

# Daily Bulletin

## ACTIONS BY THE NORTH CAROLINA GENERAL ASSEMBLY

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House Legislative Day 57

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Senate Legislative Day 57

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## SUMMARIES OF BILLS FILED

### Public Bills

#### HOUSE BILLS

**H 878. [STUDY RADIOLOGIST ASSISTANT LICENSURE](#) (=S 672).** Filed 5/3/11. *TO ESTABLISH THE RADIOLOGIST ASSISTANT LICENSURE STUDY COMMISSION AND TO APPROPRIATE FUNDS FOR THAT PURPOSE.*

Identical to S 672, filed 4/19/11.

**Intro. by Wainwright.**

APPROP, STUDY

Budget and Appropriations; Health,  
Social Services, and Aging

**H 879. [RAISE INCOME TAX ON MILLIONAIRES.](#)** Filed 5/3/11. *TO RAISE THE INCOME TAX RATE PAID ON HIGHLY COMPENSATED TAXPAYERS.*

Amends GS 105-134.2(a) to tax the following individuals at a rate of 8.5%: (1) married individuals who file a joint return and certain surviving spouses with taxable income over \$1 million; (2) heads of households with taxable income over \$800,000; (3) unmarried individuals with taxable income over \$600,000; and (4) married

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individuals not filing a joint return with taxable income over \$500,000. Makes conforming changes. Effective for taxable years beginning on or after January 1, 2011.

**Intro. by Luebke.**

GS 105

Taxation

**H 880. NEW DRIVER DECALS FOR VEHICLES.** Filed 5/3/11. *TO REQUIRE ALL DRIVERS WHO ARE ISSUED LIMITED PERMITS OR LIMITED PROVISIONAL LICENSES TO HAVE A DECAL PLACED ON BOTH THE FRONT AND REAR OF THE VEHICLE BEING OPERATED TO SHOW THE DRIVER TO BE A NEW DRIVER PROVIDING SAFETY FOR THE NEW DRIVER AND THE MOTORING PUBLIC.*

Amends Article 2 of GS Chapter 20 by adding a new GS 20-11.2, directing the Division of Motor Vehicles to develop standards for a New Driver decal. Provides various design requirements for the New Driver decal. Specifies that a person required to have a New Driver decal on his or her vehicle must bear the cost of the decal. Effective when it becomes law.

Amends GS 20-11(c) and (e) by adding as a condition to Level 1 Restrictions and Level 2 Restrictions, respectively, that a permit holder or provisional license holder must affix to the front and rear of the motor vehicle a decal that meets the requirement of GS 20-11.2. Effective December 1, 2011, and applies to offenses committed on or after that date.

**Intro. by Brandon.**

GS 20

Transportation

**H 881. STIMULATE ECONOMY & MANUFACTURING.** Filed 5/3/11. *TO STIMULATE THE ECONOMY BY EXEMPTING FROM INCOME TAX INCOME DERIVED FROM MANUFACTURING AND BY EXEMPTING MANUFACTURING CORPORATIONS FROM THE FRANCHISE TAX.*

Amends GS 105-130.5(b) by adding a new subdivision allowing a taxpayer, at the taxpayer's own election, to deduct income, net of expenses, directly attributable to manufacturing activities when determining state net income. Amends GS 105-134.6(b) by adding a new subdivision allowing a taxpayer, at the taxpayer's own election, to deduct income, net of expenses, directly attributable to manufacturing activities when determining North Carolina taxable income. Rewrites GS 105-130.4(i) to provide that taxpayers electing to deduct manufacturing income pursuant to GS 105-130.5(b)(22) must exclude the following from both the numerator and the denominator when calculating the property factor, the payroll factor, and the sales factor: property used directly and primarily for manufacturing, compensation paid and receipts derived directly and primarily from manufacturing. Provides instances in which certain calculations provided for in the act must apply. Includes General Assembly findings. Amends GS 105-125(a) by adding a new subdivision which exempts from the franchise tax a corporation that derives at least 80% of its annual revenue directly from manufacturing activities. Defines *manufacturing* in GS 105-228.90(b). Makes other technical and conforming changes. Effective for taxable years beginning on or after January 1, 2012.

**Intro. by Horn.**

GS 105

Taxation

**H 882. ATV & MOTORCYCLES OFF-ROAD FUND.** Filed 5/3/11. *TO REQUIRE ALL-TERRAIN VEHICLES AND MOTORCYCLES MEETING CERTAIN CRITERIA TO BE REGISTERED WITH THE WILDLIFE RESOURCES COMMISSION, TO CHARGE A REGISTRATION FEE FOR ALL-TERRAIN VEHICLES OR MOTORCYCLES REGISTERED FOR OFF-ROAD USE, TO CREATE A SPECIAL REVENUE FUND IN THE DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES DESIGNATED AS THE ALL-TERRAIN VEHICLE AND MOTORCYCLE OFF-ROAD FUND TO BE USED FOR ACQUISITION, CONSTRUCTION, MAINTENANCE, AND OPERATION OF ALL-TERRAIN VEHICLE AND MOTORCYCLE RECREATION TRAILS, AND TO PROVIDE SAFETY TRAINING FOR OPERATORS OF ALL-TERRAIN VEHICLES AND MOTORCYCLES REGISTERED FOR OFF-ROAD USE.*

Amends Article 21 of GS Chapter 113 by adding new GS 113-278, requiring registration with the Wildlife Resources Commission (Commission) of an all-terrain vehicle (ATV) or motorcycle that meets all of the following criteria: (1) it is not otherwise required to be registered, (2) it was manufactured in 2005 or later, and (3) it is intended for off-road operation. Provides an exemption from the registration requirements for vehicles that are: (1) exempted from registration under GS 20-51; (2) used primarily for agricultural purposes; or (3) used by law enforcement, fire, rescue, and emergency medical service personnel in the performance of their duties.

Provides the method of registration, information needed, and registration and title fees to be paid when registering an ATV or motorcycle with the Commission. Clarifies that motorcycles registered for off-road use (as well as all-terrain vehicles registered for off-road use) are not required to have insurance or provide proof of financial responsibility prior to the vehicle being registered.

Enacts new GS 113A-96, creating the All-Terrain Vehicle and Motorcycle Off-Road Fund (Fund) in the Department of Environment and Natural Resources. Provides that the Fund is a special revenue fund, with monies from state and private sources dedicated to ATV and motorcycle recreation trails credited to the Fund.

Provides, unless otherwise specified by the General Assembly, that the funds be used as follows: (1) at least 77% for acquisition, construction, maintenance, and operation of ATV and motorcycle recreation trails and to provide law enforcement on recreational trails; (2) up to 20% for safety training for operators of ATV and motorcycles registered for off-road use; and (3) up to 3% for administration of the Fund. Provides criteria for awarding grants from the Fund.

