. No loan made to a taxpayer under this subsection shall exceed one million dollars (\$1,000,000) if the low-income housing development is located in a low-income county, as designated by the Agency; seven hundred fifty thousand dollars (\$750,000) in a medium-income county, as designated by the Agency; and two hundred fifty thousand dollars (\$250,000) in a high-income county, as designated by the Agency.

SECTION 31.1.(d) By February 1, 2015, the Housing Finance Agency shall report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division on the number of loans made under this section, the amount of each loan, and whether the low-income housing development is located in a low-, medium-, or high-income county, as designated by the agency.

PART XXXII. RESERVED

PART XXXIII. RESERVED

PART XXXIV. DEPARTMENT OF TRANSPORTATION

STATE AID TO MUNICIPALITIES APPROPRIATION BASELINE

SECTION 34.1. G.S. 136-41.1 reads as rewritten:

"§ 136-41.1. Appropriation to municipalities; allocation of funds generally; allocation to Butner.

(a) There is annually appropriated out of the State Highway Fund a sum equal to ten and four-tenths percent (10.4%) of the net amount after refunds that was produced during the fiscal year by the tax imposed under Article 36C of Chapter 105 of the General Statutes and on the equivalent amount of alternative fuel taxed under Article 36D of that Chapter. One-half of the amount appropriated shall be allocated in cash on or before October 1 of each year to the cities and towns of the State in accordance with this section. The second one-half of the amount appropriated shall be allocated in cash on or before January 1 of each year to the cities and towns of the State in accordance with this section. The appropriation from the Highway Fund shall be based on revenue collected during the fiscal year preceding the date the distribution is made.

Seventy-five percent (75%) of the funds appropriated for cities and towns shall be distributed among the several eligible municipalities of the State in the percentage proportion that the population of each eligible municipality bears to the total population of all eligible municipalities according to the most recent annual estimates of population as certified to the Secretary of Revenue by the State Budget Officer. This annual estimation of population shall include increases in the population within the municipalities caused by annexations accomplished through July 1 of the calendar year in which these funds are distributed. Twenty-five percent (25%) of said fund shall be distributed among the several eligible municipalities of the State in the percentage proportion that the mileage of public streets in each eligible municipality which does not form a part of the State highway system bears to the total mileage of the public streets in all eligible municipalities which do not constitute a part of the State highway system.

It shall be the duty of the mayor of each municipality to report to the Department of Transportation such information as it may request for its guidance in determining the eligibility of each municipality to receive funds under this section and in determining the amount of allocation to which each is entitled. Upon failure of any municipality to make such report within the time prescribed by the Department of Transportation, the Department of Transportation may disregard such defaulting unit in making said allotment.

The funds to be allocated under this section shall be paid in cash to the various eligible municipalities on or before October 1 and January 1 of each year as provided in this section. Provided that eligible municipalities are authorized within the discretion of their governing bodies to enter into contracts for the purpose of maintenance, repair, construction, reconstruction, widening, or improving streets of such municipalities at any time after January 1 of any calendar year in total amounts not to exceed ninety percent (90%) of the amount received by such municipality during the preceding fiscal year, in anticipation of the receipt of funds under this section during the next fiscal year, to be paid for out of such funds when received.

The Department of Transportation may withhold each year an amount not to exceed one percent (1%) of the total amount appropriated for distribution under this section for the purpose of correcting errors in allocations: Provided, that the amount so withheld and not used for correcting errors will be carried over and added to the amount to be allocated for the following year.

The word "street" as used in this section is hereby defined as any public road maintained by a municipality and open to use by the general public, and having an average width of not less than 16 feet. In order to obtain the necessary information to distribute the funds herein allocated, the Department of Transportation may require that each municipality eligible to receive funds under this section submit to it a statement, certified by a registered engineer or surveyor of the total number of miles of streets in such municipality. The Department of Transportation may in its discretion require the certification of mileage on a biennial basis.

...."

CLARIFY DOT PRIVATE DEVELOPER REPORTING

SECTION 34.2. G.S. 136-28.6 reads as rewritten:

"§ 136-28.6. Participation by the Department of Transportation with private developers.

...

(h) The Secretary shall report in writing, on a quarterly basis, to the Joint Legislative Commission on Governmental Operations on all agreements entered into between a private developer and the Department of Transportation for participation in private engineering and construction contracts under this ~~section~~ section, as well as (i) agreements by counties and municipalities to participate in private engineering and construction contracts under subsection

(i) of this section and (ii) pass-through funding from private developers to counties or municipalities for State transportation projects.

(i) Counties and municipalities may participate financially in private engineering, land acquisition, and construction contracts for transportation projects which meet the requirements of subsection (b) of this section within their jurisdiction.

...."

REPEAL RIGHT TURN ON RED REPORT

SECTION 34.3. G.S. 20-158(b)(2)d. is repealed.

TURNPIKE AUTHORITY ANNUAL AUDIT DATE CHANGE

SECTION 34.4. G.S. 136-89.193 reads as rewritten:

"§ 136-89.193. Annual plan of work; annual and quarterly reports.

(a) Annual Plan of Work. – The Authority shall annually develop a plan of work for the fiscal year, describing the activities and projects to be undertaken, accompanied by a budget. This annual plan of work shall be subject to the concurrence of the Board of Transportation.

(b) Annual Reports. – The Authority shall, promptly following the close of each fiscal year, submit an annual report of its activities for the preceding year to the Governor, the General Assembly, and the Department of Transportation. ~~Each report shall be accompanied by an~~ In addition, an annual audit of its books and ~~accounts~~ accounts shall be submitted to the Governor, the General Assembly, and the Department of Transportation when completed in October of each year.

...."

DEPARTMENT OF TRANSPORTATION OUT-OF-STATE TRAVEL

SECTION 34.5. Expenditures for out-of-state travel by the Department of Transportation for the 2014-2015 fiscal year and all subsequent fiscal years shall not exceed the amount expended during the 2009-2010 fiscal year. For purposes of this section, "expenditures for out-of-state travel" includes transportation, conference, registration, and education expenses, lodging, and meals for Department of Transportation employees traveling outside of the State.

HIGHWAY USE TAX AND FUEL EXCISE TAX CHANGES

SECTION 34.6.(a) G.S. 105-187.3 reads as rewritten:

"§ 105-187.3. Rate of tax.

(a) Amount. – The rate of the use tax imposed by this Article is three percent (3%) of the retail value of a motor vehicle for which a certificate of title is issued. The tax is payable as provided in G.S. 105-187.4. The maximum tax is ~~one thousand dollars (\$1,000)~~ two thousand dollars (\$2,000) for each certificate of title issued for a Class A or Class B motor vehicle that is a commercial motor vehicle, as defined in G.S. 20-4.01. The maximum tax is ~~one thousand five hundred dollars (\$1,500)~~ two thousand dollars (\$2,000) for each certificate of title issued for a recreational vehicle that is not subject to the ~~one thousand dollar (\$1,000) maximum tax.~~ commercial motor vehicle tax imposed by this section.

...."

SECTION 34.6.(b) G.S. 105-187.3, as amended by subsection (a) of this section, reads as rewritten:

"§ 105-187.3. Rate of tax.

(a) Amount. – The rate of the use tax imposed by this Article is three percent (3%) of the retail value of a motor vehicle for which a certificate of title is issued. The tax is payable as provided in G.S. 105-187.4. The maximum tax is ~~two thousand dollars (\$2,000)~~ three thousand

dollars (\$3,000) for each certificate of title issued for a Class A or Class B motor vehicle that is a commercial motor vehicle, as defined in G.S. 20-4.01. The maximum tax is ~~two thousand dollars (\$2,000)~~ three thousand dollars (\$3,000) for each certificate of title issued for a recreational vehicle that is not subject to the commercial motor vehicle tax imposed by this section.

...."

SECTION 34.6.(c) G.S. 105-187.6 reads as rewritten:

"§ 105-187.6. Exemptions from highway use tax.

...

(c) Out-of-state Vehicles. – A maximum tax of ~~one hundred fifty dollars (\$150.00)~~ two hundred fifty dollars (\$250.00) applies when a certificate of title is issued for a motor vehicle that, at the time of applying for a certificate of title, is and has been titled in another state for at least 90 days."

SECTION 34.6.(d) G.S. 105-449.106(b) is repealed.

SECTION 34.6.(e) Section 34.29(b) of S.L. 2013-360, as amended by Section 8.1 of S.L. 2013-363, reads as rewritten:

"SECTION 34.29.(b) This section becomes effective ~~July 1, 2014~~ October 1, 2014."

SECTION 34.6.(f) Subsection (a) of this subsection becomes effective January 1, 2015 and applies to certificates of title issued on or after that date. Subsection (b) of this section becomes effective July 1, 2015 and applies to certificates of title issued on or after that date. Subsection (c) of this section becomes effective October 1, 2014 and applies to certificates of title issued on or after that date. Subsection (d) of this section become effective January 1, 2015.

CONVERSION OF PAPER TITLES

SECTION 34.7.(a) G.S. 20-58.4A is amended by adding a new subsection to read:

"(l) The Division may convert an existing paper title to an electronic lien upon request of a primary lienholder. The Division or a party contracting with the Division under this section is authorized to collect a fee not to exceed three dollars (\$3.00) for each conversion."

SECTION 34.7.(b) G.S. 20-63(h) is amended by adding a new subdivision to read:

"(11) Conversion of an existing paper title to an electronic lien upon request of a primary lienholder."

REMOTE DRIVERS LICENSE RENEWAL

SECTION 34.8.(a) G.S. 20-7 reads as rewritten:

"§ 20-7. Issuance and renewal of drivers licenses.

...

(f) Duration and Renewal of Licenses. – Drivers licenses shall be issued and renewed pursuant to the provisions of this subsection:

...

(6) Remote renewal. – The Division may offer remote renewal of a drivers license issued by the Division. For purposes of this subdivision, "remote renewal" means renewal of a drivers license by mail, telephone, electronic device, or other secure means approved by the Commissioner.

a. Requirements. – To be eligible for remote renewal under this subdivision, a person must meet all of the following requirements:

- 1.** The license holder possesses a valid, unexpired Class C drivers license that was issued when the person was at least 18 years old.
- 2.** The license holder is currently less than 66 years old.

- 1 3. The license holder's current license includes no restrictions
2 other than a restriction for corrective lenses.
3 4. The license holder attests, in a manner designated by the
4 Division, that (i) the license holder is a resident of the State
5 and currently resides at the address on the license to be
6 renewed, (ii) the license holder's name as it appears on the
7 license to be renewed has not changed, and (iii) all other
8 information required by the Division for an in-person renewal
9 under this Article has been provided completely and
10 truthfully.
11 5. The most recent renewal was an in-person renewal and not a
12 remote renewal under this subdivision.
13 6. The license holder is otherwise eligible for renewal under this
14 subsection.
15 b. Waiver of requirements. – When renewing a drivers license pursuant
16 to this subdivision, the Division may waive the examination and
17 photograph that would otherwise be required for the renewal.
18 c. Duration of remote renewal. – A renewed drivers license issued to a
19 person by remote renewal under this subsection expires on the
20 birthday of the licensee in the eighth year after issuance.
21 d. Rules. – The Division may adopt rules to implement this subdivision.
22 e. Federal law. – Nothing in this subdivision shall be construed to
23 supersede any more restrictive provisions for renewal of drivers
24 licenses prescribed by federal law or regulation.

25 "

26 **SECTION 34.8.(b)** This section is effective when it becomes law and applies to
27 drivers licenses renewed on or after the Division of Motor Vehicles adopts rules under
28 G.S. 20-7(f)(6)d., as enacted by subsection (a) of this section.

29 **DMV HEARING FEES**

30 **SECTION 34.9.(a)** The Department of Transportation, Division of Motor
31 Vehicles, shall develop a plan and proposed schedule of fees to recover the direct and indirect
32 costs incurred for the performance of administrative hearings required by law or under rules
33 adopted by the Board of Transportation. The plan and proposed schedule shall address, at a
34 minimum, the following:

- 35 (1) Current hearing process and recommended modifications to achieve
36 cost-efficiencies, including proposed revisions to existing laws or rules.
37 (2) Historical and projected funding requirements for each category of hearing
38 performed by the Division.
39 (3) Schedule of fees and projected receipts.
40 (4) Proposed processes and rules for the collection of fees and the refunding of
41 fees for hearings initiated by the Division in which the original decision of
42 the Division is reversed.
43 (5) Implementation milestones.

44 **SECTION 34.9.(b)** The Division shall report on its recommended schedule to the
45 Joint Legislative Transportation Oversight Committee no later than December 1, 2014.

46 **SECTION 34.9.(c)** The Department shall implement modifications to supporting
47 information technology systems necessary to timely implement the hearing fee schedule
48 required by subsection (a) of this section using funds appropriated to the Department of
49 Transportation, Information Technology Section for the 2014-15 fiscal year.

DEPARTMENT OF TRANSPORTATION AIRCRAFT FLEET

SECTION 34.10.(a) The Division of Aviation of the Department of Transportation shall sell the following aircraft from its fleet as expeditiously as possible in order to modernize the fleet:

- (1) Sikorsky S-76C helicopter.
- (2) Cessna 550 Citation Bravo airplane.

Proceeds from these sales as well as any future sales under the plan required by subsection (b) of this section shall be credited to a nonreverting reserve within the Highway Fund to be used for future aircraft or equipment acquisitions by the Division of Aviation. The Division shall not acquire or dispose of additional aviation assets prior to its report to the Joint Legislative Transportation Oversight Committee required by subsection (c) of this section.

SECTION 34.10.(b) The Division of Aviation shall develop a plan to further reduce operating requirements and optimize its fleet to fulfill its regional passenger and photogrammetry missions, addressing, at a minimum, the following:

- (1) Asset utilization.
- (2) Assets recommended for disposal or acquisition.
- (3) Contracted services.
- (4) Cost efficiencies.
- (5) Recommendations for adjustments to passenger transport rates.
- (6) Interagency coordination of assets and personnel.

SECTION 34.10.(c) The Division shall report on the plan required by subsection (b) of this section to the Joint Legislative Transportation Oversight Committee no later than October 1, 2014.

PAVEMENT PRESERVATION PROGRAM

SECTION 34.11.(a) Article 2A of Chapter 136 of the General Statutes is amended by adding a new section to read:

"§ 136-44.17. Pavement preservation program.

(a) Program Established; Definition; Standard. – The Department of Transportation shall establish the pavement preservation program. For purposes of this section, "pavement preservation" shall mean the use by the Department of the most cost-effective prevention applications to extend pavement life, improve safety, and to meet motorist expectations, while delaying costly rehabilitation or reconstruction activities. When selecting preservation applications to be used in the pavement preservation program, the Department shall select the application that represents the most cost-effective solution to maximize the life of structurally sound pavement.

(b) Eligible Activities. – 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) Micro-surfacing.
- (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.

(c) Ineligible Activities. – The pavement preservation program shall not include the following preservation activities or treatments:

- (1) Contract resurfacing activities or major pavement rehabilitation treatments and pretreatments that are used in combination with a resurfacing treatment, such as profile milling or chip seals.
- (2) Routine maintenance activities used to maintain and preserve the condition of roads. Treatments include, but are not limited to, asphalt crack sealing, pothole patching, rut filling, cleaning of roadside ditches and structures, shoulder maintenance, and retracing of pavement markings.
- (3) Maintenance and preservation activities performed on bridges or culverts.
- (4) Activities related to positive guidance or signal maintenance program functions."

