

GENERAL ASSEMBLY OF NORTH CAROLINA  
EXTRA SESSION 1999

HOUSE BILL 2  
RATIFIED BILL

AN ACT TO ENACT THE HURRICANE FLOYD RECOVERY ACT OF 1999, MAKING FINDINGS AS TO DAMAGE CAUSED BY HURRICANE FLOYD CONCERNING ESTABLISHMENT OF THE HURRICANE FLOYD RESERVE FUND, MAKING APPROPRIATIONS TO THE HURRICANE FLOYD RESERVE FUND, AUTHORIZING TEMPORARY RULES FOR IMPLEMENTATION OF THIS ACT, AUTHORIZING ESTABLISHMENT OF NEW PROGRAMS, EXPANSION OF EXISTING PROGRAMS, AND MODIFICATION OF EXISTING PROGRAMS TO IMPLEMENT THIS ACT, AUTHORIZING TRANSFER OF FUNDS TO FEDERAL AGENCIES AND LOCAL GOVERNMENTS, AUTHORIZING TIME-LIMITED POSITIONS TO IMPLEMENT THIS ACT, AUTHORIZING ADVISORY COUNCILS TO ADVISE STATE AGENCIES ON RECOVERY EFFORTS, PROVIDING FOR TAX EXEMPTION OF BENEFITS, CONCERNING A STUDY OF DISASTER COUNTIES TIER RANKINGS, CREATING A DISASTER RESPONSE AND RECOVERY COMMISSION, PROVIDING REPORTING REQUIREMENTS, PROVIDING FLEXIBILITY IN THE SCHOOL CALENDAR TO ACCOMMODATE EXTRAORDINARY CIRCUMSTANCES, AND EQUALIZING THE UNEMPLOYMENT INSURANCE WAITING PERIOD FOR ALL UNEMPLOYED FLOOD VICTIMS.

The General Assembly of North Carolina enacts:

**PART I. TITLE OF ACT**

Section 1. This act shall be known as "The Hurricane Floyd Recovery Act of 1999."

**PART II. LEGISLATIVE FINDINGS**

**DAMAGE CAUSED BY HURRICANE FLOYD**

Section 2.(a) The General Assembly finds that Hurricane Floyd was the worst natural disaster in the State's history. Extensive and prolonged flooding caused by the storm has been devastating to infrastructure and to the civil, social, economic, and environmental well-being of Eastern North Carolina. The entire economic base of Eastern North Carolina was undermined, including the ability of individuals to earn an income to support themselves and their families. A loss of this magnitude affects all of

North Carolina. Extraordinary assistance to the affected areas is required if this region and, indeed, the entire State is to recover from the short- and long-term effects of the devastation.

Section 2.(b) The General Assembly finds that as a result of Hurricane Floyd:

- (1) The President of the United States declared 66 of the State's 100 counties to be a disaster area. Twenty-seven counties and 73 municipalities were severely impacted by the disaster.
- (2) Fifty-one people lost their lives.
- (3) People lost their loved ones, their homes, their communities, their houses of worship, their life savings, their jobs, their family mementos, their pets, and their ways of life.
- (4) Entire towns were flooded to the rooftops as the water levels of rivers and streams throughout Eastern North Carolina crested at flood-stage heights far beyond those ever seen before in this State.
- (5) Over 56,000 homes were damaged. Of these, over 7,000 homes were completely destroyed and another 17,000 are uninhabitable. This damage represents an extraordinary economic loss since less than thirteen percent (13%) of homes in the affected counties were covered by flood insurance. Many homeowners and inhabitants did not have flood insurance because they did not know there was a danger of flooding. (Most homes covered by flood insurance were financed mobile homes for which the loan included flood insurance.)

With the destruction of homes, the economic engine that propels communities was lost. On average, seventy-five percent (75%) of an American family's wealth is embodied in the home. That home equity is what the family relies on to finance businesses, job training for breadwinners, the children's education, and other enhancements to the family's overall well-being.

Additional State assistance to homeowners is therefore essential to assure that there is safe and adequate housing for the citizens of the affected region and to assure the economic viability of affected communities.

- (5a) Affected areas of the State lost rental properties that provided needed housing for those who cannot afford to purchase their own homes. Because of the depressed economy in areas most damaged, sufficient rental housing at affordable prices may not be built to replace the property damaged or destroyed, leaving persons who were forced from their homes unable to obtain adequate rental housing.
- (6) Over 12,000 businesses reported physical damage or disaster-related economic losses. Those businesses without the equity to either absorb their losses or qualify for Small Business Administration loans will not reopen and jobs will be permanently lost.