Amends GS 143B-333 to add the following to the duties of the NC Trails Committee: recommending to the Secretary expenditures from the Fund in the form of grants to federal, state, and local governments, and qualified nonprofit organizations, to be used for the acquisition, construction, maintenance, and operation of ATV and motorcycle recreation trails; to provide law enforcement on recreational trails; and to provide safety training for the operators of ATVs and motorcycles registered for off-road use. Provides general criteria for the awarding of the grants.

Amends GS 113A-88 to direct the Secretary to award grants from the Fund, based on the recommendation of the North Carolina Trails Committee. Effective July 1, 2011.

**Intro. by Crawford.**

GS 113, 113A, 143B

Agriculture, Environment, and  
Natural Resources; State  
Government

**H 883. TAX AMNESTY PROGRAM.** Filed 5/3/11. *TO CREATE A TAX AMNESTY PERIOD FOR TAXPAYERS WITH OVERDUE TAX DEBTS.*

Directs the Department of Revenue (Department) to administer a tax amnesty program to be conducted July 1, 2011, through December 31, 2011. During this period, the Department may not initiate a criminal prosecution for failure to report or pay taxes that fall within the definition of an overdue tax debt, as defined in GS 105-243.1, incurred before April 15, 2011, and must waive all penalties assessed for such failure when the taxes, plus 50% of the interest due, are paid in full. Specifies that this program does not apply to any matter that is the subject of a pending court proceeding. Provides further detail on the effect of payment under the program, the requirements to be eligible to participate in the program, and the administration of the program. Authorizes the Secretary of Revenue to draw up to \$1.1 million from collections received by the Department during July 2011 under Part 2 of Article 4 of GS Chapter 105 to pay for the program. Directs the Secretary of Revenue to modify any existing payment programs for taxpayers with overdue tax debts to comply with the requirements of this program for payments occurring on or after the date the act becomes law.

**Intro. by Pierce.**

UNCODIFIED

Taxation

**H 884. EXTEND TEMP. SALES TAX RATE INCREASE 2 YEARS.** Filed 5/3/11. *TO TEMPORARILY EXTEND THE TEMPORARY SALES TAX RATE INCREASE.*

Amends Section 27A.2(f) of SL 2009-451 to extend the expiration of the temporary sales tax rate increase to July 1, 2013 (currently expires on July 1, 2011).

**Intro. by Pierce, Hall.**

UNCODIFIED

Taxation

**H 885. TAX INCIDENCE REPORTS.** Filed 5/3/11. *TO REQUIRE CERTAIN TAX INCIDENCE REPORTS BY THE DEPARTMENT OF REVENUE.*

Adds new subdivision (26) to GS 105-256(a), requiring the Secretary of Revenue (Secretary) to prepare and publish by March 1 of each odd-numbered year a report on the overall incidence of the income tax, sales and excise tax, and property tax. Prescribes what the report should contain. Also directs the Secretary to prepare an impact analysis report of a bill that would increase, decrease, or redistribute tax by more than \$20 million, within 15 days of a request by a member of a finance committee. Effective January 1, 2012.

**Intro. by Pierce, Hall.**

GS 105

Taxation

**H 886. INCREASE CHARITABLE CONTRIBUTION DEDUCTION.** Filed 5/3/11. *TO INCREASE THE LIMITS ON CORPORATE INCOME TAX DEDUCTIONS FOR CHARITABLE CONTRIBUTIONS IN CONFORMANCE WITH THE INTERNAL REVENUE CODE.*

Amends GS 105-130.9, as title indicates, to allow a deduction of 10% (currently, 5%) of a corporation's net income for charitable contributions, as defined. Specifies that any unused portion of a deduction may be carried forward for the next succeeding five years (currently, carryover is not allowed). Makes a conforming change. Effective for taxable years beginning on or after January 1, 2013.

**Intro. by Moffitt, Brawley, Stam, Setzer.**

GS 105

Taxation

**H 887. ZONING/TEMP. FAMILY HEALTH CARE STRUCTURES.** Filed 5/3/11. *RELATING TO ZONING PROVISIONS FOR TEMPORARY HEALTH CARE STRUCTURES.*

Enacts new GS 153-341.1 which requires a county zoning ordinance to consider a temporary family health care structure (1) used by a caregiver in providing care for a mentally or physically impaired person and (2) located on property owned or occupied by the caregiver as that individual's residence, as a permitted accessory use in any single-family residential zoning district on lots zoned for single-family detached dwellings. Specifies a special use permit is not required. Specifies that such structures must comply with all setback requirements which apply to the primary structure and with any maximum floor area ratio limitations that may apply to the primary structure. Specifies only one family health care structure is allowed on a lot or parcel of land.

Further provides that a permit from the county is needed before any person installs a temporary family health care structure. Provides the county may charge up to \$100 for such permit; however, directs that the county may not withhold a permit if the applicant provides sufficient proof of compliance with the statute. Directs that such permit may be revoked if the permit holder violates any provision of the statute. Provides that a temporary family health care structure may be required to connect to any water, sewer, and electric utilities that are serving the primary residence on the property. Forbids signage advertising or otherwise promoting the existence of the structure on the property. Requires any temporary family health care structure installed be removed within 30 days, if the mentally or physically impaired person is no longer receiving or is no longer in need of assistance. Provides definitions for (1) activities of daily living, (2) caregiver, (3) Mentally or physically impaired person, and (4) temporary family health care structure. Makes corresponding changes to GS 160A, enacting new GS 160A-383.5 (zoning of temporary health care structures). Effective July 1, 2011, and applies to temporary family health care structures existing on or after that date.

**Intro. by Moffitt, Howard, Setzer.** GS 153A, 160A

Local Government; Health, Social Services, and Aging

*Local Bills*

None

## ACTION ON BILLS

**May 3, 2011**

- NOTES**
1. Digests appearing under "Summaries of Bills Filed" are for bills stamped with today's filing date.
  2. Amendments and committee substitutes adopted today are summarized following the chamber action.
  3. Subscribers can find the digest of every version of each bill online at [www.dailybulletin.unc.edu](http://www.dailybulletin.unc.edu).
  4. The dates on which previous amendments or committee substitutes were adopted are listed below bill numbers.
  5. The action "Cal Pursuant Rule 36b" indicates that the bill has been reported by committee and is awaiting calendaring.
  6. Enacted bills are indicated by #, failed bills by \*. Actions that change a bill are indicated by HA or SA.