SECTION 34.11.(b) The Department of Transportation shall establish a new account within its maintenance account to receive funds allocated under this section for pavement preservation.

SECTION 34.11.(c) Of funds allocated in this act for pavement preservation, no more than eighty percent (80%) may be used for projects undertaken by the Department, with the remaining funds used for projects outsourced to private contractors.

SECTION 34.11.(d) From funds allocated in this act for pavement preservation, the Department shall treat a minimum of 6,000 lane miles with a chip seal, slurry seal, or micro-surfacing application.

SECTION 34.11.(e) It is the intent of the General Assembly that the Department work cooperatively with the paving industry so that the industry grows in size, scope, and geographic reach and has the capability to fulfill contracts for pavement preservation work across the State. Therefore, the Department is directed to do the following:

- (1) Conduct workshops, trainings, or other meetings to encourage greater privatization of pavement preservation activities with the intent of reducing the amount of pavement preservation activities conducted by the Department.
- (2) Increase the use of outsourcing of preservation activities to reach the following targets for outsourcing of pavement preservation projects:
 - a. Fifty percent (50%) of pavement preservation funds allocated yearly by the 2016-2017 fiscal year.
 - b. Ninety percent (90%) of pavement preservation funds allocated yearly by the 2018-2019 fiscal year.

SECTION 34.11.(f) The Department shall report to the Joint Legislative Transportation Oversight Committee and the Fiscal Research Division no later than August 1, 2014, on its outreach plan to achieve greater industry participation in pavement preservation activities for the five-year period beginning with the 2014-2015 fiscal year. The Department shall report no later than December 1, 2014, and annually thereafter to the Joint Legislative Transportation Oversight Committee and the Fiscal Research Division on the Department's progress toward achieving the goals set forth in this section. The annual report shall include the following:

- (1) A monthly examination of expenditures, by treatment type, indicating the amount and percentage performed by contract.
- (2) The number of lane miles covered, by treatment type, along with an average cost per lane miles, by treatment type, indicating costs for each type for work performed by the Department and by contract.
- (3) The statewide cost per lane mile (hereafter, "unit cost") along with unit cost for each division and for each type of treatment. The Department shall

provide an explanation for unit costs that vary by more than twenty percent (20%) from the statewide unit cost.

SECTION 34.11.(g) Subsections (e) and (f) of this section expire December 31, 2019.

DOT BUDGET TRANSFERS

SECTION 34.12. Of funds appropriated in this act to the Department of Transportation, budget transfers to the Office of the Governor undertaken under the authority set forth in Chapter 143C of the General Statutes shall not exceed two hundred sixty-seven thousand four hundred sixteen dollars (\$267,416). These funds shall be used to support the following positions:

<u>Position number</u>	<u>Title</u>
65019379	Assistant Legal Counsel
65019380	Communications Specialist
60008477	Policy Analyst
60008516	Deputy Communications Director
60008502	Boards and Commissions Specialist
60008504	Legislative Director

OUTSOURCING OF PRECONSTRUCTION ACTIVITY

SECTION 34.13.(a) The Department of Transportation shall seek to increase the use of contracts to further privatize preconstruction work where practical, economical, and likely to lead to increased efficiency. In doing so, the Department of Transportation shall meet each of the following privatization requirements:

- (1) Increase the outsourcing of all activities performed by the Department's Preconstruction and Technical Services units to sixty-eight percent (68%) of the total cost of activities performed by those units in fiscal year 2014-2015, excluding the cost of activities performed by the Turnpike Authority, the Structures Design and Management unit, and the Bridge Program.
- (2) Increase the outsourcing of all activities performed by the Department's Roadway Design unit to fifty percent (50%) of the total cost of activities performed by those units in fiscal year 2014-2015.
- (3) Increase the outsourcing of all activities performed by the Department's Project Development and Environmental Analysis unit to sixty-five percent (65%) of the total cost of activities performed by those units in fiscal year 2014-2015.
- (4) The Department's Right-of-Way unit shall increase the total expenditures for outsourced activity by five percent (5%) in fiscal year 2014-2015.

SECTION 34.13.(b) The Department may credit any reduction in expenditures due to a reduction in force towards meeting the requirements imposed by subsection (a) of this section.

SECTION 34.13.(c) The Department shall increase contracts for construction of transportation projects on a design-build basis awarded under the provisions of G.S. 136-28.11.

SECTION 34.13.(d) The Department shall report no later than October 1, 2014, and quarterly thereafter, to the Joint Legislative Transportation Oversight Committee and the Fiscal Research Division regarding its implementation of this section, including any reductions in force used to meet privatization requirements.

DOT SIGNAGE

SECTION 34.14.(a) G.S. 136-89.56 reads as rewritten:

"§ 136-89.56. Commercial enterprises.

No commercial enterprises or activities shall be authorized or conducted by the Department of Transportation, or the governing body of any city or town, within or on the property acquired for or designated as a controlled-access facility, as defined in this Article, except for:

- (1) Materials displayed at welcome centers which shall be directly related to travel, accommodations, tourist-related activities, tourist-related services, and attractions. The Department of Transportation shall issue rules regulating the display of these materials. These materials may contain advertisements for real estate; and
- (2) Vending machines permitted by the Department of Transportation and placed by the Division of Services for the Blind, Department of Health and Human Services, as the State licensing agency designated pursuant to Section 2(a)(5) of the Randolph-Sheppard Act (20 USC 107a(a)(5)). The Department of Transportation shall regulate the placing of the vending machines in highway rest areas and shall regulate the articles to be dispensed. In order to permit the establishment of adequate fuel and other service facilities by private owners or their lessees for the users of a controlled-access facility, the Department of Transportation shall permit access to service or frontage roads within the publicly owned right-of-way of any controlled-access facility established or designated as provided in this Article, at points which, in the opinion of the Department of Transportation, will best serve the public interest. The location of such fuel and other service facilities may be indicated to the users of the controlled-access facilities by appropriate signs, the size, style, and specifications of which shall be determined by the Department of Transportation.

The location of fuel, gas, food, lodging, camping, and attraction facilities may be indicated to the users of the controlled-access facilities by appropriate logos placed on signs owned, controlled, and erected by the Department of Transportation. The owners, operators or lessees of fuel, gas, food, lodging, camping, and attraction facilities who wish to place a logo identifying their business or service on a sign shall furnish a logo meeting the size, style and specifications determined by the Department of Transportation and shall pay the Department ~~for the costs of initial installation and subsequent maintenance. The fees for logo sign installation and maintenance shall be set by the Board of Transportation based on cost; a fee set~~ by the Board of Transportation. The Board shall set the fee to cover the initial costs of signs, sign installation and maintenance, and the costs of administering the program."

SECTION 34.14.(b) G.S. 136-140.19 reads as rewritten:

"§ 136-140.19. ~~Department~~ Board of Transportation to adopt rules to implement the TODS program.

The ~~Department~~ Board of Transportation shall adopt rules to implement the TODS program created by this Article. The rules shall include all of the following:

- (1) The ~~Department~~ Board shall set fees to cover the initial costs of signs, sign installation and maintenance, and the costs of administering the program.
- (2) The ~~Department~~ Board shall establish a standard for the size, color, and letter height of the TODS as specified in the National Manual of Uniform Traffic Control Devices for Streets and Highways.
- ...
- (8) The ~~Department~~ Board shall limit the placement of TODS to highways other than fully controlled access highways and to rural areas in and around towns or cities with a population of less than 40,000."

SECTION 34.14.(c) G.S. 106-22.5(a) reads as rewritten:

"§ 106-22.5. Agricultural tourism signs.

(a) The Department of Agriculture and Consumer Services shall work with the Department of Transportation to provide directional signs on major highways at or in reasonable proximity to the nearest interchange ~~or within one mile~~ leading to an agricultural facility that promotes tourism by providing tours and on-site sales or samples of North Carolina agricultural products to area tourists. The Department shall follow the sign location and placement rules for the Department of Transportation's Tourist-Oriented Directional Signs as authorized by G.S.136-140.19."

STATE PARKS AND TRAILS SIGNAGE

SECTION 34.15.(a) The Department of Transportation, in conjunction with the State Parks and Recreation Division of the Department of Environment and Natural Resources, the Department of Commerce, and Friends of the Mountains-to-Sea Trail, Inc., a nonprofit corporation, shall study the use of highway signage as a means of improving the North Carolina residents' and tourists' awareness of State parks, including historic and cultural sites as well as the Mountains-to-Sea Trail. The study shall include an examination of at least all of the following:

- (1) Whether signs currently located on or near highways in this State are sufficient in number, location, and size and presentation to make travelers on the highways of this State aware of the existence and location of all State parks, including historic and cultural sites as well as the Mountains-to-Sea Trail.
- (2) Whether signs currently located on or near highways in this State adequately inform travelers that portions of the roads they travel on are part of the current route of the Mountains-to-Sea Trail.
- (3) What measures could be taken to improve the efficacy of highway signage in achieving the goals described in subdivisions (1) and (2) of this subsection.
- (4) What the costs and benefits of implementing the measures described in subdivision (3) of this subsection would be.

SECTION 34.15.(b) No later than April 1, 2015, the Department of Transportation shall report the results of the study required by this section to the chairs of the Joint Legislative Transportation Oversight Committee and to the Fiscal Research Division.

DOT STAFFING

SECTION 34.16.(a) The Department of Transportation shall review the organization and staffing of the Division of Highways and the Division of Preconstruction and identify areas of unnecessary duplication within management structures and variations in the number of employees reporting to persons identified as supervisors. Based on its review, the Department shall create and implement a plan for staffing changes and staffing efficiencies. The plan should reduce layers of management to the level needed for carrying out the Department's functions and responsibilities and ensure that employees designated as supervisors have workloads and staff size that are appropriate given the function or task for which that supervisor has responsibility.

SECTION 34.16.(b) The Department shall report its progress on implementing this section to the Joint Legislative Transportation Oversight Committee and the Fiscal Research Division no later than December 1, 2014.

BOARD OF TRANSPORTATION TO STUDY FEES, SPONSORSHIP, AND PRIVATIZATION

SECTION 34.17.(a) The Board of Transportation shall study how fees, sponsorship, or privatization might be used to reduce the use of public funds for services provided by the Department. The services the Board shall study include, but are not limited to, the following:

- (1) Inspection of streets and bridges within a private development for future addition to the State highway system.
- (2) Inspection, site review, and permitting of the installation of driveways by private parties providing access to a component of the State highway system.
- (3) Review and inspection of encroachments onto the State highway system.
- (4) Lease or sale of property related to the resolution of encroachments or the disposition of surplus right-of-way.
- (5) Review of or consultation on development plats or plans.
- (6) Review, engineering, or consultation regarding drainage issues, improvements, or maintenance adjacent to components of the State highway system.
- (8) Training sessions or workshops offered to private consultants and contractors.
- (9) Review and engineering consultation regarding traffic plans.

SECTION 34.17.(b) The Board shall also study the existing fee structure for services performed by Highway Division personnel and identify any fees that no longer cover the direct and indirect costs incurred by the Department to perform the service.

SECTION 34.17.(c) The Department of Transportation shall report on the Board's study and recommendations for fee adjustments or additions to the Joint Legislative Transportation Oversight Committee and the Fiscal Research Division no later than December 1, 2014. This report shall also include recommendations from the Board on the use of sponsorships for activities, programs, or functions currently performed by the Department or the privatization of these functions, and include the following information:

- (1) The current cost of activities proposed for sponsorship support or privatization.
- (2) The potential receipts that could reasonably be collected through sponsorships or the cost-savings achieved through privatization.
- (3) A proposed process for the screening and selection of sponsors.
- (4) Mock-ups of potential sponsorship signage on materials, buildings, vehicles, vessels, or other locations.
- (5) Any administrative, statutory, or regulatory changes needed for the Department to proceed with sponsorship or privatization programs.

RENAME AND REDIRECT TAX PROCEEDS OF SYSTEM PRESERVATION PROGRAM

SECTION 34.18.(a) The Department of Transportation shall rename the "system preservation program" (fund center 1500/157839) the "bridge program." Funds allocated to this program shall be used for improvements to structurally deficient and functionally obsolete bridges. All projects funded under this program, with the exception of inspection, pre-engineering, contract preparation, contract administration and oversight, and planning activities, shall be outsourced to private contractors.

SECTION 34.18.(b) G.S. 119-18 reads as rewritten:

"§ 119-18. Inspection tax and distribution of the tax proceeds.

...

(b) Proceeds. – The proceeds of the inspection tax levied by this section shall be applied first to the costs of administering this Article and Subchapter V of Chapter 105 of the General

Statutes. The remainder of the proceeds shall be credited on a monthly basis to the Highway Fund to be used for ~~system preservation~~ pavement preservation under the Department of Transportation in the highway maintenance program.

...."

HIGHWAY FUND CREDIT RESERVE

SECTION 34.19.(a) G.S. 136-44.2 is amended by adding a new subsection to read:
"§ 136-44.2. Budget and appropriations.

...

(f1) The credit reserve for the Highway Fund consists of the following:

(1) The unreserved credit balance in the Highway Fund on the last day of the fiscal year to the extent the balances exceed the amount estimated for that date in the Current Operations Appropriations Act for the following fiscal year.

(2) The unallotted and unencumbered balances on the last day of the fiscal year for the following:

a. Funds appropriated from the Highway Fund for the multimodal programs of the Department, consisting of funds for bicycle and pedestrian, ferry, railroad, aviation, and public transportation programs, excluding funds deposited in the Freight Rail & Rail Crossing Safety Improvement Fund.

b. Funds appropriated from the Highway Fund for the construction programs of the Department, consisting of funds for secondary construction, access and public service roads, spot safety improvement, contingency, small urban construction, and economic development programs.

(3) The unencumbered and unexpended balances on the last day of the fiscal year for the following:

a. Central and program administration.

b. Transfers to other State agencies or departments not used or returned."

SECTION 34.19.(b) The sum of twelve million dollars (\$12,000,000) of the unallotted and unexpended balance of funds within the Bicycle program (fund center 1500/0036), Ferry Operations (fund center 1500/7825), Railroad program (fund center 1500/7829), Airports program (fund center 1500/7830), and the Public Transportation program (fund center 1500/7831), excluding funds deposited in the Freight Rail & Rail Crossing Safety Improvement Fund, shall be transferred to the Pavement Preservation program created in Section 34.11 of this act.

SALE OF CERTAIN FORMER NC RAILROAD PROPERTIES

SECTION 34.20.(a) Subject to the right of first refusal in subsection (b) of this section, the Department of Administration shall dispose of the following parcels following the procedures set out in Chapter 146 of the General Statutes, provided that the Department may not dispose of the properties by gift or for less than fair market value:

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

SECTION 34.20.(b) Before the Department disposes of any property described in subsection (a), the city of Morehead City, Carteret County, or the city and county jointly shall be given the right of first refusal to purchase, lease, or rent any or all of the parcels at fair market value as determined by rules adopted by the Department under G.S. 146-29. Any lease or rental agreement under this subsection shall provide that the lessee or tenant may not sublease the property, except to a public entity for a public purpose. The right of first refusal shall expire on June 30, 2015.