- (7) Millions of farm animals were lost, including 2,100,000 poultry, 1,180 cattle, 250 horses, and over 28,000 hogs.
- (8) The ability of North Carolina farmers to operate successfully in the coming year was severely compromised. Most farmers were heavily in debt before Hurricane Floyd caused nearly one billion dollars (\$1,000,000,000) of damage to agriculture in the State. Most farmers cannot take on the additional debt necessary to repair farm structures, purchase new equipment, rehabilitate damaged fields, and replace lost livestock. Many farmers may be facing bankruptcy without assistance. Many farmers may be unable to continue farming without assistance. It is therefore necessary to provide State assistance to farmers to preserve the agricultural sector of the economy in Eastern North Carolina and the economic stability of the region.
- (9) Commercial fishing losses are estimated at nineteen million dollars (\$19,000,000) and the 8,000 commercial fishers in the State are in danger of losing not only their livelihood, but a way of life their families have known for generations. Without State assistance to commercial fishers, this sector of the economy and the cultural heritage it represents may disappear from North Carolina. It is therefore necessary to provide State assistance to preserve this sector of the economy and this cultural heritage in Eastern North Carolina.
- (10) Tourists, industrial location consultants, and business decision makers were left with the impression that all of Eastern North Carolina was and will continue to be totally devastated. Tourists are therefore hesitant to consider visiting Eastern North Carolina, and industries are hesitant to consider locating or expanding in Eastern North Carolina. Without State programs to change the public perception of North Carolina, these negative and inaccurate impressions will threaten the long-term economic stability of the region and of the entire State.
- (11) Floodwater was tainted with raw sewage, pesticides, agricultural waste products, petroleum products, and dead farm animals, leaving untold environmental impacts and public health challenges. Flooding heavily damaged State, county, and local infrastructure. Water and sewer treatment plants were shut down and severely damaged due to the flooding, the road system in Eastern North Carolina was shut down and severely damaged due to the flooding, and numerous dams failed or are still in danger of failing. Threats to the public health and safety and severe and continued environmental degradation will continue without additional State programs and assistance to rectify the damage. Over 7,000 public and private wells have been tested for contamination and many must be retested before the water is safe to drink. The rivers, sounds, and offshore waters with low oxygen must be monitored to

ensure that our fish and shellfish are safe to eat. Therefore, it is necessary to provide additional programs and resources to respond to the environmental havoc inflicted upon the citizens and communities of Eastern North Carolina by Hurricane Floyd.

- (12) Caskets floated out of the saturated ground.
- (13) There was erosion in the tax base in counties with persistently high poverty rates. These same counties must now bear the expense of replacing and repairing damaged infrastructure and meeting the additional educational and social services needs of their residents.

Section 2.(c) The General Assembly further finds that the devastation caused by Hurricane Floyd was of unprecedented proportions. Devastation of this magnitude was not planned for and could not have been planned for. Public and private decision making was predicated on the 100-year floodplain; actual flooding was throughout, and even outside of, the 500-year floodplain. No policies, no decision making, and no planning could adequately mitigate damage from or prepare an adequate response to such an extraordinary event. However, learning from this tragic event, the General Assembly finds that long-term planning for future natural disasters is appropriate.

Section 2.(d) The General Assembly further finds that the devastation caused by Hurricane Floyd in Eastern North Carolina continues to affect all aspects of the economy, the environment, public health and safety, infrastructure, public and private institutions, and the general welfare of the region and, indirectly, of the entire State. Immediate short-term responses and long-term responses are necessary to preserve a way of life in Eastern North Carolina, to preserve the economic condition of the entire State, and to preserve the reputation North Carolina has, nationally and internationally, as a great place to live and a great place to do business.

## **CRITICAL NEEDS NOT MET BY EXISTING STATE AND FEDERAL PROGRAMS AND FUNDS**

Section 2.1.(a) The General Assembly finds that State and federal disaster relief initiatives are not intended to make individuals whole after a loss; they are intended to assist the affected area in recovering from the devastation caused by Hurricane Floyd. A massive recovery program that includes assistance to individuals is essential to the recovery of the affected area due to the severity of the damage, the magnitude of the geographical area it covered, and the duration of the emergency conditions in the area. The cumulative effect of devastating losses of lives, homes, schools, life savings, personal effects, jobs, businesses, and other social and civic institutions, and of concerns, both real and imagined, about public health issues and the environment, has substantially impaired the region's ability to recover.

Traditional support systems for victims of losses such as families, friends, religious organizations, relief organizations, other private entities, and existing public programs are simply inadequate given the magnitude of the problem. Their property was

also damaged by the disaster and their resources were further depleted by the overwhelming and unrelenting need for emergency assistance after the storm.