## PUBLIC BILLS

<b>H0098</b>	<b>Breweries to Sell Malt Beverages on Premises.</b>	<b>S</b>	<b>Rec From House</b>
		<b>S</b>	<b>Passed 1st Reading</b>
		<b>S</b>	<b>Ref To Com On Rules and Operations of the Senate</b>
	<b>04-20-11</b>		
<b>H0129</b>	<b>Level Playing Field/Local Gov't Competition.</b>	<b>S</b>	<b>Passed 3rd Reading</b>
		<b>S</b>	<b>Engrossed</b>
	<b>03-23-11, 03-24-11, 03-28-11, 04-27-11, 04-28-11, 05-02-11</b>		
<b>H0173</b>	<b>State Shrimp Festival-Sneads Ferry.</b>	<b>H</b>	<b>Pres. To Gov. 5/3/2011</b>
<b>H0200</b>	<b>Appropriations Act of 2011.</b>	<b>HA</b>	<b>Amend Adopted 1</b>
		<b>HA</b>	<b>Amend Adopted 2</b>
		<b>HA</b>	<b>Amend Adopted 3</b>
		<b>HA</b>	<b>Amend Adopted 4</b>

HA Amend Adopted 5  
H Amend 6 Offered  
H Amend 6 Displaced  
HA Amend Adopted 7  
H Amend 8 Offered  
H Amend Failed 9  
HA Amend Adopted 10  
H Amendment Withdrawn 8  
HA Amend Adopted 11  
HA Amend Adopted 12  
H Amend Failed 13  
HA Amend Adopted 14  
H Amend 15 Offered  
H Amend 15 Displaced  
H Amend 16 Offered  
H Amend 16 Displaced  
H Amend 17 Offered  
H Amend 17 Displaced  
H Amend Failed 18  
H Amend Failed 19  
H Amend Failed 17  
H Amend Failed 20  
H Amendment Withdrawn 16  
H Amend Failed 21  
HA Amend Adopted 22  
HA Amend Adopted 23  
HA Amend Adopted 24  
H Amend Failed 25  
HA Amend Adopted 26  
H Amend Failed 27  
HA Amend Adopted 28  
H Amend Failed 29  
HA Amend Adopted 30  
H Amend Failed 31  
HA Amend Adopted 32  
HA Amend Adopted 33  
HA Amend Adopted 34  
H Amend 35 Offered  
H Amend 35 Displaced  
H Amend Failed 36  
HA Amend Adopted 35  
H Amend 37 Offered  
H Amend 37 Displaced  
HA Amend Adopted 38  
H Amend 39 Offered  
H Amend 39 Displaced  
HA Amend Adopted 40  
HA Amend Adopted 41  
H Amendment Withdrawn 15  
HA Amend Adopted 42  
H Amendment Withdrawn 37  
H Amend Failed 43  
H Amendment Withdrawn 6  
HA Amend Adopted 39  
HA Amend Adopted 44  
H Amend 45 Offered

	H	Amendment Withdrawn 45
	H	Passed 2nd Reading
04-26-11, 04-28-11, 05-03-11		
H0270 Amend Conditions of Probation.	H	Pres. To Gov. 5/3/2011
03-17-11, 03-23-11, 04-20-11		
H0316 Modify NCGA Police Powers.	H	Pres. To Gov. 5/3/2011
03-16-11, 03-17-11, 04-07-11, 04-20-11		
H0336 Amend Weight Requirements- Certain Vehicles.	H	Pres. To Gov. 5/3/2011
03-29-11, 04-20-11		
H0561 Medians on U.S. Highway 70.	S	Rec From House
	S	Passed 1st Reading
	S	Ref To Com On Transportation
H0619 Update/Modernize Physical Therapy Act.	H	Withdrawn From Com
	H	Re-ref Com On Finance
H0697 Study Stroke Prevention in AFib.	H	Withdrawn From Com
	H	Re-ref Com On Health and Human Services
H0792 Gfeller-Waller Concussion Awareness Act.	H	Passed 2nd & 3rd Reading
04-20-11		
H0808 Revise Laws on Adult Care Homes.	S	Rec From House
	S	Passed 1st Reading
	S	Ref To Com On Health Care
04-28-11		
H0845 Annexation Reform Act of 2011.	HA	Reptd Fav Com Substitute
	H	Re-ref Com On Finance
05-03-11		
H0874 Independent Energy Efficiency Administrator.	H	Passed 1st Reading
	H	Ref to the Com on Public Utilities, if favorable, Finance
H0876 Increase Fees/Psychology Practice Act.	H	Passed 1st Reading
	H	Ref to the Com on Health and Human Services, if favorable, Finance
H0877 Check Off Donation: Government Funding.	H	Passed 1st Reading
	H	Ref To Com On Government
H0878 Study Radiologist Assistant Licensure.	H	Filed
H0879 Raise Income Tax on Millionaires.	H	Filed
H0880 New Driver Decals for Vehicles.	H	Filed
H0881 Stimulate Economy & Manufacturing.	H	Filed
H0882 ATV & Motorcycles Off-Road Fund.	H	Filed
H0883 Tax Amnesty Program.	H	Filed
H0884 Extend Temp. Sales Tax Rate Increase 2 Years.	H	Filed
H0885 Tax Incidence Reports.	H	Filed
H0886 Increase Charitable Contribution Deduction.	H	Filed
H0887 Zoning/Temp. Family Health Care Structures.	H	Filed

H0888	Sales Tax Fairness Act.	H	Filed
H0889	Amend Locksmith Licensing Act/ Increase Fees.	H	Filed
H0890	Extend Temporary Income Tax Surtax.	H	Filed
H0891	Restore Teacher Assistant Funds.	H	Filed
H0892	Honor William Newsome and Parker Robbins.	H	Filed
H0893	Small Business Income Tax Exemption.	H	Filed
H0894	Borderbelt Aids Resources Team Funds.	H	Filed
S0049	Increase Fine for Speeding/ School Zones.	S	Pres. To Gov. 5/3/2011
	02-28-11, 03-01-11, 03-23-11, 04-27-11		
S0105	Increase Penalty/Certain 2nd Degree Murders.	S	Failed Concur In Com Sub
	04-20-11		
S0130	Wine Distribution Territories.	S	Concurred In H/com Sub
	03-29-11, 04-20-11		
S0137	Establish Forgivable Loan Fund.	S	Concurred In H/com Sub
	03-22-11, 04-06-11, 04-26-11		
S0215	State Treasurer's Investments.-AB	S	Reptd Fav Com Substitute
	03-31-11, 05-03-11	SA	Com Substitute Adopted
S0229	Transfer DENR Soil & Water to DACS.	S	Reptd Fav Com Substitute
	05-03-11	SA	Com Substitute Adopted
S0247	Eliminate Means Test From 529 Deduction.	S	Reptd Fav
S0321	Surplus Lines/Premium Tax.-AB	S	Reptd Fav Com Substitute
	04-14-11, 05-03-11	SA	Com Substitute Adopted
S0380	ETJ/Definition of Bona Fide Farm Purposes.	S	Passed 2nd Reading
	04-28-11		
S0401	ACH Pilot on Crisis Intervention Training.	H	Passed 1st Reading
		H	Ref To Com On Health and Human Services
S0407	Trusts and Estate Planning Changes.	S	Reptd Fav
	04-11-11		
S0421	GAST Training Pilot.	H	Passed 1st Reading
		H	Ref To Com On Health and Human Services
S0432	Revise Probate Code.	S	Passed 2nd Reading
	05-02-11		
S0464	Debt Reduction Act of 2011.	S	Pres. To Gov. 5/3/2011
S0488	Landlord/State Bar Notice of Lease Default.	S	Passed 2nd & 3rd Reading
	05-02-11		
S0530	Prohibit Involuntary Annexation of Farms.	H	Passed 1st Reading
		H	Ref to the Com on Government, if favorable, Finance