SECTION 34.20.(c) Following expiration of the right of first refusal period set forth in subsection (b) of this section, or upon written notice from the city of Morehead City and Carteret County waiving the right of first refusal, the Department shall dispose of the properties by sale.

SECTION 34.20.(d) Notwithstanding G.S. 146-30, the Department shall deposit the net proceeds from the disposition of the properties into the Freight Rail & Rail Crossing Safety Improvement Fund of the Highway Fund.

MAINTENANCE CONDITION ASSESSMENT PROGRAM CHANGES

SECTION 34.21. G.S. 136-44.3 reads as rewritten:

"§ 136-44.3. Maintenance program.

The Department shall establish performance standards for the maintenance and operation of the State highway system. In each even-numbered year, the Department of Transportation shall survey the condition of the State highway system and shall prepare a report of the findings of the survey. The report shall provide both quantitative and qualitative descriptions of the condition of the system and shall provide estimates of the following:

- (1) The annual cost to meet and sustain the established performance standards for the ~~primary and secondary~~ State highway system, delineated by costs to the primary or secondary system, to include: (i) routine maintenance and operations, (ii) system preservation, and (iii) pavement and bridge rehabilitation. ~~include the following categories of work: (i) contract resurfacing, (ii) pavement preservation, (iii) routine highway maintenance, (iv) disasters and emergencies, (v) structurally sound bridge maintenance, and (vi) structurally unsound bridge rehabilitation, repair, or replacement.~~
- (2) Projected system condition and corresponding optimal funding requirements for a seven-year plan to sustain established performance standards. The report shall also identify target levels of service for each maintenance activity and assess historical program performance across divisions, including project delivery rates, staffing, and direct and indirect costs. The Department shall clearly denote prioritized maintenance needs and recommended resource allocations and distribution methods to achieve each target.
- (3) Any significant variations in system conditions among highway divisions. The report should include an examination of how well the highway divisions streamline project delivery, maximize efficiency, and prioritize spending based on needs and make recommendations on ways to improve these processes. The report should analyze the cost of delivering maintenance activities by division and make recommendations on how to reduce these costs regionally and statewide.
- (4) An assessment of the level of congestion throughout the primary highway system based on traffic data, and a ranking of the most congested areas based on travel time reliability and the average number of congested hours,

together with the Department's recommendations for congestion reduction and mobility improvement.

(5) An analysis of existing highway division staffing levels and recommendations to ensure staffing levels are distributed appropriately based on need.

(6) A cross-divisional comparison summary document, not to exceed one page in length, which includes the divisional performance data described in subdivision (2) of this section as well as the most deficient roads and bridges in each division.

On the basis of the report and from funds available, the Department of Transportation shall develop a statewide annual maintenance program for the State highway system, which shall be subject to the approval of the Board of Transportation and is consistent with performance standards.

The report on the condition of the State highway system and maintenance funding needs shall be presented to the Joint Legislative Transportation Oversight Committee by December 31 of each even-numbered year, and copies shall be made available to any member of the General Assembly upon request."

DIVISION OF MOTOR VEHICLES POSITION FUNDING

SECTION 34.22. The Department of Transportation shall not use funds appropriated for the 2014-2015 fiscal year from the Highway Trust Fund to fund positions within the Division of Motor Vehicles.

DOT CASH MANAGEMENT

SECTION 34.23.(a) G.S. 143C-6-11 reads as rewritten:

"§ 143C-6-11. Highway appropriation.

...
(f) ~~Five Percent (5%) of the Cash Balance Required.~~ Seven and One-Half Percent (7.5%) Cash Balance Required. – The Department of Transportation shall maintain an available cash balance at the end of each month equal to at least ~~five percent (5%)~~ seven and one-half percent (7.5%) of ~~the unpaid balance of the total transportation project contract obligations.~~ the total appropriations for the current fiscal year from the Highway Fund and the Highway Trust Fund. In projecting cash balances in future years, the Department shall use the estimated cash flow as specified in the Current Operations Appropriation Act. In the event this cash position is not maintained, no further transportation project contract commitments may be entered into until the cash balance has been regained. ~~For the purposes of awarding contracts involving federal aid, any amount due from the federal government and the Highway Bond Fund as a result of unreimbursed expenditures may be considered as cash for the purposes of this provision.~~ Any federal funds on hand shall not be considered as cash for the purposes of this subsection.

...
(k) The Department of Transportation shall do all of the following:
(1) Utilize cash flow financing to the extent possible to fund transportation projects with the goal of reducing the combined average daily cash balance of the Highway Fund and the Highway Trust Fund to an amount equal to ~~the twelve percent (12%) of the combined estimate of the yearly receipts of the Funds.~~ between fifteen and twenty percent (15-20%) of the total appropriations for the current fiscal year from those funds. In projecting cash balances in future years, the Department shall use the estimated cash flow as specified in the Current Operations Appropriation Act. Any federal funds on

hand shall not be considered as cash for the purposes of this subsection. The target amount shall include an amount necessary to make all municipal-aid funding requirements of the Department.

- (2) Establish necessary management controls to facilitate use of cash flow financing, such as establishment of a financial planning committee, development of a monthly financing report, establishment of appropriate fund cash level targets, review of revenue forecasting procedures, and reduction of accrued unbilled costs.
- (3) Report annually, on October 1 of each year, to the Joint Legislative Transportation Oversight Committee on its cash management policies and results."

SECTION 34.23.(b) The Board of Transportation shall study the Department's cash management policies and identify ways to strengthen these policies in order to prevent excessive cash balances. The Department shall report to the House of Representatives Appropriations Subcommittee on Transportation, the Senate Appropriations Committee on Department of Transportation, and the Fiscal Research Division by April 1, 2015, on the findings from this study and any resulting policy changes made based on the findings of the study.

SECTION 34.23.(c) In any month in which the Department's total cash balance on hand from the Highway Fund and the Highway Trust Fund exceeds one billion dollars (\$1,000,000,000), the Department shall report its cash balance no later than the 15th day of the following month as follows:

- (1) To the Board of Transportation.
- (2) If the General Assembly is in session, the Department shall report to the Chairs of the House of Representatives Appropriations Subcommittee on Transportation, the Chairs of the Senate Appropriations Committee on Department of Transportation, and the Fiscal Research Division.
- (3) If the General Assembly is not in session, the Department shall report to the Chairs of the Joint Legislative Transportation Oversight Committee and the Fiscal Research Division.

The report shall include an explanation from the Department of the reasons the cash balance has exceeded the amount specified in this subsection, the actions to be taken by the Department to reduce the cash balance, and the estimated amount of time it will take to bring the cash balance to the target identified in G.S. 143C-6-11(k)(1), as amended by subsection (a) of this section.

SECTION 34.23.(d) Subsection (c) of this section becomes effective July 1, 2015.

DOT LEGAL SERVICES

SECTION 34.24.(a) Section 34.27 of S.L. 2013-360 reads as rewritten:

"SECTION 34.27. The Department of Transportation may engage the services of private counsel with the pertinent expertise to ~~timely defend or otherwise resolve legal challenges~~provide legal services related to transportation projects undertaken by the Department. The Department shall supervise and manage the private counsel engaged under this section and shall not be required to obtain written permission or approval from the Attorney General under G.S. 114-2.3. ~~The Department shall report the engagement of private counsel authorized by this section within 30 days to the General Assembly, as follows:~~

- ~~(1) If the General Assembly is in session, the Department shall report to the Chairs of the Appropriations Subcommittee on Transportation of the House of Representatives, the Chairs of the Appropriations Committee on Transportation of the Senate, and the Fiscal Research Division.~~

~~(2) If the General Assembly is not in session, or adjourns sine die during the 30 day period, the Department shall report to the Chairs of the Joint Legislative Transportation Oversight Committee and the Fiscal Research Division."~~

SECTION 34.24.(b) It is the intent of the General Assembly that the Department of Transportation exercise the authority granted by subsection (a) of this section to maximize operational and project delivery benefits attributed to the avoidance or successful defense of litigation. To accomplish this intent, the Department is directed to increase its utilization of external counsel to no less than ten percent (10%) of new cases arising during the 2014-2015 fiscal year, increasing to no less than twenty percent (20%) of new cases arising during the 2015-2016 fiscal year.

SECTION 34.24.(c) The Department shall develop performance metrics to evaluate its utilization of in-house and outside counsel, to include the following:

- (1) A summary of new matters opened by legal area.
- (2) Case cycle times.
- (3) Resolution of cases.
- (4) A comparison of in-house costs to billable rates for external counsel.
- (5) The process for procurement for legal services.

The Department shall report no later than January 1, 2015, and quarterly thereafter, to the Joint Legislative Transportation Oversight Committee and the Joint Legislative Justice and Public Safety Oversight Committee regarding the performance metrics set forth in this subsection.

SECTION 34.24.(d) G.S. 136-103.1 reads as rewritten:

"§ 136-103.1. Outside counsel.

The ~~Attorney General~~Secretary of Transportation is authorized to employ outside counsel as ~~he the Secretary~~ deems necessary for the purpose of obtaining title abstracts and title certificates for transportation system rights-of-way and for assistance in the trial of condemnation cases involving the acquisition of rights-of-way and other interests in land for the purpose of transportation construction. Compensation, as approved by the ~~Attorney General~~Secretary, shall be paid out of the appropriations from the Highway Fund."

SECTION 34.24.(e) Legal positions assigned to the Department from the Department of Justice which become vacant during the 2014-2015 fiscal year shall not be filled.

PART XXXV. SALARIES AND BENEFITS

GOVERNOR AND COUNCIL OF STATE

SECTION 35.1.(a) G.S. 147-11(a) reads as rewritten:

"(a) The salary of the Governor shall be ~~one hundred forty one thousand two hundred sixty five dollars (\$141,265)~~ one hundred forty-two thousand seventy-four dollars (\$142,074) annually, payable monthly."

SECTION 35.1.(b) Section 35.1(b) of S.L. 2013-360 reads as rewritten:

"SECTION 35.1.(b) ~~Effective for the 2013-2015 fiscal biennium, the~~ The annual salaries for members of the Council of State, payable monthly, shall ~~remain unchanged~~ be increased by eight hundred nine dollars (\$809.00) as follows:

<u>Council of State</u>	<u>Annual Salary</u>
Lieutenant Governor	\$124,676 <u>\$125,485</u>
Attorney General	124,676 <u>125,485</u>
Secretary of State	124,676 <u>125,485</u>
State Treasurer	124,676 <u>125,485</u>

1	State Auditor	124,676 125,485
2	Superintendent of Public Instruction	124,676 125,485
3	Agriculture Commissioner	124,676 125,485
4	Insurance Commissioner	124,676 125,485
5	Labor Commissioner	124,676 125,485"

6 **SECTION 35.1(c)** Section 35.1(a) of S.L. 2013-360 is repealed.

8 **CERTAIN EXECUTIVE BRANCH OFFICIALS**

9 **SECTION 35.2.** Section 35.2 of S.L. 2013-360 reads as rewritten:

10 "**SECTION 35.2.** ~~Effective for the 2013-2015 fiscal biennium, the~~ The annual salaries,
11 payable monthly, for the following executive branch officials shall ~~remain unchanged~~ be
12 increased by eight hundred nine dollars (\$809.00) as follows:

<u>Executive Branch Officials</u>	<u>Annual Salary</u>
13 Chairman, Alcoholic Beverage Control Commission	\$110,868 \$111,677
14 State Controller	155,159 155,968
15 Commissioner of Banks	124,676 125,485
16 Chair, Board of Review, Division of Employment Security	122,255 123,064
17 Members, Board of Review, Division of Employment Security	120,737 121,546
18 Chairman, Parole Commission	101,235 102,044
19 Members of the Parole Commission	93,464 94,273
20 Chairman, Utilities Commission	138,849 139,658
21 Members of the Utilities Commission	124,676 125,485
22 Executive Director, North Carolina	
23 Agricultural Finance Authority	107,915 108,724"

26 **JUDICIAL BRANCH**

27 **SECTION 35.3(a)** Section 35.3 of S.L. 2013-360 reads as rewritten:

28 "**SECTION 35.3(a)** ~~Effective for the 2013-2015 fiscal biennium, the~~ The annual salaries,
29 payable monthly, for specified judicial branch officials shall ~~remain unchanged~~ be increased by
30 eight hundred nine dollars (\$809.00) as follows:

<u>Judicial Branch Officials</u>	<u>Annual Salary</u>
31 Chief Justice, Supreme Court	\$142,623 \$143,432
32 Associate Justice, Supreme Court	138,896 139,705
33 Chief Judge, Court of Appeals	136,682 137,491
34 Judge, Court of Appeals	133,109 133,918
35 Judge, Senior Regular Resident Superior Court	129,492 130,301
36 Judge, Superior Court	125,875 126,684
37 Chief Judge, District Court	114,301 115,110
38 Judge, District Court	110,684 111,493
39 District Attorney	120,737 121,546
40 Administrative Officer of the Courts	128,259 129,068
41 Assistant Administrative Officer of the Courts	117,152 117,961
42 Public Defender	120,737 121,546
43 Director of Indigent Defense Services	124,498 125,307

45 **SECTION 35.3(b)** ~~Effective for the 2013-2015 fiscal biennium, the annual salaries of~~
46 employees of the Judicial Department shall remain unchanged as follows:

47 (1) ~~The annual salaries of permanent full-time and part-time employees of the~~
48 ~~Judicial Department whose salaries are not itemized in this act shall remain~~
49 ~~unchanged.~~

- (2) ~~Notwithstanding anything to the contrary, the annual salaries of clerks of superior court under G.S. 7A-101(a) shall not change when a county changes from one population group to another.~~
- (3) ~~The annual salaries of assistant and deputy clerks of court set under G.S. 7A-102(c1) shall remain unchanged.~~
- (4) ~~The annual salaries of magistrates set under G.S. 7A-171.1(a) or G.S. 7A-171.1(a1)(1) shall remain unchanged."~~

SECTION 35.3.(b) Except for employees eligible to receive step increases under G.S. 7A-102(c1), G.S. 7A-171.1(a), or G.S. 7A-171.1(a1)(1), the annual salaries of permanent full-time and part-time employees of the Judicial Department whose salaries are not itemized in this act shall be increased by eight hundred nine dollars (\$809.00).

SECTION 35.3.(c) The district attorney or public defender of a judicial district, with the approval of the Administrative Officer of the Courts or the Commission on Indigent Defense Services, respectively, shall set the salaries of assistant district attorneys or assistant public defenders, respectively, in that district such that the average salaries of assistant district attorneys or assistant public defenders in that district do not exceed seventy-two thousand six hundred six dollars (\$72,606) and the minimum salary of any assistant district attorney or assistant public defender is at least thirty-eight thousand four hundred thirty-seven dollars (\$38,437), effective July 1, 2014.

SECTION 35.3.(d) G.S. 7A-101(a) reads as rewritten:

"(a) The clerk of superior court is a full-time employee of the State and shall receive an annual salary, payable in equal monthly installments, based on the population of the county as determined in subsection (a1) of this section, according to the following schedule:

Population	Annual Salary
Less than 100,000	\$83,390 <u>\$84,199</u>
100,000 to 149,999	93,578 <u>94,387</u>
150,000 to 249,999	103,766 <u>104,575</u>
250,000 and above	113,958 <u>114,767</u>

When a county changes from one population group to another, the salary of the clerk shall be changed, on July 1 of the fiscal year for which the change is reported, to the salary appropriate for the new population group, except that the salary of an incumbent clerk shall not be decreased by any change in population group during his continuance in office."