Without significant additional State assistance to the area devastated by Hurricane Floyd, further deterioration of the economy, the environment, public health and safety, and quality of life in the region is likely to occur. Without additional State assistance:

- (1) Tens of thousands of people in uninsured, damaged homes will either not qualify for federal housing assistance or not have the resources to take advantage of federal housing assistance.
- (2) Local governments already overwhelmed with storm-related expenses may not have the resources to repair damaged infrastructure and provide the new infrastructure necessary for families relocating out of the flood zone.
- (3) Thousands of jobs will be permanently lost because an estimated 1,500 small businesses and 25 mid-sized businesses cannot qualify for Small Business Administration loans.
- (4) Farmers, most of whom were deeply in debt before being devastated by Hurricane Floyd, will recoup less than forty-three percent (43%) of their crop losses. Unless farmers receive assistance, the number of forced sales and bankruptcies will rise across all of Eastern North Carolina. Many farmers will never farm again.
- (5) Commercial fishers will recoup none of their losses.
- (6) Resources for drinking water protection, water quality monitoring to ensure the safety of fish and shellfish, solid waste cleanup, hazardous waste cleanup, remediation of high-risk underground storage tanks, and repair of high-hazard dams will be drastically limited.
- (7) The tourism industry will continue to suffer throughout the State due to negative publicity about the storm.

Section 2.1.(b) It is the intent of the General Assembly that the benefits of the projects and programs authorized by this act are for the common good and collective recovery of the people of this State following a devastating natural disaster directly affecting a large portion of the State and indirectly affecting the entire State. The entire State faces a major loss if Eastern North Carolina is not offered the assistance provided by this act. The purpose of this act is to provide an ultimate net public benefit to the State through a successful Hurricane Floyd recovery initiative in Eastern North Carolina.

## **COUNCIL OF STATE FINDINGS**

Section 2.2. On December 9, 1999, the Council of State made the following findings in whereas clauses to a resolution:

- (1) Eastern North Carolina has a history of communities supported by an economic base of agriculture, small business, tourism, and professional services.

- (2) This economy provides the means for people of the region to earn the money needed for housing, transportation, and other basic necessities of life.
- (3) The vitality of Eastern North Carolina communities is dependent upon the prosperity of these economies in order to sustain the tax bases for the political subdivisions which provide services to the citizens of the region.
- (4) On September 16, 1999, Hurricane Floyd struck Eastern North Carolina with severe rains, resulting in flooding of a catastrophic nature, displacing thousands of residents of Eastern North Carolina, and paralyzing these communities and their economies.
- (5) On September 15, 1999, a State of Emergency was declared under G.S. 166A for 26 counties in Eastern North Carolina, with a subsequent declaration of a state of emergency from the President of the United States, allowing North Carolina to receive federal disaster assistance in excess of one billion dollars (\$1,000,000,000).
- (6) Subsequent federal actions have allowed North Carolina to receive additional federal disaster assistance, again in excess of one billion dollars (\$1,000,000,000).
- (7) There remain urgent unmet needs in the affected communities to help the population of Eastern North Carolina, to revitalize the economic base within the communities within this region, and to assist the communities in stabilizing the services needed by the residents.
- (8) In order for economic stability to be recaptured in these North Carolina communities, such aid must take the form of grants and loans to the individuals and small businesses, which are the essence of these communities and, without such assistance, the region might not recover as a vital section of the State.
- (9) We find that the contingency and emergency funds are insufficient to meet the needs of the State to address housing, economic, public health, environment, and local government needs caused by the disaster in Eastern North Carolina communities.

### **COUNTIES COVERED BY THIS ACT**

Section 2.3. Sections 2 through 4.2 of this act apply in the North Carolina counties that were declared a major disaster as a result of Hurricane Floyd by the President of the United States under the Stafford Act (P.L. 93-288).

### **PART III. THE HURRICANE FLOYD RESERVE FUND**

#### **ESTABLISHMENT OF THE HURRICANE FLOYD RESERVE FUND**

Section 3. The Governor has established in the Office of State Budget and Management the Hurricane Floyd Reserve Fund. The purpose of this fund is to provide necessary and appropriate relief and assistance from the effects of Hurricane Floyd, consistent with the provisions of this act, in the following areas:

- (1) Required match for federal funds for disaster relief.
- (2) Housing assistance. The General Assembly finds that affected areas may not have adequate rental property to provide housing to those who have been forced from their rental homes. It is the intent of the General Assembly that housing assistance include providing renters with assistance to purchase affordable housing. The General Assembly therefore encourages the Governor to use funds approved by the Council of State for transfer to the Hurricane Floyd Reserve Fund on December 9, 1999, or appropriated to the Fund in this act, to implement a program that provides assistance to renters in affected areas to purchase affordable housing by providing State resources, including grants and low-interest loans, for that purpose.
- (3) Economic recovery assistance, including, but not limited to, assistance to the agriculture and fishing sectors of the economy.
- (4) Public health, public safety, social services, and environmental recovery issues.
- (5) Support to local governments.