S0586 Motion Hearings in Multicounty Dist./RCP 7.	S Reptd Fav
S0608 Health Care Sharing Organizations.	H Passed 1st Reading H Ref To Com On Insurance
S0676 Clarify Water & Well Rights/ Private Property. 05-03-11	S Reptd Fav Com Substitute SA Com Substitute Adopted

### LOCAL BILLS

H0310 Kinston Mayoral Veto.  03-31-11, 04-27-11	H Rec To Concur S Com Sub H Cal Pursuant Rule 36(b) H Placed On Cal For 5/5/2011
H0471 Buncombe County Commission Districts.	S Rec From House S Passed 1st Reading S Ref To Com On State and Local Government
S0200 Alamance/Orange 9% Boundary.	S Reptd Fav
S0201 Alamance/Orange Boundary. 04-14-11	S Reptd Fav
S0281 Municipal Service District/ Streets. 03-29-11	S Ratified
S0297 Durham/Small Business Enterprise.	S Reptd Fav

## SUMMARIES OF AMENDMENTS AND COMMITTEE SUBSTITUTES

### HOUSE BILLS

**H 200. [APPROPRIATIONS ACT OF 2011](#).** Filed 3/1/11. House amendments make the following changes to 3rd edition.

Amendment #1 amends Section 5.4.(d) to allow local school administrative units to use funds received from the Public School Building Capital Fund pursuant to subsections (b) and (f) (previously limited to only subsection (f)). Amends Section 9.13.(b) to allow the giving of tuition and fee waivers or especially reduced rates when expressly authorized by statute or session law under GS 116-143(c). Amends Section 10.48.(a) by increasing the amount of achieved savings to \$18.2 million in 2011-12, and to \$29 million in 2012-13 that DHHS is directed to achieve through a greater generic prescription dispensing rate under Medicaid.

Creates a new section to read:

#### USE OF FUNDS/FOOD AND LODGING PROGRAM

**SECTION 13.10C.** Directs the Division of Environmental Health to not change the use of the \$400,000 appropriation originally intended for aid to counties for local food and lodging programs. Specifies the Division may not use the funds to pay for the costs to operate the state elements of the program. Specifies that counties will not receive a higher percentage of the food and lodging fee that would have offset not receiving the grant funds.

Deletes Section 13.20., which permitted a marine fisheries inspector authorized by the Fisheries Director (or designee) to accept delegation of law enforcement powers from the National Marine Fisheries Service over matters within the Service's jurisdiction. Amends Section 13.22.(a) by rewriting GS 143-215.10A to specify that technical assistance for animal waste management systems will be provided by the Division of Soil and Water Conservation.

Creates a new section to read:



**TRANSFER OF NC HUMAN RELATIONS COMMISSION FROM DEPARTMENT OF ADMINISTRATION TO OFFICE OF ADMINISTRATIVE HEARINGS**

**SECTION 20.1A.** Transfers the North Carolina Human Relations Commission created pursuant to GS 143B-391, other than the administration of the Martin Luther King, Jr. Commission created pursuant to GS 143B-426.34A, from the Department of Administration to the Office of Administrative Hearings. Makes other technical and conforming changes.

Amends Section 24.1. by reinstating language previously deleted, allowing a free copy of the NC Administrative Code to specified parties.

Creates new section to read:

**PERSONNEL ADJUSTMENT AND IT REDUCTION**

**SECTION 25.3.** Directs that of the six vacant positions eliminated in the Office of State Budget and Management, the Accounting Technician position #60008574 is to be substituted with the State Budget Management Analyst position #60008609. Specifies substitutions or additions relating to salaries and benefits to be made in (1) Salaries; (2) Social Security; (3) Retirement; (4) Medical Insurance; and (5) 531211 Salary Reserve.

Creates a new section to read:

**ELIMINATED POSITIONS IN VOTER REGISTRATION AND SYSTEMS**

**SECTION 26.2.** Directs that of the ten vacant positions eliminated in the State Board of Elections' Voter Registration and Systems, the Elections Technician position #60088251 is to be substituted with the Voting Systems Project Manager position #60088252.

Creates a new Part to read:

**PART XXVIA. STATE CONTROLLER OVERPAYMENTS AUDITS**

**SECTION 26.1A.** Directs that during the 2011-2013 biennium, receipts generated by the collection of certain inadvertent overpayments by state agencies to vendors are to be deposited in Special Reserve Account 24172 (Reserve). Directs that for each year of the 2011-13 biennium \$500,000 of the funds transferred from the Reserve must be used by the Office of the State Controller for data processing, debt collection, or e-commerce costs. Directs that all funds available in the Reserve on July 1 of each year of the 2011-13 biennium be transferred to the General Fund on that date. Specifies that any unobligated funds in the Reserve that are realized above the \$500,000 allowance set forth above are subject to appropriation by the General Assembly. Directs the State Controller to report quarterly to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division on the revenue deposited into the Reserve and the disbursement of that revenue. Makes other technical changes.

Amendment #2 rewrites Section 29.8.(f) to specify that employees of the University of North Carolina Health Care System and employees participating in a constituent institution's medical faculty practice plan may receive compensation bonuses.

Amendment #3 amends Section 10.41.(b) by rewriting GS 108A-70.21(b) to include additional language directing the Department of Health and Human Services to begin transitioning all health benefit changes of the Program to meet the coverage requirements set forth in the subsection. Makes a clarifying change.

Amendment #4 amends Section 31.30.(a) by specifying the Department of Transportation is not to establish a toll for the Knotts Island Ferry.