SECTION 35.3.(e) G.S. 7A-102(c1) reads as rewritten:

"(c1) A full-time assistant clerk or a full-time deputy clerk, and up to one full-time deputy clerk serving as head bookkeeper per county, shall be paid an annual salary subject to the following minimum and maximum rates:

Assistant Clerks and Head Bookkeeper		Annual Salary
Minimum	\$32,609	
Maximum	55,424 <u>56,233</u>	
Deputy Clerks		Annual Salary
Minimum	\$28,223	
Maximum	43,107 <u>43,916</u>	

SECTION 35.3.(f) G.S. 7A-171.1(a)(1) reads as rewritten:

"(a) The Administrative Officer of the Courts, after consultation with the chief district judge and pursuant to the following provisions, shall set an annual salary for each magistrate.

- (1) A full-time magistrate shall be paid the annual salary indicated in the table set out in this subdivision. A full-time magistrate is a magistrate who is assigned to work an average of not less than 40 hours a week during the term of office. The Administrative Officer of the Courts shall designate whether a magistrate is full-time. Initial appointment shall be at the entry rate. A

magistrate's salary shall increase to the next step every two years on the anniversary of the date the magistrate was originally appointed for increases to Steps 1 through 3, and every four years on the anniversary of the date the magistrate was originally appointed for increases to Steps 4 through 6. The minimum and maximum salary amounts are as follows:

Table of Salaries of Full-Time Magistrates

Step Level Annual Salary Range Minimum - Maximum

Entry Rate \$33,025 \$33,834

Step 1 35,951 - 36,760

Step 2 39,135 - 39,944

Step 3 42,640 - 43,449

Step 4 46,551 - 47,360

Step 5 50,959 - 51,768

Step 6 55,901 - 56,710."

SECTION 35.3.(g) G.S. 7A-171.1(a1)(1) reads as rewritten:

"(a1) Notwithstanding subsection (a) of this section, the following 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:

	<u>Minimum</u>	<u>Maximum</u>
Less than 1 year of service	\$26,846	\$27,655
1 or more but less than 3 years of service	28,027	28,836
3 or more but less than 5 years of service	30,405	31,214

Upon completion of five years of service, those magistrates shall receive the salary set as the Entry Rate in the table in subsection (a)."

LEGISLATIVE BRANCH

SECTION 35.4.(a) Section 35.4 of S.L. 2013-360 reads as rewritten:

"SECTION 35.4. For the 2013-2015 fiscal biennium, the salaries of members and officers of the General Assembly shall remain unchanged at the amounts set under G.S. 120-3, as provided in 1994 by the 1993 General Assembly. ~~Effective for the 2013-2015 fiscal biennium, salaries in the legislative branch shall remain unchanged, as follows:~~

- (1) ~~The annual salaries set by G.S. 120-37(e) for the principal clerks in each house shall remain unchanged.~~
- (2) ~~The annual salaries set by G.S. 120-37(b) of the sergeant-at-arms and the reading clerk in each house shall remain unchanged.~~
- (3) ~~The annual salaries of the Legislative Services Officer and of nonelected employees of the General Assembly set under G.S. 120-32 shall remain unchanged."~~

SECTION 35.4.(b) G.S. 120-37(b) reads as rewritten:

"(b) The sergeant-at-arms and the reading clerk in each house shall be paid a salary of ~~three hundred eighty five dollars (\$385.00)~~ four hundred one dollars (\$401) per week plus subsistence at the same daily rate provided for members of the General Assembly, plus mileage at the rate provided for members of the General Assembly for one round trip only from their homes to Raleigh and return. The sergeants-at-arms shall serve during sessions of the General Assembly and at such time prior to the convening of, and subsequent to adjournment or recess of, sessions as may be authorized by the Legislative Services Commission. The reading clerks shall serve during sessions only."

SECTION 35.4.(c) G.S. 120-37(c) reads as rewritten:

"(c) The principal clerks shall be full-time officers. Each principal clerk shall be entitled to other benefits available to permanent legislative employees and shall be paid an annual salary of ~~one hundred five thousand three hundred thirty three dollars (\$105,333)~~, one hundred six thousand one hundred forty-two dollars (\$106,142), payable monthly. Each principal clerk shall also receive such additional compensation as approved by the Speaker of the House of Representatives or the President Pro Tempore of the Senate, respectively, for additional employment duties beyond those provided by the rules of their House. The Legislative Services Commission shall review the salary of the principal clerks prior to submission of the proposed operating budget of the General Assembly to the Governor and shall make appropriate recommendations for changes in those salaries. Any changes enacted by the General Assembly shall be by amendment to this paragraph."

SECTION 35.4.(d) The annual salaries of the Legislative Services Officer and of nonelected employees of the General Assembly in effect on June 30, 2014, shall be increased by eight hundred nine dollars (\$809.00).

COMMUNITY COLLEGES PERSONNEL

SECTION 35.5. Section 35.5 of S.L. 2013-360 reads as rewritten:

"SECTION 35.5.(a) The annual salaries of all community college nonfaculty and professional staff whose salaries are supported from the State's General Fund shall ~~remain unchanged for the 2013-2015 fiscal biennium~~. be increased by eight hundred nine dollars (\$809.00).

"SECTION 35.5.(b) ~~For the 2013-2015 fiscal biennium, the~~ Effective July 1, 2014, the annual salaries of all community college faculty whose salaries are supported from the State's General Fund shall ~~remain unchanged. The~~ be increased by eight hundred nine dollars (\$809.00). The minimum salaries for nine-month, full-time curriculum community college faculty shall also remain unchanged be increased as follows:

<u>Education Level</u>	<u>Minimum Salary</u>
Vocational Diploma/Certificate or Less	\$34,314 <u>\$35,123</u>
Associate Degree or Equivalent	34,819 <u>35,628</u>
Bachelor's Degree	37,009 <u>37,818</u>
Masters Degree or Education Specialist	38,952 <u>39,761</u>
Doctoral Degree	41,753 <u>42,562</u>

No full-time faculty member shall earn less than the minimum salary for his or her education level.

The pro rata hourly rate of the minimum salary for each education level shall be used to determine the minimum salary for part-time faculty members."

UNIVERSITY OF NORTH CAROLINA SYSTEM

SECTION 35.6. Section 35.6 of S.L. 2013-360 reads as rewritten:

"SECTION 35.6.(a) The annual compensation of all University of North Carolina ~~EPA faculty, EPA nonfaculty, SPA employees, and teachers employed by the North Carolina School of Science and Mathematics shall remain unchanged for the 2013-2015 fiscal biennium~~. employees who are not exempt from the North Carolina Human Resources Act shall be increased by eight hundred nine dollars (\$809.00).

"SECTION 35.6.(b) The annual compensation of all employees of the University of North Carolina Health Care System and the Medical Faculty Practice Plan at East Carolina University shall remain unchanged for the ~~2013-2015 fiscal biennium~~. 2013-2014 fiscal year."

SALARY ADJUSTMENT REQUIREMENTS/LIMIT ON CUMULATIVE INCREASES

SECTION 35.7. Section 35.8 of S.L. 2013-360 reads as rewritten:

"SECTION 35.8.(a) The annual compensation of all employees subject to or exempt from the ~~State Personnel Act, North Carolina Human Resources Act,~~ including employees of local boards of education, community colleges, and The University of North Carolina, for the ~~2013-2015 fiscal biennium~~ 2013-2014 fiscal year shall remain unchanged from that authorized on June 30, 2013, or the last date in pay status during the 2011-2013 fiscal biennium, if earlier, unless an increase is authorized by this section or under the Salary Adjustment Fund established by this act.

SECTION 35.8.(b) Salary increases may be awarded during the ~~2013-2015 fiscal biennium~~ 2013-2014 fiscal year under this ~~section-subsection~~ only for the following special circumstances:

- (1) For all State employees regardless of funding source, and for employees of the North Carolina Community College System and local school boards who are paid from State funds, salaries may be increased for reallocations or promotions, in-range adjustments for job change, career progression adjustments for demonstrated competencies, or any other adjustment related to an increase in job duties or responsibilities, none of which are subject to the salary freeze otherwise provided by this Part. All other salary increases are prohibited.
- (1a) For employees of the North Carolina Community College System, notwithstanding subdivision (1) of this subsection, salaries may be increased if the increase is (i) funded from local funding sources or (ii) for the purposes of retention or equity.
- (2) For The University of North Carolina, (i) faculty using funds from the Faculty Recruiting and Retention Fund, the Distinguished Professors Endowment Fund, or the University Cancer Research Fund in the case of faculty involved in cancer research supported by that fund; (ii) faculty, nonfaculty, and other employee adjustments, including retention adjustments, funded from non-State funding sources; (iii) faculty, nonfaculty, and other employees for the purposes of retention or equity.
- (3) For employees of the judicial branch, for local supplementation as authorized by G.S. 7A-300.1.

The cumulative salary adjustment allowed under this subsection ~~for each fiscal year during the 2013-2015 fiscal biennium~~ 2013-2014 fiscal year may exceed ten percent (10%) of annual salary only if the adjustment is approved in advance by the Office of State Budget and Management, The University of North Carolina Board of Governors, the Board of the North Carolina Community College System, the Legislative Services Commission, the local board of education, or other authorized body as appropriate.

SECTION 35.8.(b1) For fiscal year 2014-2015, the cumulative salary adjustment awarded to any employee may exceed ten percent (10%) of annual salary only if the adjustment is approved in advance by the Office of State Budget and Management, The University of North Carolina Board of Governors, the Board of the North Carolina Community College System, the Legislative Services Commission, the local board of education, or other authorized body as appropriate.

SECTION 35.8.(c) The automatic salary step increases for assistant and deputy clerks of superior court and magistrates are suspended for the ~~2013-2015 fiscal biennium~~ 2013-2014 fiscal year.

SECTION 35.8.(d) The salary increase provisions of G.S. 20-187.3 are suspended for the ~~2013-2015 fiscal biennium~~ 2013-2014 fiscal year.

SECTION 35.8.(e) ~~During the 2013-2015 fiscal biennium,~~ For the 2013-2014 fiscal year, notwithstanding G.S. 53C-2-3(c), employees of the Office of the Commissioner of Banks shall

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not be awarded (i) compensation increases unless allowed under subdivision (1) of subsection (b) of this section or (ii) compensation bonuses.

SECTION 35.8.(f) Employees of the Lottery Commission shall not receive compensation bonuses during the ~~2013-2015 fiscal biennium~~ 2013-2014 fiscal year."

USE OF FUNDS APPROPRIATED FOR LEGISLATIVELY MANDATED SALARY INCREASES

SECTION 35.8.(a) The appropriations set forth in Section 2.1 of this act include appropriations for legislatively mandated salary increases in amounts set forth in the committee report described in Section 38.2 of this act. The Office of State Budget and Management shall ensure that those funds are used only for legislatively mandated salary increases.

SECTION 35.8.(b) If the Director of the Budget determines that funds appropriated to a State agency for legislatively mandated salary increases exceed the amount required by that agency for that purpose, the Director may reallocate those funds to other State agencies that received insufficient funds for legislatively mandated salary increases.

SECTION 35.8.(c) No later than October 1, 2014, the Office of State Budget and Management shall report to the Joint Legislative Commission on Governmental Operations on the expenditure of funds for legislatively mandated salary increases. This report shall include at least the following information for each State agency for the 2014-2015 fiscal year:

- (1) The total amount of funds that the agency received for legislatively mandated salary increases.
- (2) The total amount of funds transferred from the agency to other State agencies pursuant to subsection (b) of this section. This section of the report shall identify the amounts transferred to each recipient State agency.
- (3) The total amount of funds used by the agency for legislatively mandated salary increases.
- (4) The total amount of funds received by the agency for legislatively mandated salary increases that are anticipated to revert at the end of the fiscal year.

ALL STATE-SUPPORTED PERSONNEL/SALARY INCREASES

SECTION 35.9.(a) Salaries and related benefits for positions that are funded partially from the General Fund or Highway Fund and partially from sources other than the General Fund or Highway Fund shall be increased from the General Fund or Highway Fund appropriation only to the extent of the proportionate part of the salaries paid from the General Fund or Highway Fund.

SECTION 35.9.(b) The salary increases provided in this act become effective July 1, 2014, and do not apply to persons separated from State service due to resignation, dismissal, reduction in force, death, or retirement, or whose last workday is prior to July 1, 2014.

SECTION 35.9.(c) Payroll checks issued to employees after July 1, 2014, which represent payment of services provided prior to July 1, 2014, shall not be eligible for salary increases provided for in this act. This subsection applies to all employees paid from State funds, whether or not subject to or exempt from the North Carolina Human Resources Act, including employees of public schools, community colleges, and The University of North Carolina.

SECTION 35.9.(d) Nothing in this act authorizes the transfer of funds between the General Fund and the Highway Fund for salary increases.

MOST STATE EMPLOYEES

SECTION 35.10.(a) Section 35.7 of S.L. 2013-360 reads as rewritten:

~~"SECTION 35.7. For the 2013-2015 fiscal biennium, the salaries in effect June 30, 2013, for the following employees shall remain unchanged, effective July 1, 2013: Except as otherwise specifically set forth in this act, the salaries in effect for the following employees on June 30, 2014, shall be increased by eight hundred nine dollars (\$809.00):~~

- ~~(1) Permanent full-time State officials and persons whose salaries are set in accordance with the State Personnel Act.North Carolina Human Resources Act.~~
- ~~(2) Permanent full-time State officials and persons in positions exempt from the State Personnel Act.North Carolina Human Resources Act.~~
- ~~(3) Permanent part-time State employees.employees and temporary and permanent hourly State employees, on a prorated and equitable basis subject to the availability of funds in the employing State agency, department, or institution and within regular State Budget Act procedures.~~
- ~~(4) Temporary and permanent hourly State employees.~~

~~Employees eligible to receive step increases under G.S. 20-187.3, 7A-102(c1), 7A-171.1(a), or 7A-171.1(a1)(1) shall not receive the eight hundred nine dollars (\$809.00) salary increase authorized by this act."~~

SECTION 35.10.(b) An employee eligible to receive a step increase as provided by this act may move up no more than one step on the applicable salary schedule.

STATE EMPLOYEES REASSIGNMENT/NO THIRTY-FIVE-MILE RADIUS REQUIREMENT

SECTION 35.11.(a) G.S. 126-5(e)(2) reads as rewritten:

"(e) An exempt employee may be transferred, demoted, or separated from his or her position by the department head authorized to designate the exempt position except:

- ...
- (2) When an employee who has 10 years or more cumulative service, including the immediately preceding 12 months, in subject positions prior to placement in an exempt position is removed from an exempt position, for reasons other than just cause, the employee shall be reassigned to a subject position within the same department or agency, or if necessary within another agency, ~~and within a 35-mile radius of the exempt position,~~ at the same grade and salary, including all across-the-board increases since placement in the position designated as exempt, as ~~his~~ the employee's most recent subject position."

SECTION 35.11.(b) This section is effective when it becomes law and applies to State employees hired before June 30, 2013.

