

# Daily Bulletin

## ACTIONS BY THE NORTH CAROLINA GENERAL ASSEMBLY

School of Government  
The University of North Carolina at Chapel Hill  
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House Legislative Day 70

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Senate Legislative Day 70

Wednesday, May 25, 2011

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## SUMMARIES OF BILLS FILED

### *Public Bills*

#### **HOUSE BILLS**

**H 932. [HONOR NC USO](#).** Filed 5/25/11. *HONORING THE USO OF NORTH CAROLINA FOR PROVIDING EXCEPTIONAL PROGRAMS AND SERVICES TO OUR MILITARY TROOPS AND THEIR FAMILIES.*

As title indicates.

**Intro. by Martin, Killian.**

HOUSE RES

General Assembly

#### **SENATE BILLS**

**S 779. [HONOR VETERANS \(=H 930\)](#).** Filed 5/25/11. *EXPRESSING GRATITUDE TO THE MEMBERS OF THE MILITARY FOR THEIR SERVICE AND HONORING THE MEMORY OF THOSE KILLED IN THE LINE OF DUTY.*

Identical to H 930, filed 5/24/11.

**Intro. by Brunstetter, Pate.**

SENATE RES

General Assembly

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*Local Bills*

None

**ACTION ON BILLS****May 25, 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**

<p><b>H0030 Allow Wage Garnishment to Satisfy Judgments.</b></p> <p>04-14-11, 05-23-11</p> <p><b>H0115 North Carolina Health Benefit Exchange.</b></p> <p>03-30-11, 05-10-11, 05-25-11</p> <p><b>H0139 Limit Contributions by State Vendors.</b></p> <p>04-21-11, 05-23-11</p> <p><b>H0200 Appropriations Act of 2011.</b></p>	<p>S Rec From House</p> <p>S Passed 1st Reading</p> <p>S Ref to Judiciary II. If fav, re-ref to Finance</p> <p>HA Amend Adopted 1</p> <p>HA Amend Adopted 2</p> <p>HA Amend Adopted 3</p> <p>H Passed 2nd &amp; 3rd Reading</p> <p>H Ordered Engrossed</p> <p>S Rec From House</p> <p>S Passed 1st Reading</p> <p>S Ref To Com On Judiciary I</p> <p>S Reptd Fav Com Substitute</p> <p>SA Com Substitute Adopted</p> <p>SA Com Amend Adopted 1</p> <p>SA Com Amend Adopted 2</p> <p>SA Com Amend Adopted 3</p> <p>SA Com Amend Adopted 4</p> <p>SA Com Amend Adopted 5</p> <p>S Re-ref Com On Appropriations/ Base Budget</p> <p>S Reptd Fav As Amended</p> <p>SA Com Amend Adopted 6</p> <p>SA Com Amend Adopted 7</p> <p>SA Com Amend Adopted 8</p> <p>SA Com Amend Adopted 9</p> <p>SA Com Amend Adopted 10</p> <p>SA Com Amend Adopted 11</p> <p>SA Com Amend Adopted 12</p> <p>SA Com Amend Adopted 13</p> <p>SA Com Amend Adopted 14</p> <p>SA Com Amend Adopted 15</p> <p>SA Com Amend Adopted 16</p> <p>SA Com Amend Adopted 17</p> <p>SA Com Amend Adopted 18</p>
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	SA Com Amend Adopted 19
	SA Com Amend Adopted 20
	SA Com Amend Adopted 21
	SA Com Amend Adopted 22
	SA Com Amend Adopted 23
	SA Com Amend Adopted 24
	SA Com Amend Adopted 25
	SA Com Amend Adopted 26
	SA Com Amend Adopted 27
	S Re-ref Com On Pensions & Retirement and Aging
04-26-11, 04-28-11, 05-03-11, 05-25-11	
H0298 Insurance Amendments.-AB	H Passed 2nd & 3rd Reading
04-27-11, 05-19-11	
H0345 Modify Move Over Law.	S Rec From House
	S Passed 1st Reading
	S Ref To Com On Judiciary II
05-11-11	
H0411 Iredell Correctional Facility/ DOT Storage.	H Passed 2nd & 3rd Reading
05-09-11	
H0439 Cornelius/Davidson Tree Ordinances.	HA Reptd Fav Com Substitute
	H Cal Pursuant Rule 36(b)
	H Placed On Cal For 5/26/2011
05-25-11	
H0453 Allow Salary Protection Insurance.	H Passed 2nd & 3rd Reading
H0474 Protect Adult Care Home Residents.	H Ratified
04-26-11, 04-28-11, 05-12-11	
H0489 Mechanics Lien and Bond Law Changes.	HA Reptd Fav Com Substitute
	H Serial Referral to Finance Stricken
	H Cal Pursuant Rule 36(b)
05-25-11	
H0494 Continuous Alcohol Monitoring Law Changes.	HA Reptd Fav Com Substitute
	H Re-ref Com On Finance
05-25-11	
H0501 Credit Union Ownership of Ins. Co.	H Passed 2nd & 3rd Reading
05-18-11	
H0517 Supervis. of Magistrates/ Juries/Calendaring.	HA Reptd Fav Com Substitute
	H Cal Pursuant Rule 36(b)
05-25-11	
H0575 Service Agreements/Allow Reserve Account.	H Passed 2nd & 3rd Reading
05-18-11	
H0623 Eliminate Agency Final Decision Authority.	HA Amend Adopted 1
	HA Amend Adopted 2
	H Amend Offered 3
	H Amendment Withdrawn 3
	H Passed 3rd Reading
	H Ordered Engrossed
05-16-11, 05-25-11	
H0656 Photo ID for Certain Controlled Substances.	HA Reptd Fav Com Substitute
	H Cal Pursuant Rule 36(b)