These funds shall remain available to implement the provisions of this act until the General Assembly directs the reversion of the unexpended funds. Regardless of the source of the funds, they shall revert to the Savings Reserve Account at that time.

**APPROPRIATIONS TO THE HURRICANE FLOYD RESERVE FUND**

Section 3.1.(a) The appropriations and allocations made in this section are for maximum amounts necessary to implement this act. Savings shall be effected where the total amounts appropriated are not required to implement the act.

Section 3.1.(a1) The General Fund availability used in developing this act is as follows:

|  | 1999-2000<br>(\$ Millions) |
|--|----------------------------|
|  | Budget Reform Statement    |
| (01) Ending Unreserved Credit Balance, June 30, 1999   |                            |
| a. Budgeted (S.L. 1999-237)  | 260.4                      |
| b. Actual  | 296.7                      |
| c. Excess  | 36.3                       |
| <br>(02) Net Revenue Gain by Finance Bills in Excess of<br>Authorized Expenditures as Enacted by the<br>1999 Regular Session of the General Assembly | <br><br><br>4.6            |

(03) Estimated Unappropriated Balance, June 30, 2000

40.9

Section 3.1.(b) There is appropriated from the General Fund the sum of forty million dollars (\$40,000,000) for the 1999-2000 fiscal year to the Office of State Budget and Management, Hurricane Floyd Reserve Fund, only to support crisis housing assistance to homeowners, renters, and new homeowners, and for any other matters pertaining to relocation.

Section 3.1.(c) Of the funds the General Assembly appropriated for the 1999-2000 fiscal year and previous fiscal years: (i) for the operation and maintenance of State departments, institutions, and agencies, and for other purposes, (ii) for repairs, renovations, and other capital projects, and (iii) other nonrecurring appropriations, the Governor, with the concurrence of the Council of State, may reallocate funds during a state of disaster to the Hurricane Floyd Reserve Fund, as provided in G.S. 166A-6(c)(5). In authorizing the reallocation of appropriated funds under this section, it is the intent of the General Assembly that, to the extent possible, funds be reallocated in a manner that minimizes reductions in vital services that would otherwise have been provided with these funds. To this end, the General Assembly urges the Governor, the heads of administrative departments of the State, and the Council of State to work to exhaust all other reasonable options prior to utilizing funds for disaster recovery efforts that have otherwise been appropriated to provide direct help to individuals in need of health or long-term care services.

Section 3.1.(d) There is appropriated from the Savings Reserve Account to the Office of State Budget and Management, Hurricane Floyd Reserve Fund, the sum of two hundred eighty-one million four hundred sixty-five thousand, eight hundred twenty-four dollars (\$281,465,824) for the 1999-2000 fiscal year only to support crisis housing assistance to homeowners, renters, and new homeowners, and for any other matters pertaining to relocation. These funds shall remain available to implement the provisions of this act until the General Assembly directs the reversion of the unexpended funds; however, these funds shall remain in the Savings Reserve Account and shall be transferred to the Hurricane Floyd Reserve Fund and expended only after the Director of the Budget certifies that funds from other sources are not adequate to implement the provisions of this act.

Section 3.1.(e) Funds appropriated or reallocated pursuant to this section shall be used only to provide necessary and appropriate relief and assistance from the effects of Hurricane Floyd consistent with the provisions of this act.

Section 3.1.(f) The allocation of funds in the Report of the House Appropriations Committee on Hurricane Floyd Recovery, dated December 15, 1999, are intended as guidance for the Governor. However, notwithstanding Section 4.1 of this act but in accordance with Chapter 166A of the General Statutes, if the Governor determines that allocations should be made to programs other than those set forth in the Committee Report, the Governor shall report to the Joint Legislative Commission on Governmental Operations before implementing any changes in the allocations.



Section 3.1.(g) If up to ten million dollars (\$10,000,000) of funds allocated (other than Direct Housing Assistance) are not needed, the General Assembly directs that it is a top priority to reallocate those funds to provide affordable rental housing assistance.

Section 3.1.(g1) The Director of the Budget shall transfer to the Hurricane Floyd Reserve Fund from the reserve in the budget of the General Assembly the sum of six million six hundred seventy-eight thousand dollars (\$6,678,000). These funds shall come from funds that would have been used for chamber and Legislative Office Building renovations.