Amendment #5 eliminates Section 18.11., which transferred all functions, powers, duties, and obligations of administering the Sentencing Services Program entrusted in the Office of Indigent Defense Services to the Department of Correction as a Type I transfer. Creates a new section to read:

**ELIMINATE SENTENCING SERVICES**

**SECTION 15.19.** Eliminates the Sentencing Services Program of the Office of Indigent Defense Services and specifies that no funds are to be taken from the Criminal Justice Partnership Program to restore or transfer the Sentencing Services program. Makes technical and conforming statutory changes.

Amendment #7 amends Section 7.21(b), specifying that local school administrative units must make every effort to reduce spending with the goal of protecting direct classroom services, such as classroom teachers and teacher assistants in 2011-13. Directs units to first consider reductions to central office administration and other administrative functions.

Amendment #10 amends Section 10.35(b), specifying that deposits accounted as nontax revenue represent the return of General Fund appropriations, non-federal revenue, fund balances, or other resources from state-owned and operated hospitals which are used to provide indigent and non-indigent care services. Adds that the return from state-owned and operated hospitals to DHHS will be made from non-federal resources in an amount equal to the amount of the payments from the Division of Medical Assistance for uncompensated care.

Amendment #11 amends Section 31.23(b), (c), and (d) to clarify that no costs will be assessed to a motion containing as a sole claim for relief the taxing of costs, including attorneys' fees, in GS 7A-305(f), 7A-306(g), and 7A-307(a)(4), respectively.

Amendment #12 adds the following new section:

#### **REVISOR OF STATUTES**

**SECTION 22.2.** Recodifies Article 2 of GS Chapter 114 as Article 7D of GS Chapter 120, entitled *Codification of Statutes*. Directs the Legislative Services Commission to assign to its staff duties previously designated to the Division of Legislative Drafting and Codification of Statutes in the Department of Justice, and to prepare bills as provided by GS 120-31(9). Makes conforming changes and specifies that the staff member of the Legislative Services Commission who performs duties under GS 120-36.21(3) is the Revisor of Statutes.

Amendment #14 clarifies, in Section 9.11(a), that a student's demonstrated inability to enroll in appropriate courses due to reduced course offerings may also allow the student to receive a grant for additional financial aid.

Amendment #22 deletes Section 17.16, providing for the phaseout of allotment of teachers at geographically isolated schools, in its entirety. Adds the following new section:

#### **GEOGRAPHICALLY ISOLATED SCHOOLS**

**SECTION 7.16.** Prohibits any reduction in funding for additional teacher positions at geographically isolated schools as defined by Section 7.26 of SL 2009-451. Increases the recurring reduction for instructional support by \$192,035 for 2011-12 and \$411,053 for 2012-13.

Amendment #23 adds the potential sale, and the time such sale should take place, of a DOT Beechcraft B200 aircraft to the study directed under Section 6.13.(b).

Amendment #24 reduces the appropriation made to the General Assembly by \$138,000 for both years of the 2011-13 biennium. Adds the following new section:

#### **REDUCE FUNDING FOR PED STAFF EXPANSION TO RESTORE FUNDING TO THE AID TO COUNTIES PROGRAM IN THE DIVISION OF VETERANS AFFAIRS**

**SECTION 20.8.** Reduces the funds appropriated to expand the General Assembly's Program Evaluation Division by \$138,000 for each of the years in the 2011-13 biennium and reduces the number of positions to expand the Division from five to three. Moves those funds to the Aid to Counties Program in the Department of Administration, Division of Veterans Affairs.

Amendment #26 adds "conservation easements" to projects approved Section 13.26.(c)(3). Replaces Section 13.26(d) with the following:

**SECTION 13.26.(d).** Specifies that certain funds under the section cannot be used for land acquisition, but provides that certain funds may be used to purchase conservation easements. Designates which funds may be used for land acquisition.

Amendment #28 adds a new section:

#### **LIMIT COMPENSATION RATE PAID TO EXPERT WITNESSES BY THE OFFICE OF INDIGENT DEFENSE SERVICES**

**SECTION 15.19.** Rewrites GS 7A-498.5(f) to set the rate of compensation for an expert witness to be no greater than the rate set by the Administrative Office of the Courts under GS 7A-314(d).

Amendment #30 makes the following changes to the appropriations from the General Fund for current operations and expansion: (1) decreases the amount appropriated to the Department of Agriculture and Consumer Services by \$100,000 for 2011-12 and 2012-13 (was, appropriated \$62,985,947 for 2011-12 and \$58,601,764 for 2012-13); (2) decreases the amount appropriated to the Department of Commerce for Commerce State-Aid (Commerce) by \$310,079 for the 2011-12 (was, appropriated \$31,376,632 for the 2011-12 fiscal year); and (3) increases the appropriation to the Department of Environment and Natural Resources (DENR) by \$410,079 for 2011-12 and by \$100,000 for 2012-13, (was, appropriated \$163,030,800 for 2011-12 and \$147,986,824 for 2012-13).

Adds new Section 13.10C, *Use of Funds Obtained From Closing the Raleigh Office of the Division of Coastal Management*, to direct DENR to shift funding for General Fund positions, or operating expenses, or both to receipt support in the amount of \$109,523 for 2011-12 and 2012-13 fiscal years from the federal receipts that were formerly used to support the one full-time receipt-supported position that is eliminated as a result of closing the Raleigh office of the Division of Coastal Management of DENR.

Adds new Section 13.10D, *Funds for DENR Study of Oil and Gas Exploration in NC*, to provide that if House Bill 242, 2011 Regular Session becomes law, DENR is directed to use \$100,000 of the nonrecurring funds appropriated for 2011-12 to Commerce for the Institute of Regenerative Medicine at Wake Forest University to study the issue of oil and gas exploration in the state as provided in House Bill 242.

Adds new Section 13.10E, *Flexibility in Reductions at DENR Regional Offices*, to allow DENR the flexibility as the title indicates in meeting the total reduction under this act for each of DENR's seven Regional Offices for the 2011-12 and 2012-13 fiscal years.

Adds new Section 13.10F, *Restore Certain Positions at DENR Regional Offices*, to decrease the total amount of the reduction for eliminating positions at DENR's seven Regional Offices by \$420,872 for the 2011-12 and 2012-13 fiscal years and to identify nine positions that are not to be eliminated at the seven Regional Offices. Also directs DENR to reduce its costs by \$310,079 for the 2012-13 fiscal year by eliminating vacant positions that DENR selects from across DENR and using these funds to decrease the reduction under this section by \$310,079 for 2012-13.