AMEND THE SALARY CONTINUATION LAWS TO PROVIDE THAT ONLY LAW ENFORCEMENT OFFICERS INJURED AND INCAPACITATED AS THE RESULT OF THE HEIGHTENED RISK AND SPECIAL HAZARDS POSED BY THEIR OFFICIAL DUTIES RECEIVE A HIGHER COMPENSATION RATE FOR THE TWO-YEAR PERIOD BEFORE REVERTING TO THE RATES PROVIDED UNDER THE WORKERS' COMPENSATION LAWS

SECTION 35.12.(a) Article 12B of Chapter 143 of the General Statutes reads as rewritten:

"Article 12B.

"Salary Continuation Plan for Certain State Law-Enforcement Officers.

"§ 143-166.13. Persons entitled to benefits under Article.

(a) The following persons who are subject to the Criminal Justice Training and Standards Act are entitled to benefits under this Article:

- (1) State Government Security Officers, Department of Administration;
- (2) State Correctional Officers, Division of Adult Correction of the Department of Public Safety;
- (3) State Probation and Parole Officers, Division of Adult Correction of the Department of Public Safety;
- (4) Sworn State Law-Enforcement Officers with the power of arrest, Division of Adult Correction of the Department of Public Safety;
- (5) Alcohol Law-Enforcement Agents, Department of Public Safety;
- (6) State Highway Patrol Officers, Department of Public Safety;
- (7) General Assembly Special Police, General Assembly;
- (8) Sworn State Law-Enforcement Officers with the power of arrest, Department of Health and Human Services;
- (9) Juvenile Justice Officers, Division of Juvenile Justice of the Department of Public Safety;
- (10) Insurance Investigators, Department of Insurance;
- (11) State Bureau of Investigation Officers and Agents, Department of Justice;
- (12) Director and Assistant Director, License and Theft Enforcement Section, Division of Motor Vehicles, Department of Transportation;
- (13) Members of License and Theft Enforcement Section, Division of Motor Vehicles, Department of Transportation, designated by the Commissioner of Motor Vehicles as either "inspectors" or uniformed weigh station personnel;
- (14) Utilities Commission Transportation Inspectors and Special Investigators;
- (15) North Carolina Ports Authority Police, Department of Transportation;
- (16) Sworn State Law-Enforcement Officers with the power of arrest, Department of Environment and Natural Resources;
- (17) Sworn State Law-Enforcement Officers with the power of arrest, Department of Public Safety.
- (18) Sworn State Law-Enforcement Officers with the power of arrest, Department of Revenue.
- (19) Sworn State Law-Enforcement Officers with the power of arrest, University System.

(b) The following persons are entitled to benefits under this Article regardless of whether they are subject to the Criminal Justice Training and Standards Act:

- (1) Driver License Examiners injured by accident arising out of and in the course of giving a road test, Division of Motor Vehicles, Department of Transportation;
- (2) Employees of the Division of Adult Correction of the Department of Public Safety injured by a direct and deliberate act of an offender supervised by the Division or while performing supervisory duties over offenders which place the employees at risk of such injury.

(c) As used in this Article, the term "eligible person" or "person" shall mean any individual listed under subsection (a) or (b) of this section.

"§ 143-166.14. Payment of salary notwithstanding incapacity; Workers' Compensation Act applicable after two years; duration of payment.

The salary of any ~~of the above-listed persons~~ eligible person shall be paid as long as ~~his~~ the person's employment in that position continues, notwithstanding ~~his~~ the person's total or partial incapacity to perform any duties to which ~~he~~ the person may be lawfully assigned, if that incapacity is the result of an injury by accident or an occupational disease arising out of and in

~~the course of the performance by him of his or injuries proximately caused by the heightened risk and special hazards directly related to the violent nature of the eligible person's official duties, except if that incapacity continues for more than two years from its inception, the person shall, during the further continuance of that incapacity, be subject to the provisions of Chapter 97 of the General Statutes pertaining to workers' compensation. Salary paid to an eligible person pursuant to this Article shall cease upon the resumption of his the person's regularly assigned duties, retirement, resignation, or death, whichever first occurs, except that temporary return to duty shall not prohibit payment of salary for a subsequent period of incapacity which can be shown to be directly related to the original injury.~~

"§ 143-166.15. Application of § 97-27; how payments made.

Notwithstanding the provisions of G.S. 143-166.14 of this Article, the persons entitled to benefits shall be subject to the provisions of G.S. 97-27 during the two-year period of payment of full salary. All payments of salary shall be made at the same time and in the same manner as other salaries are paid to other persons in the same department.

"§ 143-166.16. Effect on workers' compensation and other benefits; application of § 97-24.

The provisions of G.S. 143-166.14 shall be in lieu of all compensation provided for the first two years of incapacity by G.S. 97-29 and 97-30, but shall be in addition to any other benefits or compensation to which such person shall be entitled under the provisions of the Workers' Compensation Act. The provisions of G.S. 97-24 will commence at the end of the two-year period for which salary is paid pursuant to G.S. 143-166.14.

"§ 143-166.17. Period of incapacity not charged against sick leave or other leave.

~~The period for which the salary of any person is paid pursuant to G.S. 143-166.14 while he the person is incapacitated as a result of an injury by accident or an occupational disease arising out of and in the course of the performance by him of his or injuries proximately caused by the heightened risk and special hazards directly related to the violent nature of the eligible person's official duties, shall not be charged against any sick or other leave to which he the person shall be entitled under any other provision of law.~~

"§ 143-166.18. Report of incapacity.

~~Any person designated in G.S. 143-166.13, who, as a result of an injury by accident arising out of and in the course of the performance by him of his or injuries proximately caused by the heightened risk and special hazards directly related to the violent nature of the eligible person's official duties, is totally or partially incapacitated to perform any duties to which he the person may be lawfully assigned, shall report the incapacity as soon as practicable in the manner required by the secretary or other head of the department to which the agency is assigned by statute.~~

"§ 143-166.19. Determination of cause and extent of incapacity; hearing before Industrial Commission; appeal; effect of refusal to perform duties.

Upon the filing of the report, the secretary or other head of the department or, in the case of the General Assembly, the Legislative Services Officer, shall determine the cause of the incapacity and to what extent the claimant may be assigned to other than his the claimant's normal duties. The finding of the secretary or other head of the department shall determine the right of the claimant to benefits under this Article. Notice of the finding shall be filed with the North Carolina Industrial Commission. ~~Unless the claimant, within 30 days after he receives notice, files with the North Carolina Industrial Commission, upon the form it shall require, a request for a hearing, the finding of the secretary or other department head shall be final.~~ The finding of the secretary or other department head shall be final unless the claimant, within 30 days of receipt of the notice, files a request for a hearing with the North Carolina Industrial Commission using a form required by the Commission. Upon the filing of a request, the North Carolina Industrial Commission shall proceed to hear the matter in accordance with its

regularly established procedure for hearing claims filed under the Worker's Compensation Act, and shall report its findings to the secretary or other head of the department. From the decision of the North Carolina Industrial Commission, an appeal shall lie as in other matters heard and determined by the Commission. Any person who refuses to perform any duties to which ~~he~~the person may be properly assigned as a result of the finding of the secretary, other head of the department or of the North Carolina Industrial Commission shall be entitled to no benefits pursuant to this Article as long as the refusal continues. Any eligible person whose salary continuation benefits are terminated by the secretary or other head of the department shall be immediately entitled to benefits under G.S. 97-29 or G.S. 97-30. Such benefits under G.S. 97-29 or G.S. 97-30 shall only be suspended or terminated by the employer pursuant to G.S. 97-18.1.

"§ 143-166.20. Subrogation.

The same rights and remedies set forth in G.S. 97-10.2 shall apply in all third party liability cases occurring under this Article, including cases involving the right of the affected State agency to recover the salary paid to an injured officer during ~~his~~the officer's period of disability."

SECTION 35.12.(b) This section becomes effective October 1, 2014, and applies to injuries occurring on or after that date.

SALARY-RELATED CONTRIBUTIONS

SECTION 35.13.(a) Section 35.15(b) of S.L. 2013-360 reads as rewritten:

"SECTION 35.15.(b) Effective July 1, 2013, the State's employer contribution rates budgeted for retirement and related benefits as a percentage of covered salaries for the ~~2013-2015 fiscal biennium~~2013-2014 fiscal year are (i) fourteen and sixty-nine hundredths percent (14.69%) – Teachers and State Employees; (ii) nineteen and sixty-nine hundredths percent (19.69%) – State Law Enforcement Officers; (iii) twelve and sixty-eight hundredths percent (12.68%) – University Employees' Optional Retirement Program; (iv) twelve and sixty-eight hundredths percent (12.68%) – Community College Optional Retirement Program; (v) thirty-three and forty-one hundredths percent (33.41%) – Consolidated Judicial Retirement System; and (vi) five and forty hundredths percent (5.40%) – Legislative Retirement System. Each of the foregoing contribution rates includes five and forty hundredths percent (5.40%) for hospital and medical benefits. The rate for the Teachers and State Employees, State Law Enforcement Officers, University Employees' Optional Retirement Program, and the Community College Optional Retirement Program includes forty-four hundredths percent (0.44%) for the Disability Income Plan. The rates for Teachers and State Employees and State Law Enforcement Officers include sixteen hundredths percent (0.16%) for the Death Benefits Plan. The rate for State Law Enforcement Officers includes five percent (5%) for Supplemental Retirement Income. The rate for Teachers and State Employees and State Law Enforcement Officers includes one hundredths percent (0.01%) for the Qualified Excess Benefit Arrangement."

SECTION 35.13.(b) Effective July 1, 2014, the State's employer contribution rates budgeted for retirement and related benefits as a percentage of covered salaries for the 2014-2015 fiscal year are (i) fifteen and twelve hundredths percent (15.12%) – Teachers and State Employees; (ii) twenty and twelve hundredths percent (20.12%) – State Law Enforcement Officers; (iii) twelve and seventy-four hundredths percent (12.74%) – University Employees' Optional Retirement Program; (iv) twelve and seventy-four hundredths percent (12.74%) – Community College Optional Retirement Program; (v) thirty-two and fifty-two hundredths percent (32.52%) – Consolidated Judicial Retirement System; and (vi) five and forty-nine hundredths percent (5.49%) – Legislative Retirement System. Each of the foregoing contribution rates includes five and forty-nine hundredths percent (5.49%) for hospital and

1 medical benefits. The rate for the Teachers and State Employees, State Law Enforcement
2 Officers, University Employees' Optional Retirement Program, and the Community College
3 Optional Retirement Program includes forty-one hundredths percent (0.41%) for the Disability
4 Income Plan. The rates for Teachers and State Employees and State Law Enforcement Officers
5 include sixteen hundredths percent (0.16%) for the Death Benefits Plan. The rate for State Law
6 Enforcement Officers includes five percent (5%) for Supplemental Retirement Income. The
7 rate for Teachers and State Employees and State Law Enforcement Officers includes one
8 hundredths percent (0.01%) for the Qualified Excess Benefit Arrangement.

9 **SECTION 35.13.(c)** Section 35.15(d) of S.L. 2013-360 reads as rewritten:

10 **"SECTION 35.15.(d)** Effective July 1, 2014, the maximum annual employer
11 contributions, payable monthly, by the State for each covered employee or retiree for the
12 2014-2015 fiscal year to the State Health Plan for Teachers and State Employees are (i)
13 Medicare eligible employees and retirees – ~~four thousand two hundred twenty four dollars~~
14 ~~(\$4,224)~~four thousand one hundred seventy-nine dollars (\$4,179) and (ii) non-Medicare
15 eligible employees and retirees – ~~five thousand four hundred thirty five dollars (\$5,435)~~five
16 thousand three hundred seventy-eight dollars (\$5,378)."

17
18 **PROVIDE COST-OF-LIVING INCREASES FOR RETIREES OF THE TEACHERS'**
19 **AND STATE EMPLOYEES' RETIREMENT SYSTEM, THE JUDICIAL**
20 **RETIREMENT SYSTEM, AND THE LEGISLATIVE RETIREMENT SYSTEM**

21 **SECTION 35.14.(a)** G.S. 135-5 is amended by adding a new subsection to read:

22 "(ttt) From and after July 1, 2014, the retirement allowance to or on account of
23 beneficiaries whose retirement commenced on or before July 1, 2013, shall be increased by
24 eight-tenths of one percent (0.8%) of the allowance payable on June 1, 2014, in accordance
25 with G.S. 135-5(o). Furthermore, from and after July 1, 2014, the retirement allowance to or on
26 account of beneficiaries whose retirement commenced after July 1, 2013, but before June 30,
27 2014, shall be increased by a prorated amount of eight-tenths of one percent (0.8%) of the
28 allowance payable as determined by the Board of Trustees based upon the number of months
29 that a retirement allowance was paid between July 1, 2013, and June 30, 2014."

30 **SECTION 35.14.(b)** G.S. 135-65 is amended by adding a new subsection to read:

31 "(ee) From and after July 1, 2014, the retirement allowance to or on account of
32 beneficiaries whose retirement commenced on or before July 1, 2013, shall be increased by
33 eight-tenths of one percent (0.8%) of the allowance payable on June 1, 2014. Furthermore,
34 from and after July 1, 2014, the retirement allowance to or on account of beneficiaries whose
35 retirement commenced after July 1, 2013, but before June 30, 2014, shall be increased by a
36 prorated amount of eight-tenths of one percent (0.8%) of the allowance payable as determined
37 by the Board of Trustees based upon the number of months that a retirement allowance was
38 paid between July 1, 2013, and June 30, 2014."

39 **SECTION 35.14.(c)** G.S. 120-4.22A is amended by adding a new subsection to
40 read:

41 "(y) In accordance with subsection (a) of this section, from and after July 1, 2014, the
42 retirement allowance to or on account of beneficiaries whose retirement commenced on or
43 before January 1, 2014, shall be increased by eight-tenths of one percent (0.8%) of the
44 allowance payable on June 1, 2014. Furthermore, from and after July 1, 2014, the retirement
45 allowance to or on account of beneficiaries whose retirement commenced after January 1,
46 2014, but before June 30, 2014, shall be increased by a prorated amount of eight-tenths of one
47 percent (0.8%) of the allowance payable as determined by the Board of Trustees based upon the
48 number of months that a retirement allowance was paid between January 1, 2014, and June 30,
49 2014."

**USE OF FUNDS APPROPRIATED FOR STATE RETIREMENT SYSTEM
CONTRIBUTION INCREASES**

SECTION 35.15.(a) The appropriations set forth in Section 2.1 of this act include appropriations for State Retirement System contribution increases in amounts set forth in the committee report described in Section 38.2 of this act. The Office of State Budget and Management shall ensure that those funds are used only for State Retirement System contribution increases.

SECTION 35.15.(b) If the Director of the Budget determines that funds appropriated to a State agency for increases exceed the amount required by that agency for that purpose, the Director may reallocate those funds to other State agencies that received insufficient funds for State Retirement System contribution increases.

SECTION 35.15.(c) No later than October 1, 2014, the Office of State Budget and Management shall report to the Joint Legislative Commission on Governmental Operations on the expenditure of funds for State Retirement System contribution increases. This report shall include at least the following information for each State agency for the 2014-2015 fiscal year:

- (1) The total amount of funds that the agency received for State Retirement System contribution increases.
- (2) The total amount of funds transferred from the agency to other State agencies pursuant to subsection (b) of this section. This section of the report shall identify the amounts transferred to each recipient State agency.
- (3) The total amount of funds used by the agency for State Retirement System contribution increases.
- (4) The total amount of funds received by the agency for State Retirement System contribution increases that are anticipated to revert at the end of the fiscal year.