05-25-11		
H0664	Disclosure/Group Life Insurance.	HA Amend Adopted 1 H Passed 2nd & 3rd Reading H Ordered Engrossed
05-25-11		
H0686	Payable on Death Accounts.	H Passed 3rd Reading
05-23-11		
H0687	Atty Fees/City or County Action Outside Auth.	H Passed 3rd Reading H Ordered Engrossed
05-23-11, 05-24-11		
H0758	Establish Arts Education Commission.	H Passed 2nd & 3rd Reading
H0762	Landowner Protection Act.	S Rec From House S Passed 1st Reading S Ref To Com On Rules and Operations of the Senate
05-18-11, 05-24-11		
H0805	Additional Name Change Requirements.	S Rec From House S Passed 1st Reading S Ref To Com On Judiciary II
05-23-11, 05-24-11		
H0811	Study Transportation Process and Funding.	HA Reptd Fav Com Substitute H Cal Pursuant Rule 36(b) H Placed On Cal For 5/26/2011
05-25-11		
H0823	Governance of the Dep't of Public Instruction.	HA Amend Adopted 1 H Passed 2nd Reading
05-24-11, 05-25-11		
H0843	Modernize NC Emergency Management Act.	S Rec From House S Passed 1st Reading S Ref To Com On Judiciary I
05-24-11		
H0930	Honor Veterans.	H Passed 1st Reading H Cal Pursuant 32(a) H Cal For Immediate Consid H Adopted
H0931	Confirm Edward Finley to Utilities Commission.	H Passed 1st Reading H Ref To Com On Rules, Calendar, and Operations of the House
H0932	Honor NC USO.	H Filed
S0129	State Mineral is Gold.	H Passed 1st Reading H Ref To Com On Rules, Calendar, and Operations of the House
05-23-11		
S0143	Detention Facility Requirements.	H Passed 1st Reading H Ref To Com On Judiciary Subcommittee B
S0245	Medicaid Billing by Local Health Departments.	S Pres. To Gov. 5/25/2011
03-17-11, 05-17-11, 05-18-11		
S0316	Add'l Section 1915 Medicaid Waiver Sites.	S Pres. To Gov. 5/25/2011
03-24-11, 05-19-11		
S0426	Modify/Clarify Public Finance	H Passed 1st Reading

Statutes.	H	Ref To Com On Finance
05-10-11, 05-18-11		
S0501 Swine House Renovations/Site Limits.	HA	Reptd Fav Com Substitute
	H	Cal Pursuant Rule 36(b)
	H	Placed On Cal For 5/26/2011
04-26-11, 05-25-11		
S0512 Authorize Overnight Respite Pilot.	H	Passed 2nd & 3rd Reading
05-12-11		
S0608 Health Care Sharing Organizations.	H	Passed 2nd & 3rd Reading
S0713 Spirituous Liquor Sales - Distilleries.	H	Passed 1st Reading
	H	Ref To Com On Commerce and Job Development
05-19-11		
S0727 No Dues Checkoff for School Employees.	S	Withdrawn From Cal
	S	Placed On Cal For 5/26/2011
05-19-11		
S0730 Taxpayer Action if No DOR Determination.	S	Withdrawn From Cal
	S	Placed On Cal For 5/26/2011
05-19-11		
S0779 Honor Veterans.	S	Filed
	S	Passed 1st Reading
	S	Pursuant to Rule 40(b) placed on today's calendar 5/25/2011
	S	Adopted