New Section 13.10G, *DENR Cell Phone Funds Reduction*, increases the General Fund recurring reduction for cell phones across DENR by \$22,450 for the 2011-12 and for the 2012-13 fiscal years. New Section 13.10H, *DENR Motor Fleet Management Funds Reduction*, increases the General Fund recurring reduction for motor fleet management expenditures across DENR by \$88,343 for the 2011-12 and for the 2012-13 fiscal years.

Amends the title for Section 13.23 to add the phrase, *Funds to Promote Water Supply Development*. Makes a conforming change to punctuation.

Adds new subsection (i) to Section 13.23 to provide that if House Bill 609, 2011 Regular Session becomes law, DENR is to use \$83,000 of its funds available for Water Resources projects for the 2011-12 fiscal year to implement House Bill 609. Also adds new subsection (j) to provide that if House Bill 609 becomes law, DENR is to use \$83,000 of the funds appropriated to it for the Green Square Operating Reserve for the 2012-13 fiscal year to implement House Bill 609.

Adds new Section 13.30 *Museum of Natural Sciences Temporary Wages*, to decrease the reduction in temporary wages for the Museum of Natural Sciences by \$100,000 for the 2011-12 and the 2012-13 fiscal years.

New Section 13.31, *Green Square Operating Reserve*, decreases the recurring appropriation to DENR for the Green Square Operating Reserve by \$100,000 for the 2011-12 and for the 2012-13 fiscal years.

Adds new Section 13.32, *Soil and Water Area Coordinator Positions at DENR Regional Offices*, to decrease the total reduction for eliminating positions at DENR's seven Regional Offices by \$360,278 for 2011-12 and 2012-13 fiscal years. Provides that six Soil and Water Coordinator positions are not to be eliminated at the seven Regional Offices.

New Section 13.33, *Forest Resources Operating Reduction*, increases the recurring reduction for the operating expenses for the Division of Forest Resources of DENR by \$200,000 for the 2011-12 and the 2012-13 fiscal years.

Adds Section 13.34, *Parks and Recreation Operating Reduction*, to increase the recurring reduction for DENR's Division of Parks and Recreation by \$60,278 for the 2011-12 and 2012-13 fiscal years.

New Section 11.8, *Agricultural Research Stations Operating Reduction*, increases the recurring reduction for the operating expenses of the agricultural research stations of the Department of Agriculture and Consumer Services by \$100,000 for the 2011-12 and for the 2012-13 fiscal years.

Adds new subsection (h) to Section 14.12 to decrease the non-recurring appropriation to the Department of Commerce for Commerce State-Aid for the Institute by \$310,079 for the 2011-2012 fiscal year.

Provides that the appropriate totals are to be adjusted accordingly.

Amendment #32 adds a new section:

#### **JUVENILE ASSESSMENT CENTER FUNDS**

**SECTION 17.12.** Directs that of the funds appropriated for 2011-12 and for 2012-13 to the Department of Juvenile Justice and Delinquency Prevention for the operation of the Cumberland Regional Juvenile Detention Center, the sum of \$124,075 must be used for the Juvenile Assessment Center in each fiscal year.

Amendment #33 adds protecting direct classroom services including faculty members and adjunct professors to the list of those to be considered by the UNC Board of Governors and campuses of the constituent institutions before taking reductions in instructional budgets in Section 9.6.(a).

Amendment #34 adds language to Section 10.57 specifying that the consolidation does not eliminate or reduce any programs or services currently offered by the three Divisions. Adds new section:

**SECTION 10.57.(b).** Provides that the savings obtained from the consolidations be achieved through reductions in administrative staff, leased space, and other administrative or overhead costs associated with the consolidation of the three Divisions only. Makes technical change.

Amendment #35 adds a new section:

#### **YOUTH ADVOCACY AND INVOLVEMENT OFFICE POSITION CHANGES**

**SECTION 20.9.** Increases the reduction in funding for the personnel in the Office of Youth Advocacy and Involvement Office by \$50,325 for both years of the 2011-13 biennium through a change in positions eliminated and an increase in reduction to operating expenses. Restores Executive Director position #6001406 and substitutes Advocacy Specialist position # 60014503 and Administrative Officer II position #60014065, resulting in six positions being eliminated.

Amendment #38 adds a new section:

#### **DEPARTMENT OF CORRECTION RULES FOR INMATE LABOR**

**SECTION 18.12.(a).** Amends GS 148-26 by adding a new subsection directing the Department of Correction to establish rules, standards, and procedures for establishing inmate labor services contracts with any county or municipality expressing interest in contracting for inmate labor.

**SECTION 18.12.(b).** Directs the Department of Correction not to close the Bladen Correctional Center and to identify equivalent savings through the closure of other prisons, as specified.

Amendment #39 adds additional language to Section 10.7.(f) to expand access to the More at Four program to age-eligible children of either (1) an active member of the armed forces of the United States or a reserve component ordered to active duty by the proper authority within the last 18 months; or (2) a member of the armed forces of the United States or a reserve component who was injured or killed while serving on active duty.

Amendment #40 amends Section 10.21.(a), by adding community based organizations, faith based organizations and American Indian tribes as organizations to which grants-in-aid may be provided under the section. Deletes Section 10.21.(b), which required local public health departments to demonstrate certain funding partnerships. Makes conforming changes to Section 10.21.

Amendment #41 adds a new section:

**REDUCE FUNDING TO THE STATE FAIR ENTERPRISE FUND TO FUND THE DEFENSE & SECURITY TECHNOLOGY ACCELERATOR**

**SECTION 14.2A.** Provides that of the nonrecurring funds appropriated to the Department of Agriculture and Consumer Services' State Fair Enterprise Fund, \$700,000 for 2011-12 must be allocated to the Commerce State-Aid to fund the Defense & Security Technology Accelerator.

Amendment #42 adds a new section:

**TRIAL COURT ADMINISTRATOR POSITIONS**

**SECTION 15.19.** Provides that any judicial district wishing to retain or establish a Trial Court Administrator position may petition the Administrative Office of the Courts (AOC) for the position. Directs the AOC to work with the senior resident superior court judge in each district seeking a Trial Court Administrator position to identify other positions or sources of funding within that judicial district to fund the position.

Amendment #44 amends Section 5.4(b) to make the following appropriations to the Public School Building Capital Fund and UNC Need-Based Financial Aid from the Education Lottery Fund in 2011-12: \$98,697,370 (was, \$55,238,170) and \$42,497,363 (was, \$51,356,563), respectively. Deletes appropriation to Scholarships for Needy Students. Adds the following new section:

**UNC NEED-BASED FINANCIAL AID PROGRAM AND UNC MANAGEMENT FLEXIBILITY**

**SECTION 9.17.** Increases the appropriation to the UNC Board of Governors for the UNC Need-Based Financial Aid Program by \$8,859,200 in each fiscal year, and increases the management flexibility reduction for UNC by \$8,859,200 in each year.