The following item shall be construed as an item in the report cited in subsection (f) of this section:

**K. Human Resources Services**

30. Human Resources Services FY 1999-2000 \$6,678,000 NR

Provides funds to serve needs not met by existing state or anticipated federal funds for critical human services needs for Hurricane Floyd victims, and to mitigate the impact of potential budget reductions within the Department of Health and Human Services on direct services to clients statewide including, but not limited to, mental health, substance abuse services, and developmental disabilities programs.

To account for the changes made by this subsection, the total amount of the Hurricane Floyd Reserve as found in the committee report cited in subsection (f) of this section is increased by adding the \$6,678,000 to the bottom line of the Reserve.

Section 3.1.(h) There is appropriated from the Savings Reserve Account to the Office of State Budget and Management, Hurricane Floyd Reserve Fund, the sum of four million five hundred thousand dollars (\$4,500,000) for the 1999-2000 fiscal year to be held in reserve to be used for solid waste cleanup.

The following item shall be construed as an item in the report cited in subsection (f) of this section:

**I. Public Health and Environment**

24. Solid Waste Cleanup FY 1999-2000 \$4,500,000 NR

Provides funds for management of solid waste generated by natural disasters and to begin the assessment and remediation of high-risk junkyards and other high-risk solid waste sites in the 100-year floodplains of areas affected by Hurricane Floyd.

Section 3.1.(i) The Governor shall, to the extent practicable, ensure that assistance to victims provided from the Hurricane Floyd Reserve Fund is prioritized towards those areas and individuals least able to afford the losses as a result of Hurricane Floyd.

**PART IV. IMPLEMENTATION OF ACT**

**TEMPORARY RULES AUTHORIZED; AUTHORIZATION APPLIES TO THE NORTH CAROLINA ENVIRONMENTAL POLICY ACT OF 1971**

Section 4. The General Assembly finds that the magnitude of the devastation caused by Hurricane Floyd and the urgency of the need for immediate State recovery assistance require expeditious actions by State agencies. Delay could: (i) cause serious and unforeseen threats to the public health, safety, or welfare; (ii) result in the loss of federal revenues for the recovery effort; or (iii) increase the likelihood of fraud and abuse in recovery programs. Therefore, every agency, as defined in G.S. 150B-2, may adopt temporary rules necessary to implement the provisions of this act. Except as provided in this section, temporary rules to implement the provisions of this act shall be adopted as provided in G.S. 150B-21.1. Notwithstanding the provisions of G.S. 150B-21.1(a)(2) and 26 NCAC 2C.0102(11), the authority to adopt temporary rules to implement the provisions of this act shall continue in effect until all rules necessary to implement the provisions of this act have become effective as either temporary rules or permanent rules. Notwithstanding the provisions of G.S. 150B-21.1(d), a temporary rule adopted to implement the provisions of this act shall specify the date on which the rule will expire and shall continue in effect until that date. Any agency that adopts a temporary rule to implement the provisions of this act shall report the text of the rule and the agency's written statement of its findings of the need for the rule to the Joint Legislative Administrative Procedure Oversight Committee within 30 days of the adoption of the temporary rule. This section applies to the adoption of temporary rules by the Department of Administration under G.S. 113A-11(a) and to the adoption of temporary rules that establish minimum criteria by any State agency, as defined in G.S. 113A-9, under G.S. 113A-11(b).

#### **AUTHORIZATION TO ESTABLISH NEW PROGRAMS, EXPAND EXISTING PROGRAMS, AND MODIFY EXISTING PROGRAMS TO IMPLEMENT THIS ACT**

Section 4.1. The Governor may: (i) establish new programs, expand existing programs, and modify existing programs to provide necessary and appropriate relief and assistance from the effects of Hurricane Floyd and (ii) expend funds from the Hurricane Floyd Reserve Fund to implement these programs. These expenditures and programs shall be used only for:

- (1) Required matching funds for federal funds for disaster relief.
- (2) Crisis housing assistance, which may include, but shall not be limited to, direct housing assistance to homeowners and renters, grants to local government for water, sewer, and other infrastructure needs for housing in new areas, predevelopment activities, housing counselors, and housing recovery efforts.
- (3) Economic recovery assistance, including, but not limited to, assistance to the agriculture and fishing sectors of the economy, which may include, but shall not be limited to, small business disaster assistance to small and mid-sized businesses, grants to farmers, and grants and loans to commercial fishers.

- (4) Public health, public safety, social services, and environmental recovery issues which may include, but shall not be limited to, drinking water protection, water quality monitoring, solid waste and hazardous waste cleanup, assessment and remediation of high-risk underground storage tank sites, dam safety, and emergency and maintenance dredging.
- (5) Support to local governments, by grants to local governments to offset revenue losses resulting from storm damage from natural disasters covered by federal disaster declarations as to any storm between September 1, 1999, and the date of enactment of this act. The amount of the grants shall be based on loss of taxable property in the jurisdiction.