## LOCAL BILLS

H0097 Union Fire Fee Sunset Repealed.	H	Withdrawn From Cal
	H	Placed On Cal For 6/1/2011
H0118 Winston-Salem/Daily Currency/Coins Deposits.	H	Ratified
05-18-11		
H0284 Wayne County Design Build.	H	Concurred In S/Com Sub
04-11-11, 04-13-11, 05-18-11		
H0292 Incorporate Rougemont.	H	Passed 3rd Reading
	H	Ordered Engrossed
05-24-11		
S0120 New Bern Charter Amendments.	H	Passed 2nd & 3rd Reading
03-22-11, 05-19-11		
S0200 Alamance/Orange 9% Boundary.	S	Ratified
S0201 Alamance/Orange Boundary.	S	Ratified
04-14-11		

## SUMMARIES OF AMENDMENTS AND COMMITTEE SUBSTITUTES

### HOUSE BILLS

H 115. [NORTH CAROLINA HEALTH BENEFIT EXCHANGE](#). Filed 2/16/11. House amendments make the following changes to 3rd edition. Amendment #1 amends GS 58-50-310(b)(1)c.4. by removing a health insurance agent as an area of experience or expertise which may be considered when appointing a certain member to the North Carolina Health Benefit Exchange Advisory Board.

Amendment #2 amends GS 58-50-310(b)(1)b.3. by requiring one member who represents small employers, as defined, to be appointed to the North Carolina Health Benefit Exchange Board.

Amendment #3 deletes GS 58-50-310(b)(7), concerning a member of the North Carolina Health Benefit Exchange Advisory Board using his or her official position to influence decisions of the Board. Rewrites GS 58-50-310(c)(2)(g) to require the Plan of Operation to provide for conflict of interest rules and recusal procedures (deletes conditional language). Rewrites GS 58-50-330(l) to provide that the members of the Board and the Executive Director are public servants under 138A-3(30) and are subject to the provisions of GS Chapter 138A, provided that the exception in GS 138A-38(a)(1) does not apply to members of the Board and the Executive Director.

Health, Social Services, and Aging;  
Business and Commerce

**H 200. APPROPRIATIONS ACT OF 2011.** Filed 3/1/11. Senate committee substitute makes the following changes to 4th edition. The digest incorporates the amendments made by the Senate Finance Committee on 5/24/11.

Changes the title to *AN ACT TO SPUR THE CREATION OF PRIVATE SECTOR JOBS; REORGANIZE AND REFORM STATE GOVERNMENT; MAKE BASE BUDGET APPROPRIATIONS FOR CURRENT OPERATIONS OF STATE DEPARTMENTS AND INSTITUTIONS; AND TO ENACT BUDGET RELATED AMENDMENTS.*

## PART I. INTRODUCTION AND TITLE OF ACT

**SECTION 1.1.** Identical to 4th edition.

**SECTION 1.2.** Identical to 4th edition.

## PART II. CURRENT OPERATIONS AND EXPANSION GENERAL FUND

### CURRENT OPERATIONS AND EXPANSION/GENERAL FUND

**SECTION 2.1.** Modifies appropriations from the General Fund for the fiscal biennium ending June 30, 2013, as follows.

Current Operations – General Fund	2011-2012	2012-2013
<b>EDUCATION</b>		
Community Colleges System Office	\$ 982,305,416	\$ 982,305,416
Department of Public Instruction	7,226,755,942	7,191,532,300
University of North Carolina – Board of Governors		
Appalachian State University	145,615,228	145,732,585
East Carolina University		
Academic Affairs	247,883,972	247,883,972
Health Affairs	65,196,439	65,196,439
Elizabeth City State University	38,394,847	38,567,166
Fayetteville State University	56,968,000	56,968,000
NC A&T State University	105,413,397	105,852,346
NC Central University	94,413,933	94,413,933
NC State University		
Academic Affairs	434,600,291	434,714,473
Agricultural Research	59,239,461	59,239,461
Agricultural Extension	43,539,609	43,539,609
UNC-Asheville	41,984,728	41,984,728
UNC-Chapel Hill		
Academic Affairs	309,582,768	312,944,304
Health Affairs	219,507,009	222,570,732
AHEC	49,747,851	49,747,851
UNC-Charlotte	216,916,678	217,932,821