**ALTERNATIVE HEALTH BENEFIT COVERAGE FOR NONPERMANENT
FULL-TIME STATE EMPLOYEES**

SECTION 35.16.(a) Section 1 of S.L. 2013-324 is repealed. The amendment to G.S. 135-48.43(a)(2) made in Section 4 of S.L. 2013-324 is repealed.

SECTION 35.16.(b) G.S. 135-48.22 reads as rewritten:

"§ 135-48.22. Board powers and duties.

The Board of Trustees shall have the following powers and duties:

- (1) Approve benefit programs, as provided in G.S. 135-48.30(a)(2).
- (2) Approve premium rates, co-pays, deductibles, and coinsurance percentages and maximums for the Plan, as provided in G.S. 135-48.30(a)(2).
- (2a) Approve the benefit program, premium rates, co-pays, deductibles, and coinsurance percentages and maximums for the coverage offered under G.S. 135-48.40(e).
- (3) Oversee administrative reviews and appeals, as provided in G.S. 135-48.24.
- (4) Approve large contracts, as provided in G.S. 135-48.33(a).
- (5) Consult with and advise the State Treasurer as required by this Article and as requested by the State Treasurer.
- (6) Develop and maintain a strategic plan for the Plan."

SECTION 35.16.(c) G.S. 135-48.40 is amended by adding a new subsection to read:

"(e) Other Contributory Coverage. – Any employee of an employing unit is eligible for coverage under this section on a contributory basis, subject to the provisions of G.S. 135-48.43 and of this section, if (i) the employee's employing unit determines that the employee is a full-time employee and (ii) the employee does not qualify for coverage under subdivision (1).

(5), (6), (7), (8), (9), or (10) of G.S. 135-48.40(b). For the purposes of this subsection, the full-time status of an employee shall be determined by the employing unit, in its sole discretion, in accordance with Section 4980H of the Internal Revenue Code and the applicable regulations, as amended. The coverage offered and the contribution required for coverage under this section shall be determined by the Treasurer and approved by the Board of Trustees. Such coverage shall do all of the following:

- (1) Be designed to meet the requirements of minimum essential coverage under the Patient Protection and Affordable Care Act, P.L. 111-148, and the applicable regulations, as amended (Affordable Care Act).
- (2) Provide no greater coverage than a bronze-level plan, as defined under the Affordable Care Act.
- (3) Minimize the required employer contribution in an administratively feasible manner."

SECTION 35.16.(d) G.S. 135-48.43 (a)(2) reads as rewritten:

- "(2) New employees may apply for coverage to be effective on the first day of the month following employment, or on a like date the following month if the employee has ~~enrolled-enrolled~~, except that the effective date of coverage for employees who become eligible in accordance with G.S. 135-48.40(e) will be determined by the employing unit in a manner that is consistent with section 4980H of the Internal Revenue Code and the applicable regulations, as amended."

SECTION 35.16.(e) Article 1 of Chapter 116 of the General Statutes is amended by adding the following new section:

"§ 116-17.3. Health plans for nonretirement eligible employees.

The university may establish or maintain, through the purchase of insurance or otherwise, health plans or programs to provide medical, surgical, or hospital care and pharmacy benefits, including dependent coverage, to employees who are not eligible for coverage under subdivision (1), (5), (6), (7), (8), (9), or (10) of G.S. 135-48.40(b). If the university establishes a plan under this section, then such employees are not eligible for coverage under G.S. 135-48.40(e)."

SECTION 35.16.(f) Subsection (a) of this section is effective when this act becomes law. Subsections (b) through (e) of this section become effective January 1, 2015, and apply to plan years beginning on or after that date.

SEPARATE INSURANCE BENEFITS PLAN FOR LAW ENFORCEMENT

SECTION 35.17. Section 35.17(c) of S.L. 2013-360 reads as rewritten:

"SECTION 35.17.(c) For each fiscal year of the 2013-2015 fiscal biennium, the Department of State Treasurer shall calculate the total compensation for which the Department of Public Safety and Department of Justice have paid retirement contributions on behalf of sworn law enforcement officers. The Department of State Treasurer shall multiply this total compensation by five and forty hundredths percent (5.40%) for months during the 2013-2014 fiscal year and by ~~five and fifty five hundredths percent (5.55%)~~ five and forty-nine hundredths percent (5.49%) for months during the 2014-2015 fiscal year and shall ensure that the General Fund is fully reimbursed for these costs by executing periodic transfers of the resulting amounts from the Separate Insurance Benefits Plan established under G.S. 143-166.60 to the General Fund."

PART XXXVI. CAPITAL APPROPRIATIONS

CAPITAL APPROPRIATIONS/GENERAL FUND

SECTION 36.1. Section 36.2(a) of S.L. 2013-360 reads as rewritten:

"SECTION 36.2.(a) There is appropriated from the General Fund for the 2013-2015 fiscal biennium the following amounts for capital improvements:

Capital Improvements – General Fund	2013-2014	2014-2015
Department of Administration		
Sandhills State Veterans Facility – Committal		
Enclosure	\$ 125,000	-
Goldsboro State Veterans' Cemetery	600,000	-
<u>Department of Agriculture and Consumer Services</u>		
<u>Western NC Agricultural Center – McGough Arena Roof</u>		<u>\$ 2,000,000</u>
<u>Department of Cultural Resources</u>		
<u>USS North Carolina Battleship Hull Repairs</u>		<u>3,000,000</u>
Department of Environment and Natural Resources		
Water Resources Development Projects	11,522,000	<u>5,810,000</u>
Department of Justice		
Western Crime Lab Planning	1,442,000	-
Department of Public Safety		
Samarkand Training Facility	5,250,000	5,173,000
National Guard	5,000,000	3,250,000
<u>Office of State Budget and Management-Special Appropriations</u>		
<u>NC History Museum Challenge Grant</u>		<u>1,000,000</u>
<u>Outer Banks Land Management Reserve</u>		<u>3,000,000</u>
The University of North Carolina System		
University of North Carolina Asheville –		
Land Purchases	2,000,000	-
Appalachian State University – Health Sciences		
Building Advance Planning	2,000,000	-
TOTAL CAPITAL IMPROVEMENTS –		
 GENERAL FUND	\$ 27,939,000	<u>\$8,423,000</u>
		<u>\$23,233,000"</u>

WATER RESOURCES DEVELOPMENT PROJECTS

SECTION 36.2.(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 nine million six hundred fifty thousand dollars (\$9,650,000) in federal funds.

Name of Project	2014-2015
(1) B. Everett Jordan Lake Water Supply Storage	\$ 200,000

(2)	Wilmington Harbor Maintenance – Disposal Area 8 & 10	4,000,000
(3)	Morehead City Harbor Maintenance	-
(4)	Wilmington Harbor Deepening	600,000
(5)	Wilmington Harbor Improvements Feasibility Study	200,000
(6)	Natural Resources Conservation Service (NRCS) Equipment Projects	2,000,000
(7)	Planning Assistance to Communities	25,000
(8)	Hookerton, NC – Stream Bank Erosion Repair (Sec 14)	410,000
(9)	State/Local Water Resource Development Grants	1,000,000

TOTALS **\$ 8,435,000**

SECTION 36.2.(b) It is the intent of the General Assembly that funds carried forward from previous fiscal years be used to supplement the five million eight hundred ten thousand dollars (\$5,810,000) appropriated for water resources development projects in Section 36.2(a) of S.L. 2013-360, as amended by Section 36.1(a) of this section. Therefore, the following funds carried forward from previous fiscal years shall be used for the following projects:

Name of Project	Amount Carried Forward
(1) Wilmington Harbor Maintenance – Disposal Area 8 & 10	\$ 2,000,000
(2) Wilmington Harbor Deepening	600,000
(3) Planning Assistance to Communities	25,000

TOTALS **\$ 2,625,000**

SECTION 36.2.(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 2014-2015 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 2014-2015 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 2015-2016 fiscal year.

SECTION 36.2.(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 36.2.(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 2013-2015 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 36.3. 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 for FY 2014-2015
Department of Administration	
Salisbury Veteran Home Renovation	\$ 3,715,000
Department of Agriculture and Consumer Services	
Alexander County Head Quarters Site Development and Modular Placement	210,000
Alexander County Office Purchase	100,000
Tidewater Research Station – Deer Fence	20,000
DuPont Recreational State Forest – Trail Improvement	100,000
Raleigh Farmers Market	
Parking	200,000
New Vendor Building	700,000
Research Stations	
Safety Improvements	80,000
Land Acquisitions	1,000,000
Jordan Lake Classroom Development and Modular Placement	75,000
Western North Carolina Agricultural Center	
Livestock Improvements	3,000,000
E&F Barns Roof Replacements	500,000
North Carolina State Fairgrounds	
HVAC Improvements	1,500,000
Renovations to Existing Buildings	2,000,000
Infrastructure Repairs	1,550,000
Horse Complex Improvements	2,000,000
Mountain Island Educational Forest – Visitor and Interpretive Center	3,000,000
Holmes Educational State Forest – Repair and Renovation of Facilities	15,000
Tuttle Education Forest – Repair and Renovation of Facilities	15,000
Piedmont Research Station – New Bridge	200,000
Western North Carolina Farmers Market – Paving Improvements	100,000
Rendezvous Mountain Education State Forest – Repair and Renovation	15,000
Department of Cultural Resources	
Museum of Art – East Building Technology Improvement	1,118,750
Department of Justice	
Raleigh Crime Lab Renovation	807,000
Department of Public Safety	
Caledonia Farms Grain Station	361,340
Maury Correctional Institution – Industrial Area Uplift	2,830,499

1	Raleigh Facilities Maintenance – Latrine Renovations	165,000
2	Raleigh Troop Motor Pool – Latrine Renovations	130,000
3	Camp Butner Training Site	
4	Range Control Building	738,000
5	Training Building	495,000
6	Multipurpose Building	800,000
7	Water Tower and System Improvements	494,000
8	Land Buffer Acquisitions	300,000
9	Youngsville Field Maintenance Shop – Lighting Upgrade	95,000
10	High Point Field Maintenance Shop	
11	Office and Storage Building	525,000
12	Military Owned Vehicle Lot Paving	525,000
13	Morrisville Army Aviation Support Facility	
14	Latrine Renovations	88,000
15	Guard Shack and Access Improvements	525,000
16	Fort Bragg Regional Training Site	
17	Fire Alarm System	27,000
18	Wash Rack Addition	525,000
19	Red Springs Field Maintenance Shop Expansion	788,000
20	Winston-Salem Field Maintenance Shop – Addition and Alteration	775,000
21	Wildlife Resources Commission	
22	Land Acquisition	3,750,000
23	Fishing Access Areas – New Construction	200,000
24	Boating Access Areas	
25	New Construction	900,000
26	Renovations	900,000
27	Balsam Depot – Renovation	1,300,000

**TOTAL AMOUNT OF NON-GENERAL FUND CAPITAL
PROJECTS AUTHORIZED**

\$39,257,589

JUVENILE FACILITIES PROJECTS

SECTION 36.4.(a) Notwithstanding G.S. 143C-4-3, of the funds allocated to the Department of Public Safety from the Reserve for Repairs and Renovations for the 2013-2014 fiscal year, the sum of one million seven hundred seventy-four thousand dollars (\$1,774,000) for Dobbs Youth Development Center Kitchen Renovations may be used by the Department to support construction, expansions, renovations, and repairs necessary to implement the Department's 2014 Juvenile Justice Facilities Strategic Plan.

SECTION 36.4.(b) Section 16D.9 of S.L. 2013-360 is repealed.

**USE OF CERTAIN FUNDS CARRIED FORWARD BY UNC FOR CAPITAL
PROJECTS**

SECTION 36.5. G.S. 143C-8-12 reads as rewritten:

"§ 143C-8-12. University system capital improvement projects from sources that are not General Fund sources: approval of new project or change in scope of existing project.

(a) Notwithstanding any other provision of this Chapter, the Board of Governors of The University of North Carolina may approve: (i) expenditures to plan a capital improvement project of The University of North Carolina the planning for which is to be funded entirely with non-General Fund money, (ii) expenditures for a capital improvement project of The University

of North Carolina that is to be funded and operated entirely with non-General Fund money, or (iii) a change in the scope of any previously approved capital improvement project of The University of North Carolina provided that both the project and change in scope are funded entirely with non-General Fund money. The Board of Governors shall report any expenditure made pursuant to this section to the Office of State Budget and Management and to the Joint Legislative Commission on Governmental Operations.

(b) For purposes of this section, the term "non-General Fund money" includes funds carried forward from one fiscal year to another pursuant to G.S. 116-30.3 and G.S. 116-30.3B. These funds shall only be used for projects listed in G.S. 143C-4-3(b)."

REPEAL UNC CHANCELLORS' AUTHORITY TO APPROVE CERTAIN MAINTENANCE PROJECTS

SECTION 36.6. G.S. 116-13.1 reads as rewritten:

"§ 116-13.1. Capital facilities; reports; ~~chancellors may authorize certain repair, renovation, and maintenance projects.~~facilities; reports.

...
(c) ~~Approval of Certain Repair and Maintenance Projects. Notwithstanding G.S. 143C 8 7, the chancellor of a constituent institution may approve the expenditure of available operating funds in an amount not to exceed one million dollars (\$1,000,000) per project for projects that are of a type listed in G.S. 143C-4-3(b) and that are for State facilities and related infrastructure that are supported from the General Fund. Funds contractually obligated to an approved project shall not revert at the end of the fiscal year and will remain available to fund the completion of the project. Projects approved pursuant to this subsection shall in all other respects accord with applicable laws governing capital improvement projects. The chancellor of a constituent institution shall report the approval of an expenditure under this subsection to the Office of State Budget and Management and to the Fiscal Research Division of the Legislative Services Commission within 60 days of the approval."~~

EXPAND UNC LEASING AUTHORITY

SECTION 36.7.(a) G.S. 116-198.34(5) reads as rewritten:

"§ 116-198.34. General powers of Board of Governors.

The Board may exercise any one or more of the following powers:

...
(5) To acquire, hold, lease, and dispose of real and personal property in the exercise of its powers and the performance of its duties hereunder and to lease all or any part of any project or projects and any existing facilities upon such terms and conditions as the Board determines, subject to the provisions of G.S. 143-341 and Chapter 146 of the General Statutes.

Notwithstanding G.S. 143-341 and Chapter 146 of the General Statutes, an acquisition for a period of 10 years or less or a disposition of ~~65 years~~ 99 years or less by easement, lease, or rental agreement of real property or space in any building on the Centennial Campus, on the Horace Williams Campus, on a Millennial Campus, or on a Kannapolis Research Campus shall not require the approval of the Governor and the Council of State. The Board shall report the acquisitions or dispositions described in this paragraph of this subdivision to the Department of Administration for inclusion in the inventory maintained by Department pursuant to G.S. 143-341(4)a. and b. and the information regarding those transactions that is required by G.S. 143-341(4)a. and b. All other acquisitions and dispositions made under this subdivision for a period in excess of the terms described in this

paragraph of this subdivision are subject to the provisions of G.S. 143-341 and Chapter 146 of the General Statutes."