### **AUTHORIZATION TO TRANSFER FUNDS TO FEDERAL AGENCIES AND TO LOCAL GOVERNMENTS**

Section 4.2. The Governor may:

- (1) Use funds from the Hurricane Floyd Reserve Fund to match federal funds in accordance with Section 4.1(1) of this act.
- (2) Provide grants to local governments in accordance with Section 4.1(5) of this act.
- (3) Transfer funds to local governments pursuant to cooperative agreements under which they administer programs or provide services on behalf of the State.
- (4) Transfer funds to federal agencies pursuant to cooperative agreements under which they administer agriculture programs or provide services on behalf of the State.

### **AUTHORIZATION TO ESTABLISH TIME-LIMITED POSITIONS TO IMPLEMENT THIS ACT**

Section 4.3. The Governor may establish part-time and full-time personnel positions to implement this act. All such positions shall be time-limited and shall be exempt from the State Personnel Act.

### **AUTHORIZATION TO ESTABLISH ADVISORY COUNCILS TO ADVISE STATE AGENCIES ON RECOVERY EFFORTS**

Section 4.4. The Governor shall establish advisory councils to advise relevant State agencies on Hurricane Floyd recovery efforts and to ensure input from representatives of affected communities and groups.

### **TAX EXEMPTION**

Section 4.5. Each agency disbursing funds or property under Section 4.1 of this act from the Hurricane Floyd Reserve Fund for hurricane relief or assistance, other than payments for goods or services provided by the recipient, shall include with the

disbursement a written statement of the State and federal income tax treatment of the funds or property disbursed.

Section 4.6.(a) G.S. 105-134.6(b) is amended by adding the following new subdivision to read:

" (16) The amount paid to the taxpayer during the taxable year from the Hurricane Floyd Reserve Fund in the Office of State Budget and Management for hurricane relief or assistance, but not including payments for goods or services provided by the taxpayer."

Section 4.6.(b) G.S. 105-130.5(b) is amended by adding the following new subdivision to read:

" (19) To the extent included in federal taxable income, the amount paid to the taxpayer during the taxable year from the Hurricane Floyd Reserve Fund in the Office of State Budget and Management for hurricane relief or assistance, but not including payments for goods or services provided by the taxpayer."

Section 4.6.(c) This section is effective for taxable years beginning on or after January 1, 1999.

#### **DISASTER COUNTIES TIER RANKINGS**

Section 4.7.(a) The Revenue Laws Study Committee shall study the potential consequences of lowering the enterprise area tier designations under G.S. 105-129.3 of counties that sustained severe or moderate damage from a hurricane or a hurricane-related disaster in 1999, according to the Federal Emergency Management Agency. The Committee shall consider the estimated fiscal impact of such a proposal, its effect on the competitiveness of other counties, whether the current law formula for tier designation is responsive to hurricane-related changes in individual counties, and other relevant issues.

Section 4.7.(b) The Committee shall report its findings and recommendations on this issue to the 2000 Regular Session of the 1999 General Assembly.

#### **INVOLVEMENT OF HISTORICALLY UNDERUTILIZED BUSINESSES**

Section 4.8. On April 20, 1999, the Governor issued Executive Order No. 150, entitled "Support for Historically Underutilized Businesses". It is the intent of the General Assembly that, during this time of rebuilding and Hurricane Floyd relief efforts, each State agency should strive to increase the total amount of goods and services acquired by it from historically underutilized business vendors, whether directly as principal contractors or indirectly as subcontractors or otherwise.

#### **LEGISLATIVE REVIEW OF FEDERAL FUNDING AND REMAINING UNMET NEEDS**

Section 4.9. It is the intent of the General Assembly to review in 2000 and 2001 the funds appropriated by Congress and to consider actions needed to address any remaining unmet needs, especially in the area of rental housing production.

### **LIMITATION ON USE OF STATE FUNDS**

Section 4.10.(a) No State funds used to implement this act, including any funds in the Hurricane Floyd Reserve Fund, may be expended for the construction of any new residence within the 100-year floodplain unless the construction is in an area regulated by a unit of local government pursuant to a floodplain management ordinance, and the construction complies with the ordinance. As used in this section, "100-year floodplain" means any area subject to inundation by a 100-year flood, as indicated on the most recent Flood Insurance Rate Map prepared by the Federal Emergency Management Agency under the National Flood Insurance Program.