UNC-Greensboro	173,205,364	173,205,364
UNC-Pembroke	61,700,446	62,443,695
UNC-School of the Arts	27,849,173	27,849,173
UNC-Wilmington	105,967,837	107,163,413
Western Carolina University	90,758,068	91,236,972
Winston-Salem State University	76,496,951	76,496,950
General Administration	38,186,863	27,628,722
University Institution Programs	(395,719,732)	(398,078,528)
Related Educational Programs	85,679,060	115,272,420
UNC Financial Aid Private Colleges	91,426,688	62,286,250
NC School of Science & Math	18,937,535	18,937,535
UNC Hospitals	25,000,000	25,000,000
Total University of North Carolina – Board of Governors	\$ 2,528,492,464	\$ 2,526,730,386

### HEALTH AND HUMAN SERVICES

Department of Health and Human Services		
Division of Central Management and Support	\$ 45,011,380	\$ 39,411,990
Division of Aging and Adult Services	35,359,667	35,359,667
Division of Services for Blind/Deaf/Hard of Hearing	7,198,149	7,181,925
Division of Child Development	266,102,933	266,102,933
Division of Health Service Regulation	16,133,031	16,133,031
Division of Medical Assistance	2,928,301,996	2,904,589,504
Division of Mental Health, Developmental Disabilities, and Substance Abuse Services	648,478,227	673,478,227
NC Health Choice	79,452,317	83,717,865
Division of Public Health	186,876,812	153,972,401
Division of Social Services	184,286,652	184,286,652
Division of Vocational Rehabilitation	37,125,788	37,528,128
Total Health and Human Services	\$ 4,434,326,952	\$ 4,401,762,323

### NATURAL AND ECONOMIC RESOURCES

Department of Agriculture and Consumer Services	\$ 71,484,049	\$ 68,177,845
Department of Commerce		
Commerce	48,426,722	31,232,429
Commerce State-Aid	27,201,984	27,041,395
NC Biotechnology Center	16,576,615	16,576,615
Rural Economic Development Center	39,244,692	39,244,692
Department of Environment and Natural Resources	167,763,360	162,750,956
DENR Clean Water Management Trust Fund	12,500,000	12,500,000
Department of Labor	15,836,887	15,836,887
Wildlife Resources Commission	16,000,000	15,221,179

### JUSTICE AND PUBLIC SAFETY

Department of Correction	\$ 1,337,816,346	\$ 1,348,410,793
Department of Crime Control and Public Safety	247,927,627	270,204,922
Judicial Department	436,243,082	432,464,141
Judicial Department – Indigent Defense	111,732,877	111,160,465
Department of Justice	52,330,297	24,537,108
Department of Juvenile Justice and Delinquency Prevention	135,593,692	131,140,565

**GENERAL GOVERNMENT**

Department of Administration	\$ 62,232,817	\$ 64,136,947
Department of State Auditor	11,857,574	10,676,035
Office of State Controller	28,368,957	28,368,957
Department of Cultural Resources		
Cultural Resources	60,994,609	58,256,841
Roanoke Island Commission	1,203,491	0
State Board of Elections	5,186,603	5,126,603
General Assembly	53,259,495	50,104,208
Office of the Governor		
Office of the Governor	4,887,061	4,887,061
Office of State Budget and Management	5,848,663	5,848,663
OSBM – Reserve for Special Appropriations	1,940,612	440,612
Housing Finance Agency	10,673,051	10,673,051
Department of Insurance		
Insurance	36,393,921	36,393,921
Insurance – Volunteer Safety Workers' Compensation	2,294,000	2,623,654
Office of Lieutenant Governor	775,245	775,245
Office of Administrative Hearings	4,983,871	4,983,871
Department of Revenue	78,199,538	78,199,538
Department of Secretary of State	10,654,563	10,654,563
Department of State Treasurer		
State Treasurer	6,657,031	6,621,750
State Treasurer – Retirement for Fire and Rescue Squad Workers	17,812,114	17,812,114

**RESERVES, ADJUSTMENTS, AND DEBT SERVICE**

Contingency and Emergency Fund	\$ 5,000,000	\$ 5,000,000
State Retirement System Contribution	297,400,000	404,200,000
Judicial Retirement System Contribution	7,900,000	9,000,000
Firemen's & Rescue Squad Workers' Pension Fund	5,800,000	6,900,000
National Guard Pension Fund	263,000	523,000
State Health Plan	7,119,541	102,151,104
Information Technology Fund	4,458,142	6,158,142
Reserve for Job Development Investment Grants (JDIG)	15,400,000	27,400,000
Continuation Review Reserve	0	22,982,380
Comprehensive Review of Compensation Plans	2,000,000	0
Salary Adjustment and Performance Pay Reserve	0	328,000,000
Severance Expenditure Reserve	75,000,000	0
Automated Fraud Detection Development	1,000,000	7,000,000
Controller – Fraud Detection Development	500,000	500,000
Debt Service		
General Debt Service	688,957,188	759,984,974
Federal Reimbursement	1,616,380	1,616,380