SECTION 36.7.(b) Section 11.10(b) of S.L. 2013-360, as amended by Section 3.12 of S.L. 2013-363, is repealed.

INCREASE NATIONAL GUARD FLEXIBILITY WITH RESPECT TO CERTAIN CAPITAL PROJECTS

SECTION 36.8.(a) G.S. 143C-8-12, as amended by Section 36.5 of this act, reads as rewritten:

~~"§ 143C-8-12. University system capital~~Capital ~~improvement projects from sources that are not General Fund sources: approval of new project or change in scope of existing project.~~other than the General Fund.

(a) University Projects. – Notwithstanding any other provision of this Chapter, the Board of Governors of The University of North Carolina may ~~approve: (i) expenditures to plan a capital improvement project of The University of North Carolina the planning for which is to be funded entirely with non-General Fund money, (ii) expenditures for a capital improvement project of The University of North Carolina that is to be funded and operated entirely with non-General Fund money, or (iii) a change in the scope of any previously approved capital improvement project of The University of North Carolina provided that both the project and change in scope are funded entirely with non-General Fund money. The Board of Governors shall report any expenditure made pursuant to this section to the Office of State Budget and Management and to the Joint Legislative Commission on Governmental Operations.~~approve any of the following:

(1) Expenditures to plan a capital improvement project of The University of North Carolina, the planning for which is to be funded entirely with non-General Fund money.

(2) Expenditures for a capital improvement project of The University of North Carolina that is to be funded and operated entirely with non-General Fund money.

(3) A change in the scope of any previously approved capital improvement project of The University of North Carolina provided that both the project and change in scope are funded entirely with non-General Fund money.

(b) Carryforward Funds. – For purposes of this section, the term 'non-General Fund money' includes funds carried forward from one fiscal year to another pursuant to G.S. 116-30.3 and G.S. 116-30.3B. These funds shall only be used for projects listed in G.S. 143C-4-3(b).

(c) National Guard Projects. – Notwithstanding any other provision of this Chapter, the North Carolina National Guard may approve expenditures for a capital project of the North Carolina National Guard but only if (i) the project will be funded entirely with federal funds and (ii) any operating costs associated with the project will be paid entirely with federal funds.

(d) Reporting. – The Board of Governors and the National Guard shall report any expenditure made pursuant to this section to the Office of State Budget and Management and to the Joint Legislative Commission on Governmental Operations."

SECTION 36.8.(b) Section 36.11(c) of S.L. 2013-360 reads as rewritten:

"SECTION 36.11.(c) Where the actual costs are different from the estimated costs under subsection (a) of this section, the Adjutant General of the National Guard may adjust the allocations among projects as needed. However, State funds shall not be allocated to a project in excess of the maximum amount of State funds authorized to be allocated to the project under subsection (a) of this section. If any projects funded under subsection (a) of this section are delayed or cancelled and the budgeted State funds cannot be used during the 2013-2015 fiscal

biennium, 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) Future project feasibility studies.
- (2) Survey, testing, and permitting.
- (3) Planning and execution for reversion of facilities no longer in use.
- (4) Armory and facilities projects approved by the Congress of the United States that are not listed in subsection (a) of this section and that require State-matching funds."

SECTION 36.8.(c) Article 8 of Chapter 143 of the General Statutes is amended by adding a new section to read:

"§ 143-129.6. Exemption for certain training projects of the North Carolina National Guard.

Expenditures for a capital project (i) that is for training purposes and for a single exercise or undertaking at a National Guard facility; (ii) that has a total cost that does not exceed one hundred thousand dollars (\$100,000); and (iii) that will be funded entirely with federal funds shall not be subject to this Article."

MUSEUM OF HISTORY CHALLENGE GRANT/EXPANSIONS, RENOVATIONS, AND EXHIBITS

SECTION 36.9.(a) The funds appropriated in this act to the Office of State Budget and Management-Special Appropriations for the North Carolina Museum of History Challenge Grant shall be allocated to the North Carolina Museum of History upon the Museum's raising of the sum of one million dollars (\$1,000,000) in non-State funding.

SECTION 36.9.(b) The General Assembly authorizes expansions, renovations, and exhibit designs at the North Carolina Museum of History to be funded at a maximum cost of two million dollars (\$2,000,000) with funds allocated to the North Carolina Museum of History pursuant to subsection (a) of this section and non-State funding raised pursuant to that subsection. All non-State funds shall be spent before any State funds are spent on this project.

USS NORTH CAROLINA BATTLESHIP HULL REPAIRS

SECTION 36.10. The General Assembly authorizes USS North Carolina Battleship hull 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 funds appropriated in Section 36.2(a) of S.L. 2013-360, as amended by Section 36.1(a) 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.

USE OF UNSPENT FUNDS FOR MCGOUGH ARENA ROOF REPAIRS

SECTION 36.11. Funds appropriated in Section 36.2(a) of S.L. 2013-360, as amended by Section 36.1(a) of this act, for repairs to the roof of the McGough Arena at the Western North Carolina Agricultural Center that remain unspent and unencumbered after completion of that project may be used for projects at the State Fair Grounds that are of a type listed in G.S. 143C-4-3(b).

TWO-THIRDS BONDS ACT OF 2014

SECTION 36.12.(a) Short Title. – This section may be cited as the "Two-Thirds Bonds Act of 2014."

SECTION 36.12.(b) Findings and Determinations. – It is the intent and purpose of the General Assembly by this section to provide for the issuance of general obligation bonds or notes of the State in order to provide funds for the cost of State capital facilities.

SECTION 36.12.(c) Definitions. – The following definitions apply in this section unless the context otherwise requires:

(1) Bonds. – Bonds issued under this section.

(2) Cost. – The term includes all of the following:

- a. The cost of constructing, reconstructing, renovating, repairing, enlarging, acquiring, and improving State capital facilities, including the acquisition of land, rights-of-way, easements, franchises, equipment, machinery, furnishings, and other interests in real or personal property acquired or used in connection with a State capital facility.
- b. The cost of engineering, architectural, and other consulting services as may be required.
- c. Administrative expenses and charges.
- d. The cost of providing personnel to ensure effective project management.
- e. The cost of bond insurance, investment contracts, credit enhancement and liquidity facilities, interest-rate swap agreements or other derivative products, financial and legal consultants, and related costs of bond and note issuance, to the extent and as determined by the State Treasurer.
- f. Finance charges, reserves for debt service, and other types of reserves required pursuant to the terms of any bond or note or related documents, interest before and during construction or acquisition of a State capital facility and, if considered advisable by the State Treasurer, for a period not exceeding two years after the estimated date of completion of construction or acquisition.
- g. The cost of bond insurance, investment contracts, credit enhancement facilities and liquidity facilities, interest-rate swap agreements or other derivative products, financial and legal consultants, and related costs of the incurrence or issuance of any bond or note.
- h. The cost of reimbursing the State for any payments made for any cost described in this subdivision.
- i. Any other costs and expenses necessary or incidental to the purposes of this section.

(3) Credit facility. – An agreement entered into by the State Treasurer on behalf of the State with a bank, savings and loan association or other banking institution, an insurance company, reinsurance company, surety company or other insurance institution, a corporation, investment banking firm or other investment institution, or any financial institution or other similar provider of a credit facility, which provider may be located within or without the United States, such agreement providing for prompt payment of all or any part of the principal or purchase price (whether at maturity, presentment or tender for purchase, redemption or acceleration), redemption premium, if any, and interest on any bonds or notes payable on demand or tender by the owner, in consideration of the State agreeing to repay the provider of the credit facility in accordance with the terms and provisions of such agreement.

(4) Notes. – Notes issued under this section.

(5) Par formula. – A provision or formula adopted by the State to provide for the adjustment, from time to time, of the interest rate or rates borne by any bonds or notes, including:

a. A provision providing for such adjustment so that the purchase price of such bonds or notes in the open market would be as close to par as possible.

b. A provision providing for such adjustment based upon a percentage or percentages of a prime rate or base rate, which percentage or percentages may vary or be applied for different periods of time.

c. Such other provision as the State Treasurer may determine to be consistent with this act and will not materially and adversely affect the financial position of the State and the marketing of bonds or notes at a reasonable interest cost to the State.

(6) State. – The State of North Carolina, including any State agency.

(7) State agency. – Any agency, institution, board, commission, bureau, council, department, division, officer, or employee of the State. The term does not include counties, municipal corporations, political subdivisions, local boards of education, or other local public bodies.

SECTION 36.12.(d) Authorization of Bonds and Notes. – The State Treasurer is authorized, by and with the consent of the Council of State, to issue and sell at one time or from time to time general obligation bonds of the State to be designated "State of North Carolina General Obligation Bonds," with any additional designations as may be determined, or notes of the State, in the aggregate principal amount of up to two hundred twenty-one million four hundred thousand dollars (\$221,400,000), this amount being not in excess of two thirds of the amount by which the State's outstanding indebtedness was reduced during the biennium ended June 30, 2013, for the purpose of providing funds, with any other available funds, for the purposes authorized by this section.

SECTION 36.12.(e) Uses of Bond and Note Proceeds. – The proceeds of bonds and notes shall be used for financing the cost of State capital facilities as provided in this section. Any additional moneys which may be received by grant from the United States of America or any agency or department thereof or from any other source to aid in financing the cost of any State capital facilities authorized by this section may be placed by the State Treasurer in a separate fund or funds and shall be disbursed, to the extent permitted by the terms of the grant, without regard to any limitations imposed by this section.

The proceeds of bonds and notes may be used with any other moneys made available by the General Assembly for the cost of State capital facilities, including the proceeds of any other State bond or special indebtedness issues, whether heretofore made available or which may be made available at the session of the General Assembly at which this section is ratified or any subsequent sessions. The proceeds of bonds and notes shall be expended and disbursed under the direction and supervision of the Director of the Budget. The funds provided by this section shall be disbursed for the purposes provided in this section upon warrants drawn on the State Treasurer by the State Controller, which warrants shall not be drawn until requisition has been approved by the Director of the Budget and which requisition shall be approved only after full compliance with the State Budget Act, Chapter 143C of the General Statutes.

The Office of State Budget and Management shall provide semiannual reports to the Chairs of the Senate and House of Representatives Appropriation Committees and to the Fiscal Research Division on the expenditure of moneys authorized by this section. The reports shall continue until the completion of the projects provided for in this section.

SECTION 36.12.(f) Allocation of Proceeds. – The proceeds of bonds and notes shall be allocated and expended as provided in this subsection:

- (1) A maximum aggregate principal amount of fifteen million four hundred thousand dollars (\$15,400,000) to finance the capital facility costs of a Western Crime Lab.
- (2) A maximum aggregate principal amount of two hundred million six hundred thousand dollars (\$200,600,000) to finance the capital facility costs of projects previously authorized or subsequently to be authorized by the General Assembly to be financed pursuant to Article 9 of Chapter 142 of the General Statutes but for which some or all of the amount of bonds authorized to be issued under that Article have not yet been issued. To the extent that bonds and notes are issued pursuant to this subdivision, there shall be a corresponding reduction in the amount of debt that has been authorized to be issued, but has not been issued pursuant to Article 9 of Chapter 142 of the General Statutes.

SECTION 36.12.(g) Issuance of bonds and notes. –

- (1) Terms and conditions. – Bonds or notes may bear a date or dates, may be serial or term bonds or notes, or any combination thereof, may mature in such amounts and at such time or times, not exceeding 40 years from their date or dates, may be payable at such place or places, either within or without the United States of America, in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts, may bear interest at such rate or rates, which may vary from time to time, and may be made redeemable before maturity, at the option of the State or otherwise as may be provided by the State, at such price or prices, including a price less than or greater than the face amount of the bonds or notes, and under such terms and conditions, all as may be determined by the State Treasurer, by and with the consent of the Council of State.
- (2) Signatures; form and denomination; registration. – Bonds or notes may be issued in certificated or uncertificated form. If issued in certificated form, bonds or notes shall be signed on behalf of the State by the Governor or shall bear the Governor's facsimile signature, shall be signed by the State Treasurer or shall bear the State Treasurer's facsimile signature, and shall bear the Great Seal of the State, or a facsimile of the Seal shall be impressed or imprinted thereon. If bonds or notes bear the facsimile signatures of the Governor and the State Treasurer, the bonds or notes shall also bear a manual signature which may be that of a bond registrar, trustee, paying agent or designated assistant of the State Treasurer. Should any officer whose signature or facsimile signature appears on bonds or notes cease to be such officer before the delivery of the bonds or notes, the signature or facsimile signature shall nevertheless have the same validity for all purposes as if the officer had remained in office until delivery. Bonds or notes may bear the facsimile signatures of persons who at the actual time of the execution of the bonds or notes shall be the proper officers to sign any bond or note, although at the date of the bond or note such persons may not have been such officers. The form and denomination of bonds or notes, including the provisions with respect to registration of the bonds or notes and any system for their registration, shall be as the State Treasurer may determine in conformity with this section.

- (3) Manner of sale; expenses. – Subject to the approval by the Council of State as to the manner in which bonds or notes shall be offered for sale, whether at public or private sale, whether within or without the United States, and whether by publishing notices in certain newspapers and financial journals, mailing notices, inviting bids by correspondence, negotiating contracts of purchase or otherwise, the State Treasurer is authorized to sell bonds or notes at one time or from time to time at any rates of interest, which may vary from time to time, and at any prices, including a price less than or greater than the face amount of the bonds or notes, as the State Treasurer may determine. All expenses incurred in the preparation, sale, and issuance of bonds or notes shall be paid by the State Treasurer from the proceeds of bonds or notes or other available moneys.
- (4) Notes; repayment. –
- a. By and with the consent of the Council of State, the State Treasurer is hereby authorized to borrow money and to execute and issue notes of the State for the same, but only in the following circumstances and under the following conditions:
1. For anticipating the sale of bonds, the issuance of which the Council of State has approved, if the State Treasurer considers it advisable to postpone the issuance of the bonds;
 2. For the payment of interest on or any installment of principal of any bonds then outstanding, if there are not sufficient funds in the State treasury with which to pay the interest or installment of principal as they respectively become due;
 3. For the renewal of any loan evidenced by notes authorized in this section;
 4. For the purposes authorized in this section; and
 5. For refunding bonds or notes as authorized in this section.
- b. Funds derived from the sale of bonds or notes may be used in the payment of any bond anticipation notes issued under this section. Funds provided by the General Assembly for the payment of interest on or principal of bonds shall be used in paying the interest on or principal of any notes and any renewals thereof, the proceeds of which shall have been used in paying interest on or principal of the bonds.
- (5) Refunding bonds and notes. – By and with the consent of the Council of State, the State Treasurer is authorized to issue and sell refunding bonds and notes pursuant to the provisions of the State Refunding Bond Act for the purpose of refunding bonds or notes issued pursuant to this section. The refunding bonds and notes may be combined with any other issues of State bonds and notes similarly secured. Refunding bonds or notes may be issued at any time prior to the final maturity of the debt obligation to be refunded. The proceeds from the sale of any refunding bonds or notes shall be applied to the immediate payment and retirement of the bonds or notes being refunded or, if not required for the immediate payment of the bonds or notes being refunded, the proceeds shall be deposited in trust to provide for the payment and retirement of the bonds or notes being refunded and to pay any expenses incurred in connection with the refunding. Money in a trust fund may be invested in (i) direct obligations of the United States government, (ii) obligations the principal of and interest on which are guaranteed by the

1 United States government, (iii) obligations of any agency or instrumentality
2 of the United States government if the timely payment of principal and
3 interest on the obligations is unconditionally guaranteed by the United States
4 government or (iv) certificates of deposit issued by a bank or trust company
5 located in the State if the certificates are secured by a pledge of any of the
6 obligations described in (i), (ii), or (iii) above having an aggregate market
7 value, exclusive of accrued interest, equal at least to the principal amount of
8 the certificates so secured. This section does not limit the duration of any
9 deposit in trust for the retirement of bonds or notes being refunded but that
10 have not matured and are not presently redeemable, or if presently
11 redeemable, have not been called for redemption.