Section 4.10.(b) The Environmental Review Commission shall study the costs and benefits of updating the Flood Insurance Rate Map for any area of the State for which the map is more than five years old and of updating all maps on an ongoing basis so that the maps of all areas of the State are no more than five years old. The Environmental Review Commission shall report its findings and recommendations to the 2000 Regular Session of the 1999 General Assembly.

Section 4.10.(c) Homeowners in the 100-year floodplain who receive homeowner's housing assistance pursuant to this act shall have in effect federal flood insurance, if available, as a precondition to receipt of State homeowner's housing assistance for losses resulting from future flooding. As used in this section "100-year floodplain" means that area defined in Section 4.10(a) in this act.

### **PART V. CREATION OF DISASTER RESPONSE AND RECOVERY COMMISSION**

Section 5.(a) Commission Established. -- There is established the Legislative Commission to Address Hurricane Floyd Disaster Relief ("Commission").

Section 5.(b) Membership. -- The Commission shall consist of 21 members as follows:

- (1) Seven members appointed by the Governor.
- (2) Seven members appointed by the Speaker of the House of Representatives.
- (3) Seven members appointed by the President Pro Tempore of the Senate.

Appointments to the Commission shall be made not later than January 15, 2000. A vacancy in the Commission or as chair of the Commission resulting from the resignation of a member or otherwise shall be filled in the same manner in which the original appointment was made.

Section 5.(c) Duties of Commission. -- The Commission shall study:

- (1) The adequacy of the State's short-term and long-term response to natural disasters under current law and necessary modifications in the State's response to future natural disasters. In the course of this study, the Commission may consider:
  - a. The circumstances under which an extraordinary State response to extraordinarily severe and widespread devastation is appropriate and the components of such an extraordinary State response.
  - b. The need for dedicated sources of funding for disaster recovery.
  - c. The need to modify State policies and amend State laws to mitigate damages in future disasters and to remove administrative obstacles to the recovery effort.
- (2) Short- and long-term recovery efforts for Eastern North Carolina in response to Hurricane Floyd and strategies for supplementing, improving, and enhancing those recovery efforts.
- (3) The causes of the flooding and the extent to which each cause contributed to catastrophic flood damage. In particular, the Commission shall evaluate the effectiveness of dams, dikes, and other flood control structures and determine the extent to which releases of water from dams, dikes, other flood control structures, and locks may have affected the degree of flooding.

Section 5.(d) Consultation. -- The Commission may consult with appropriate State departments, agencies, and board representatives on issues related to its duties.

Section 5.(e) Organization. -- Members of the Commission and its subcommittees shall receive per diem, subsistence, and travel allowances in accordance with G.S. 120-3.1, 138-5, or 138-6, as appropriate.

The President Pro Tempore of the Senate and the Speaker of the House of Representatives shall each designate one member to serve as cochair of the Commission. The cochairs shall call the initial meeting of the Commission on or before February 1, 2000. The Commission shall subsequently meet upon such notice and in such manner as its members determine. A majority of the members of the Commission shall constitute a quorum.

The Commission may contract for consultants or hire employees in accordance with G.S. 120-32.02. The Legislative Services Commission of the General Assembly, through the Legislative Services Officer, shall assign professional staff to assist the Commission in its work. Upon the direction of the Legislative Services Commission, the Legislative Assistants Directors 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 appoint subcommittees of its members and other knowledgeable persons or experts to assist it.

Section 5.(f) Citizen Participation. -- The Commission shall establish a process of citizen participation that assures the citizens of North Carolina of the opportunity to be informed of and contribute to the work of the Commission. It shall hold meetings throughout the State.

Section 5.(g) Cooperation by Government Agencies. -- The Commission may call upon any department, agency, institution, or officer of the State or any political subdivision thereof for facilities, data, or other assistance.

Section 5.(h) Funding. -- The Commission may apply for, receive, and accept grants of non-State funds or other contributions as appropriate to assist in the performance of its duties.

Section 5.(i) Report. -- The Commission shall submit interim reports to the 2000 Regular Session of the 1999 General Assembly and the 2001 General Assembly and shall submit a final report of its findings and recommendations on May 1, 2002, to the General Assembly, the Governor, and the citizens of the State. The Commission shall terminate upon filing its final report.

## **PART VI. REPORTING REQUIREMENTS**

Section 6. The Governor shall report to the Joint Legislative Commission on Governmental Operations on the implementation of this act on a monthly basis during the third quarter of the 1999-2000 fiscal year and on a quarterly basis thereafter. The Governor shall report more frequently at the request of the Commission.