Budget and Appropriations; State Government; Agriculture, Environment, and Natural Resources; Alcoholic Beverage Control; Animal Law; APA/Rule Making; Banking and Finance; Business and Commerce; Children and Juvenile Law; Civil Law and Procedure; Community and Economic Development; Courts; Criminal Law, Procedure, and Sentencing; Education; Elections Law; Emergency Services; Employment and Retirement; Energy and Utilities; General Assembly; Health, Social Services, and Aging; Local Government; Lottery and Gaming; Property, Land Use, and Housing; Taxation; Transportation

**H 845. ANNEXATION REFORM ACT OF 2011 (NEW).** Filed 4/6/11. House committee substitute makes the following changes to 1st edition.

Recodifies selected provisions of Part 3 of Article 4A of GS Chapter 160A (Annexation by cities of 5,000 or more) and places those provisions in the new Part 7 created in Section 8 of this act as follows: (1) GS 160A-49.1 as GS 160A-58.57, (2) GS 160A-49.2 as GS 160A-58.58, (3) GS 160A-49.3 as GS 160A-58.59, (4) GS 160A-51 as GS 160A-58.61, and (5) GS 160A-52 as GS 160A-58.62. Repeals the remaining provisions of Part 3 of Article 4A in GS Chapter 160A. Provides that the proposed new Part 7 of Article 4A of GS Chapter 160A created by this act is as amended by the recodified provisions of Part 3 of Article 4A.

Retitles new Part 7 as *Annexations Initiated by Municipalities* (was, Involuntary Annexation by Municipalities). Adds provision to proposed GS 160A-58.50 (Declaration of Policy) declaring it to be essential for citizens to have an effective voice in annexations that are initiated by municipalities.

Amends the definition for *contiguous area* to clarify that contiguity cannot be established by a connecting corridor that consists solely of a street or street right-of-way. Adds definitions for (1) eligible property owner, (2) necessary land connection, (3) and property owner. Clarifies that among the prerequisites for annexation, the municipality exercising its authority to annex an area provide a statement setting forth the plans for providing the area proposed to be annexed each major municipal service on substantially the same basis and in the same manner as those services are provided within the rest of the municipality prior to the annexation. Directs a municipality to provide, in a timely fashion, information requested by a rural fire department (providing service in the area to be annexed) in order to respond to the municipality's written request for a statement of the impact of the annexation on the department.

Amends the conditions with which a municipality is required to comply when fixing new boundaries to add the requirement that if any portion of a parcel of property is used, the entire parcel of real property as recorded in the deed transferring the title is to be included. Makes organizational and clarifying changes to the conditions with which a municipal governing board must comply in fixing new municipal boundaries. Moves the term *necessary land connection* to the definitions section in proposed GS 160A-58.51.

Enacts new GS 160A-58.55 (procedure for annexation) to require any municipal governing board to first pass a resolution of consideration identifying the proposed area as under consideration for annexation. States that the resolution may have a metes and bounds description or a map, remains effective for two years after adoption, and must be filed with the city clerk. Requires publication of the notice of adoption of the resolution of consideration once a week for two successive weeks, as specified, and requires mailing a copy of the resolution of consideration to all owners of real property in the area to be annexed.

Allows the municipal governing body to adopt a resolution of intent to proceed with annexation of some or all of the area described in the resolution at least one year after adoption of the resolution of consideration. Requires the resolution of intent to describe the boundaries of the areas considered for annexation. Requires that the notice of *public informational meeting* and *public hearing* be combined and include, among other items, information on becoming a customer and paying for water or sewer service and a clear description of the distinction between the informational meeting and the hearing. Requires publication for the informational meeting once a week for at least two successive weeks prior to the meeting, with publication on the same day each week, as specified. Requires notice of the meeting to be mailed by first class mail to the owners of real property located within the area to be annexed. Requires that a summary of the annexation and time lines, a summary of available statutory remedies, and the form for requesting extension of water and sewer lines be distributed at the public hearing. Permits the municipal governing board to adopt an annexation ordinance no sooner than the 10<sup>th</sup> day after the public hearing and no later than the 90th day following the public hearing. Requires the annexation ordinance to set the effective date for annexation on June 30 of either that year or the following year.

Provides that if the County Tax Assessor certifies that at least 60% of the real property owners have signed petitions to deny the annexation, then the annexation is terminated, and the municipality cannot begin the involuntary annexation process again on that area until 36 months have passed. Provides additional guidelines governing reporting to the Local Government Commission on the provision of services to the annexed area.

Generally requires that services must be provided on substantially the same basis and in the same manner as within corporate city limits. Provides that fire, police, solid waste collection, and street maintenance must be in place on the date of annexation. Requires that water and sewer service to the annexed area must be in place within three and one-half years of the effective date of the annexation ordinance. Sets out the process under which the municipality is to provide water and sewer line connections at no or reduced costs other than periodic fees to all property owners who request the service. Prohibits a municipality from charging any property owner within the annexation area for the installation or use of the water or sewer system unless the property is a customer of, or has requested to become a customer of, the water and sewer system. Provides additional timelines and details for services extended to the annexed area.

Makes conforming changes to GS 160A-58.57 (Contract with rural fire department) and GS 160A-58.59 (Contract with private solid waste collection firms).

Transfers the current process for appeal to superior court alleging material injury to the owner of real property within an annexation area due to the failure of the municipal governing board to comply with the annexation procedure or meet the requirements for annexation under GS 160A-58.50 through proposed GS 160A-58.60. Provides timelines for filing the petition, requirements as to the content of the petition, and criteria regarding requesting a stay of the operation of the annexation ordinance pending the outcome of the judicial review. Directs the court to review and take evidence on specified matters and provides possible remedies for the court. Provides that either party may appeal the final judgment of the superior court to the Court of Appeals under the Rules of Civil Procedure.

Enacts new GS 160A-58.63 to require the municipality to use methods calculated to provide reasonably accurate results in determining population and the degree of land subdivision for purposes of meeting the requirements in proposed GS 160A-58.54, regarding the character of the area to be annexed.

Amends GS 160A-31(a) (annexation by petition), adding that the petition presented to the governing board of a municipality need not be signed by the owners of real property if the real property is wholly exempt from property taxation under the Constitution and laws of North Carolina.

Enacts new subsection (b1) to GS 160A-31, directing the governing board of a municipality to annex by ordinance any area one-eighth of the aggregate external boundaries of which are contiguous to the municipality's boundaries if (1) two-thirds of the households in an area petitioning for annexation under the statute have incomes that are 200% or less than the most recently published U.S. Census Bureau poverty thresholds and (2) the petition requesting annexation is signed by owners of at minimum 75% of the parcels of real property in the area. New GS 160A-31(b2) sets out the corresponding petition format.