12 (6) Tax exemption. – Bonds and notes shall at all times be free from taxation by
13 the State or any political subdivision or any of their agencies, excepting
14 estate, inheritance or gift taxes, income taxes on the gain from the transfer of
15 bonds or notes, and franchise taxes. The interest on bonds or notes is not
16 subject to taxation as income.

17 (7) Investment eligibility. – Bonds and notes are securities in which all of the
18 following may invest, including capital in their control or belonging to them:
19 public officers, agencies, and public bodies of the State and its political
20 subdivisions, all insurance companies, trust companies, investment
21 companies, banks, savings banks, savings and loan associations, credit
22 unions, pension or retirement funds, other financial institutions engaged in
23 business in the State, executors, administrators, trustees, and other
24 fiduciaries. Bonds and notes are hereby made securities which may properly
25 and legally be deposited with and received by any officer or agency of the
26 State or political subdivision of the State for any purpose for which the
27 deposit of bonds, notes, or obligations of the State or any political
28 subdivision is now or may hereafter be authorized by law.

29 (8) Faith and credit. – The faith and credit and taxing power of the State are
30 hereby pledged for the payment of the principal of and the interest on bonds
31 and notes. The State expressly reserves the right to amend any provision of
32 this section to the extent it does not impair any contractual right of a bond
33 owner.

34 (9) Other agreements. – The State Treasurer may authorize, execute, obtain, or
35 otherwise provide for bond insurance, investment contracts, credit and
36 liquidity facilities, interest rate swap agreements and other derivative
37 products, and any other related instruments and matters the State Treasurer
38 determines are desirable in connection with issuance, incurrence, carrying,
39 or securing of bonds or notes. The State Treasurer is authorized to employ
40 and designate any financial consultants, underwriters, and bond attorneys to
41 be associated with any bond or note issue under this section as the State
42 Treasurer considers necessary.

43 **SECTION 36.12.(h)** Variable Rate Demand Bonds and Notes. – In fixing the
44 details of bonds and notes, the State Treasurer may provide that any of the bonds or notes may:

45 (1) Be made payable from time to time on demand or tender for purchase by the
46 owner, if a credit facility supports the bonds or notes, unless the State
47 Treasurer specifically determines that a credit facility is not required upon a
48 finding and determination by the State Treasurer that the absence of a credit
49 facility will not materially and adversely affect the financial position of the

State and the marketing of the bonds or notes at a reasonable interest cost to the State;

(2) Be additionally supported by a credit facility;

(3) Be made subject to redemption or a mandatory tender for purchase prior to maturity;

(4) Bear interest at a rate or rates that may vary for any period of time, as may be provided in the proceedings providing for the issuance of the bonds or notes, including, without limitation, such variations as may be permitted pursuant to a par formula; and

(5) Be made the subject of a remarketing agreement whereby an attempt is made to remarket bonds or notes to new purchasers prior to their presentment for payment to the provider of the credit facility or to the State.

If the aggregate principal amount payable by the State under a credit facility is in excess of the aggregate principal amount of bonds or notes secured by the credit facility, whether as a result of the inclusion in the credit facility of a provision for the payment of interest for a limited period of time or the payment of a redemption premium or for any other reason, then the amount of authorized but unissued bonds or notes during the term of such credit facility shall not be less than the amount of such excess, unless the payment of such excess is otherwise provided for by agreement of the State executed by the State Treasurer.

SECTION 36.12.(i) Interpretation of Section. –

(1) Additional method. – The foregoing sections of this section shall be deemed to provide an additional and alternative method for the doing of the things authorized under it and shall be regarded as supplemental and additional to powers conferred by other laws, and shall not be regarded as in derogation of any powers now existing.

(2) Statutory references. – References in this section to specific sections or Chapters of the General Statutes or to specific acts are intended to be references to such sections, Chapters, or acts as they may be amended from time to time by the General Assembly.

(3) Broad construction. – This section, being necessary for the health and welfare of the people of the State, shall be broadly construed to effect the purposes thereof.

(4) Inconsistent provisions. – Insofar as the provisions of this section are inconsistent with the provisions of any general, special, or local laws, or parts thereof, the provisions of this section shall be controlling.

(5) Severability. – If any provision of this section or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of the section which can be given effect without the invalid provision or application, and to this end the provisions of this section are declared to be severable.

SECTION 36.12.(j) This section is effective when it becomes law.

USE OF FUNDS IN OUTER BANKS LAND MANAGEMENT RESERVE

SECTION 36.13. Funds appropriated in Section 36.2(a) of S.L. 2013-360, as amended by Section 36.1(a) of this act, to the Outer Banks Land Management Reserve shall be transferred to the Outer Banks Land Management Fund created by G.S. 143-345.18A, as enacted by Section 14.7(a) of this act, but only to the extent that the funds are needed to purchase some or all of the property described in Section 14.7(h) of this act. Notwithstanding G.S. 143-345.18A, as enacted by Section 14.7(a) of this act, these funds shall only be used to pay the costs of acquiring the property described in Section 14.7(h) of this act. Any of the funds

that are not spent or encumbered for this purpose as of June 30, 2015, shall revert to the General Fund.

PART XXXVII. FINANCE PROVISIONS

CLARIFY "NET GENERAL FUND TAX COLLECTED" FOR PURPOSES OF THE CORPORATE INCOME TAX RATE REDUCTION TRIGGER

SECTION 37.1.(a) G.S. 105-130.3C reads as rewritten:

"§ 105-130.3C. Rate reduction trigger.

(a) Trigger. – If the amount of net General Fund tax collected in fiscal year 2014-2015 or fiscal year 2015-2016 exceeds the ~~anticipated General Fund tax collections~~ targeted amount for that fiscal year, the rate of tax set in G.S. 105-130.3 may be decreased in accordance with this section effective for the taxable year that begins on the following January 1. ~~The amount of net General Fund tax collected for a fiscal year is the amount reported by the State Controller in the State's Comprehensive Annual Financial Report, required to be prepared under G.S. 143B-426.39. The Secretary must monitor the net General Fund tax collections and notify taxpayers if the rate decreases under this section. The rate is decreased by one percent (1%) if net General Fund tax collections for fiscal year 2014-2015 exceed the targeted amount of twenty billion two hundred million dollars (\$20,200,000,000). The rate is decreased by one percent (1%) if net General Fund tax collections for fiscal year 2015-2016 exceed the targeted amount of twenty billion nine hundred seventy-five million dollars (\$20,975,000,000). Effective for taxable years beginning on or after January 1, 2017, the rate of tax set in G.S. 105-130.3 is the rate determined in accordance with this section.~~

(b) Tax Collections. – For purposes of this section, the amount of net General Fund tax collected for a fiscal year is the amount of net revenue as reported by the Department of Revenue's June Statement of Collection as "Total General Fund Revenue" for the 12-month period that ended the previous June 30, modified as follows:

- (1) Less any large one-time, nonrecurring revenue as reported to the Fiscal Research Division of the General Assembly by the Department and verified by the Fiscal Research Division of the General Assembly.
- (2) Adjusted by any changes in net collections resulting from the suspension or termination of transfers out of General Fund tax collections."

SECTION 37.1.(b) This section is effective when it becomes law.

MODIFY COUNTY HOLD HARMLESS FOR REPEALED LOCAL TAXES

SECTION 37.2.(a) Effective July 1, 2014, G.S. 105-523 reads as rewritten:

"§ 105-523. County hold harmless for repealed local taxes.

(a) Intent. – It is the intent of the General Assembly that each county benefit by at least ~~five hundred thousand dollars (\$500,000)~~ three hundred seventy-five thousand dollars (\$375,000) annually from the exchange of a portion of the local sales and use taxes for the State's agreement to assume the responsibility for the non-administrative costs of Medicaid.

(b) Definitions. – The following definitions apply in this section:

- ...
- (2) Hold harmless threshold. – The amount of a county's Medicaid service costs and Medicare Part D clawback payments assumed by the State under G.S. 108A-54 for the fiscal year, less ~~five hundred thousand dollars (\$500,000)~~ three hundred seventy-five thousand dollars (\$375,000). A county's Medicaid service costs for fiscal years 2008-2009, 2009-2010, and 2010-2011 are determined without regard to the changes made to the Federal

Medical Assistance Percentage by section 5001 of the American Recovery and Reinvestment Act of 2009.

...."

SECTION 37.2.(b) Effective July 1, 2015, G.S. 105-523, as amended by subsection (a) of this section, reads as rewritten:

"§ 105-523. County hold harmless for repealed local taxes.

(a) Intent. – It is the intent of the General Assembly that each county benefit by at least ~~three hundred seventy five thousand dollars (\$375,000)~~ two hundred fifty thousand dollars (\$250,000) annually from the exchange of a portion of the local sales and use taxes for the State's agreement to assume the responsibility for the non-administrative costs of Medicaid.

(b) Definitions. – The following definitions apply in this section:

...

(2) Hold harmless threshold. – The amount of a county's Medicaid service costs and Medicare Part D clawback payments assumed by the State under G.S. 108A-54 for the fiscal year, less ~~three hundred seventy five thousand dollars (\$375,000)~~ two hundred fifty thousand dollars (\$250,000). A county's Medicaid service costs for fiscal years 2008-2009, 2009-2010, and 2010-2011 are determined without regard to the changes made to the Federal Medical Assistance Percentage by section 5001 of the American Recovery and Reinvestment Act of 2009.

...."

SECTION 37.2.(c) Effective July 1, 2016, G.S. 105-523, as amended by subsection (b) of this section, reads as rewritten:

"§ 105-523. County hold harmless for repealed local taxes.

(a) Intent. – It is the intent of the General Assembly that each county benefit by at least ~~two hundred fifty thousand dollars (\$250,000)~~ one hundred twenty-five thousand dollars (\$125,000) annually from the exchange of a portion of the local sales and use taxes for the State's agreement to assume the responsibility for the non-administrative costs of Medicaid.

(b) Definitions. – The following definitions apply in this section:

...

(2) Hold harmless threshold. – The amount of a county's Medicaid service costs and Medicare Part D clawback payments assumed by the State under G.S. 108A-54 for the fiscal year, less ~~two hundred fifty thousand dollars (\$250,000)~~ one hundred twenty-five thousand dollars (\$125,000). A county's Medicaid service costs for fiscal years 2008-2009, 2009-2010, and 2010-2011 are determined without regard to the changes made to the Federal Medical Assistance Percentage by section 5001 of the American Recovery and Reinvestment Act of 2009.

...."

SECTION 37.2.(d) Effective July 1, 2017, G.S. 105-523, as amended by subsection (c) of this section, reads as rewritten:

"§ 105-523. County hold harmless for repealed local taxes.

(a) Intent. – It is the intent of the General Assembly that each county ~~benefit by at least one hundred twenty five thousand dollars (\$125,000) annually~~ be held harmless from the exchange of a portion of the local sales and use taxes for the State's agreement to assume the responsibility for the non-administrative costs of Medicaid.

(b) Definitions. – The following definitions apply in this section:

...

(2) Hold harmless threshold. – The amount of a county's Medicaid service costs and Medicare Part D clawback payments assumed by the State under

G.S. 108A-54 for the fiscal year, ~~less one hundred twenty-five thousand dollars (\$125,000)-year.~~ A county's Medicaid service costs for fiscal years 2008-2009, 2009-2010, and 2010-2011 are determined without regard to the changes made to the Federal Medical Assistance Percentage by section 5001 of the American Recovery and Reinvestment Act of 2009.

...."

PART XXXVIII. MISCELLANEOUS PROVISIONS

STATE BUDGET ACT APPLIES

SECTION 38.1. The provisions of the State Budget Act, Chapter 143C of the General Statutes, are reenacted and shall remain in full force and effect and are incorporated in this act by reference.

COMMITTEE REPORT

SECTION 38.2.(a) The Senate Appropriations/Base Budget Committee Report on the Continuation, Expansion and Capital Budgets for Senate Bill 744, dated May 29, 2014, which was distributed in the Senate and used to explain this act, shall indicate action by the Senate on this act and shall, therefore, be used to construe this act, as provided in the State Budget Act, Chapter 143C of the General Statutes, as appropriate, and for these purposes shall be considered a part of this act and, as such, shall be printed as a part of the Session Laws.

SECTION 38.2.(b) The budget enacted by the General Assembly is for the maintenance of the various departments, institutions, and other spending agencies of the State for the 2014-2015 budget as provided in G.S. 143C-3-5. This budget includes the appropriations of State funds as defined in G.S. 143C-1-1(d)(25).

The Director of the Budget submitted recommended adjustments to the budget to the General Assembly in May 2014 in the document "The Governor of North Carolina's Recommended Budget Adjustments" for the 2014-2015 fiscal year for the various departments, institutions, and other spending agencies of the State. The adjustments to these documents made by the General Assembly are set out in the Committee Report.

SECTION 38.2.(c) The budget enacted by the General Assembly shall also be interpreted in accordance with G.S. 143C-5-5, the special provisions in this act, and other appropriate legislation.

In the event that there is a conflict between the line-item budget certified by the Director of the Budget and the budget enacted by the General Assembly, the budget enacted by the General Assembly shall prevail.

REPORT BY FISCAL RESEARCH DIVISION ON CHANGES TO 2014-2015 BUDGET/PUBLICATION

SECTION 38.3.(a) The Fiscal Research Division of the Legislative Services Commission shall issue a report on budget actions taken by the 2013 Regular Session of the General Assembly in 2014. The report shall be in the form of a revision of the Committee Report adopted for Senate Bill 744 pursuant to G.S. 143C-5-5 and shall include all modifications made to the 2014-2015 budget prior to sine die adjournment of the 2013 Regular Session.

SECTION 38.3.(b) The Director of the Fiscal Research Division of the Legislative Services Commission 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 2014-2015 FISCAL YEAR

SECTION 38.4. Except for statutory changes or other provisions that clearly indicate an intention to have effects beyond the 2014-2015 fiscal year, the textual provisions of this act apply only to funds appropriated for, and activities occurring during, the 2014-2015 fiscal year.

EFFECT OF HEADINGS

SECTION 38.5. 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 38.6.(a) Except where expressly repealed or amended by this act, the provisions of S.L. 2013-360, S.L. 2013-363, S.L. 2013-364, and S.L. 2013-397 remain in effect.

SECTION 38.6.(b) Notwithstanding any modifications by this act in the amounts appropriated, except where expressly repealed or amended, the limitations and directions for the 2014-2015 fiscal year in S.L. 2013-360, S.L. 2013-363, S.L. 2013-364, and S.L. 2013-397 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

SECTION 38.7. 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 38.8. Except as otherwise provided, this act becomes effective July 1, 2014.