The Governor shall report by May 1, 2000, the estimated number of citizens who have experienced a reduction in or elimination of health or long-term care services as a result of funds being reallocated in accordance with Section 3.1 of this act. The Governor shall submit the report to: the Joint Legislative Health Care Oversight Commission, the North Carolina Study Commission on Aging, the Legislative Study Commission on Mental Health, Developmental Disabilities, and Substance Abuse Services, and the chairs of the Senate Appropriations Committee on Health and Human Services and the House Appropriations Subcommittee on Health and Human Services.

## **PART VII. EQUALIZATION OF UNEMPLOYMENT INSURANCE WAITING PERIOD FOR ALL UNEMPLOYED FLOOD VICTIMS**

Section 7. G.S. 96-13(c) reads as rewritten:

" (c) ~~From January 29, 1975, through February 15, 1977, no week of unemployment for waiting period credit shall be required of any claimant.~~ Beginning February 16, 1977, an unemployed individual shall be eligible to receive benefits with respect to any week only if the Commission finds that he has been totally, partially, or part-totally unemployed for a waiting period of one week with respect to each benefit year. No week shall be counted as a week of unemployment for waiting-period credit under this provision unless the claimant except for the provisions of this subdivision was otherwise

eligible for benefits. As to claims filed on or after September 5, 1999, the waiting period for a benefit year shall not be required of any claimant if all of the following conditions are met:

- (1) The benefits are to be paid for unemployment due directly to a major natural disaster.
- (2) The President of the United States has declared the disaster pursuant to the Disaster Relief Act of 1970, 42 U.S.C.A. 4401, et seq.
- (3) The benefits are to be paid to claimants who would have been eligible for disaster unemployment assistance if they had not been eligible to receive unemployment insurance benefits with respect to that unemployment.
- (4) The claimant files for a waiver of the waiting period week within 30 days after the date of notification or mailing of the notice of the right to have the waiting period week waived. The Employment Security Commission, for good cause shown, may at any time in its discretion, with or without motion or notice, order the period enlarged if the request for an enlargement of time is made before the expiration of the period originally prescribed or as extended by a previous order. After expiration of the specified period, the Employment Security Commission may permit the act to be done where the failure to act was a result of excusable neglect.

The benefits paid as a result of the waiver of the waiting period week shall not be charged to the account or accounts of the base period employer or employers in accordance with G.S. 96-9(c)(2)d. The Employment Security Commission shall implement regulations prescribing the procedure for the waiver of the waiting period week in accordance with G.S. 96-4(b)."

## **PART VIIA. FLEXIBILITY IN THE SCHOOL CALENDAR TO ACCOMMODATE EXTRAORDINARY CIRCUMSTANCES**

Section 7A.(a) G.S. 115C-84.2(a)(1) reads as rewritten:

" (a) School Calendar. -- Each local board of education shall adopt a school calendar consisting of 220 days all of which shall fall within the fiscal year. A school calendar shall include the following:

- (1) A minimum of either 180 days and-or 1,000 hours of instruction covering at least nine calendar months. The local board shall designate when the 180 instructional days shall occur. The number of instructional hours in an instructional day may vary according to local board policy and does not have to be uniform among the schools in the administrative unit. Local boards may approve school improvement plans that include days with varying amounts of instructional time. If school is closed early due to inclement weather, the day and the



scheduled amount of instructional hours may count towards the required minimum to the extent allowed by State Board policy. The school calendar shall include a plan for making up days and instructional hours missed when schools are not opened due to inclement weather."

Section 7A.(b) This section applies only to local school administrative units located in whole or in part in the 66 counties that were declared by the President of the United States to be a disaster area for Hurricane Floyd.

Section 7A.(c) This section becomes effective August 15, 1999, and expires August 15, 2000.

Section 7A.(d) This section may be codified by the Revisor of Statutes as G.S. 115C-84.2(a)(1a).

## **PART VIII. LIMITATIONS AND EFFECTIVE DATE**

Section 8. Funds loaned to small and mid-sized businesses, described in item F. 14 of the Report of the House Appropriations Committees on Hurricane Floyd Recovery cited in Section 3.1(f) of this act, shall be used only for eligible purposes under the Small Business Administration disaster assistance loan program. Payments for economic losses shall be limited to documented business expenses necessary for the continued operation of the business.

Section 9. This act is effective when it becomes law, except that Sections 3.1(c), 4, 4.1, 4.2, and 7 become effective September 1, 1999, and except that Section 4.6 of this act is effective for taxable years beginning on or after January 1, 1999.

In the General Assembly read three times and ratified this the 16th day of December, 1999.

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Dennis A. Wicker  
President of the Senate

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James B. Black  
Speaker of the House of Representatives

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James B. Hunt, Jr.  
Governor

Approved \_\_\_\_\_ .m. this \_\_\_\_\_ day of \_\_\_\_\_ , 19