Enacts new subsection (i) to GS 160A-31, authorizing the governing board of any municipality to annex by ordinance any distressed area, defined as an area in which at least 51% of the households have incomes 200% or less than the most recently published U.S. Census Bureau poverty thresholds, contiguous to the municipality's boundaries upon presentation of a petition signed by at least one adult resident of at least two-thirds of the resident households in the relevant area. New GS 160A-31(j) sets out the corresponding petition format.

Enacts new subsection (k) to GS 160A-31, requiring petitioners petitioning under subsection (b1) or (i) to submit to the governing board any reasonable evidence to demonstrate the area meets the required poverty thresholds. Permits petitioners to submit names, addresses, and Social Security numbers to the clerk, who will submit the information to the Department of Revenue (Department). Directs the Department to provide a summary report to the municipality listing incomes for households in the petitioning area. Makes a conforming change to GS 160A-31(c), requiring the clerk to receive the Department's report before certifying the petition. Amends GS 160A-31(d), clarifying that persons residing or owning property in or near the area described in the petition and persons residing or owning property in the municipality will have the opportunity to be heard at the public hearing. Authorizes the governing board to make the annexing ordinance effective immediately or on the next June 30 following the ordinance's passage (currently, on any specified date within six months after passage). Amends GS 160A-31(f), clarifying that an area is contiguous if the area either abuts directly on the municipal boundary or is separated from the municipal boundary by the *width of a street* or street right-of-way, a creek, or river or one of the other listed structures. Adds that a connecting corridor consisting solely of a street or street right-of-way may not establish contiguity for annexation purposes. Makes other conforming changes.

Enacts new GS 160A-58.90 to require that annexations made under Article 4A of GS Chapter 160A be recorded and reported in the same manner as under GS 160A-29. Also requires any written agreement with a person having a freehold interest in real property to be recorded in the register of deeds office in the county where the real property is located in order for the agreement to be enforceable.

Includes a severability clause in the act.

Effective when the act becomes law (was, effective July 1, 2011) and applies to annexations initiated by municipalities on or after that date, and to petitions for annexation under Part 1 of Article 4A of GS Chapter 160A presented on or after that date (was, applies to annexations for which a petition has been received). Provides that annexations initiated by any action (was, annexations for which a resolution of intent has been adopted) prior to the effective date of this act, but for which no annexation ordinance has been adopted, must terminate; however, such annexations may be reinitiated in compliance with Part 7 of Article 4A of GS Chapter 160A as enacted by this act.

Local Government

## SENATE BILLS

**S 215. STATE TREASURER'S INVESTMENTS.** Filed 3/3/11. Senate committee substitute makes the following changes to 2nd edition. Clarifies that the State Treasurer may invest certain funds as provided in GS 147-69.2(b). Makes other technical and organizational changes.

State Government

**S 229. TRANSFER DENR SOIL & WATER TO DACS.** Filed 3/7/11. Senate committee substitute makes the following changes to 1st edition.

Makes a conforming change to subsection (g) of GS 106-841, as recodified by this act, to reflect the transfer of the Division of Soil and Water Conservation from the Department of Environment and Natural Resources (DENR) to the Department of Agriculture and Consumer Services (DACS). Amends GS 139-8(a)(13) to clarify that it is among the powers of the soil and water conservation districts and the supervisors of those districts to assist in the implementation and supervision of any other program administered by DACS and intended to protect water quality *or quantity*. Amends GS 106-850(e) and GS 106-860(e), as recodified under this act, to require the Soil and Water Conservation Commission to report on or before January 31 of each year to the Environmental Review Commission (ERC), the DACS, and the Fiscal Research Division (was, deleted the ERC, and added the Board of Agriculture).

Agriculture, Environment, and  
Natural Resources

**S 321. SURPLUS LINES/PREMIUM TAX.** Filed 3/10/11. Senate committee substitute makes the following changes to 2nd edition.

Amends proposed GS 58-21-4 to include the collection of the premium tax under GS 58-21-85 among the ministerial functions for which the Commissioner of Insurance may contract with nongovernmental entities. Permits the NAIC or other entity with whom the Commissioner contracts to charge a reasonable fee to the insurer, insured, or other appropriate person for the functions performed. Directs the Revenue Laws Study Committee to study the potential impact of a state compact in a nonadmitted insurance multistate agreement, as detailed, and requires reporting to the 2012 General Assembly.

Business and Commerce

**S 432. REVISE PROBATE CODE.** Filed 3/28/11. Senate committee substitute makes the following changes to 1st edition.

Amends proposed GS 28A-2-6(h), which concerns transfers of estate proceedings, to clarify that a notice to transfer certain estate proceedings, in the case of the clerk of superior court, must be served before or at the first duly noticed hearing and before the presentation of evidence, including a hearing at which an order of continuance is entered (previously, must be served 30 days from the date upon which the parties filed all responsive pleadings or the time for responding expired). Amends proposed GS 28A-19-5(b), which concerns contingent or unliquidated claims rejected by personal representatives, clarifying that a claimant may, within the prescribed three-month period, file a petition for an order of the clerk of superior court, provided that nothing in the statute requires the clerk to hear and determine the validity of, priority of, or amount of a contingent or unliquidated claim that has yet become absolute. Deletes amendment to GS 32A-20(b) and instead amends GS 32A-20(a), providing that, for purposes of exercising authority under GS 32A-19(b), a health care power of attorney is effective following the principal's death without regard to the principal's understanding or capacity when the principal was living. Further states that the statute does not prevent a principal from revoking a health care power of attorney. Deletes proposed GS 31A-16, which provided that any controversies arising under GS Chapter 31A (Acts barring property rights) are determined as estate proceedings under GS 28A-2-4. Makes other technical and clarifying changes.

Trusts, Estates, and Wills; Courts;  
Family Law

**S 676. CLARIFY WATER & WELL RIGHTS/PRIVATE PROPERTY.** Filed 4/19/11. Senate committee substitute makes the following changes to 1st edition. Deletes previous amendments to GS 153A-284 and 160A-317, which concerned the power of local governments to require certain water or sewer connections. Adds a section to amend GS 87-88(k) to specify that for that subsection only, "water supply well" includes wells constructed by an individual on land that is owned or leased by the individual, appurtenant to a single-family dwelling, and intended for domestic use.

Property, Land Use, and Housing

## Legislation Enacted

None

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## Notes

None

## NEXT SESSIONS

May 4, 2011

**HOUSE convenes at 2:00 p.m.**

**SENATE convenes at 3:00 p.m.**