**TOTAL CURRENT OPERATIONS –  
GENERAL FUND**

**\$ 19,425,196,471      \$ 19,886,830,031**

**GENERAL FUND AVAILABILITY STATEMENT**

**SECTION 2.2.(a)** Modifies the General Fund availability used in developing the 2011-13 biennial budget as follows.

	<b>FY 2011-2012</b>	<b>FY 2012-2013</b>
Unappropriated Balance Remaining	\$ 0	\$ 72,311,073
Ending Unreserved Fund Balance for FY 2009-2010	236,902,394	0
Anticipated Reversions for FY 2010-2011 – S.L. 2011-15 (S.B. 109)	537,740,799	0



Anticipated Overcollections from FY 2010-2011	180,800,000	0
Repayment of Medicaid Receipts in FY 2010-2011	(125,000,000)	0
<b>Statutory Earmarks:</b>		
Savings Reserve Account	(202,994,340)	0
Repairs and Renovations Reserve Account	(202,994,339)	0
<b>Beginning Unreserved Fund Balance</b>	<b>\$ 424,454,514</b>	<b>\$ 72,311,073</b>
<b>Revenues Based on Existing Tax Structure</b>	<b>\$ 18,129,800,000</b>	<b>\$ 19,181,900,000</b>
<b>Nontax Revenues</b>		
Investment Income	\$ 59,400,000	\$ 76,700,000
Judicial Fees	217,800,000	217,800,000
Disproportionate Share	100,000,000	100,000,000
Insurance	71,400,000	73,500,000
Other Nontax Revenues	182,500,000	182,500,000
Highway Trust Fund/Use Tax Reimbursement Transfer	41,500,000	27,600,000
Highway Fund Transfer	20,230,000	24,080,000
<b>Subtotal Nontax Revenues</b>	<b>\$ 692,830,000</b>	<b>\$ 702,180,000</b>
<b>Total General Fund Availability</b>	<b>\$ 19,247,084,514</b>	<b>\$ 19,956,391,073</b>
<b>Adjustments to Availability: 2011 Session</b>		
Loss of Estate Tax Revenue	\$ (57,100,000)	\$ (72,200,000)
Private Sector Job Creation Package	(186,400,000)	(485,300,000)
Repeal Deduction for Sale of a Manufactured Home		
Community to Manufactured Homeowners	100,000	100,000
Repeal Deduction for Severance Wages	16,000,000	16,400,000
Repeal Credit for Recycling Oyster Shells	100,000	100,000
Repeal Energy Star Tax Holiday	1,900,000	2,000,000
Repeal Sales Tax Exemption for Nutritional		
Supplements Sold by Chiropractors	300,000	400,000
Repeal Wildlife Resources Commission Sales Tax		
Earmark	22,970,000	23,920,000
Suspend Corporate Income Tax Earmark (Public School		
Construction)	0	74,750,000
Increase in Judicial Fees	60,986,955	60,986,955
Increase Investment Company Notice Filing Fee	1,600,000	1,600,000
Increase Parking Fees for Visitors	550,000	550,000
Loss of Revenue from the Town of Butner	(1,213,235)	(1,213,235)
Transfer from E-Commerce Reserve Fund	4,483,526	0
Divert Funds from Parks & Recreation Trust Fund	4,217,500	0
Divert Funds from Recreational/Natural Heritage		
Trust Fund	4,500,000	0
Transfer from Highway Fund for State Highway		
Patrol	193,585,434	189,859,507
Transfer from Highway Trust Fund for School Bus		
Replacement	35,223,642	0
Transfer from Mercury Prevention Pollution Fund	125,000	0
Transfer from Commerce – Enterprise Fund	250,000	0
Divert Funds from Scrap Tire Disposal Account	1,134,495	0
Divert Funds from White Goods Management Account	1,131,342	0
Diversion of Golden LEAF Funds	67,563,760	67,563,760
Tobacco Trust Fund Master Settlement Agreement Funds	8,334,360	8,790,386

Health and Wellness Trust Fund Master Settlement		
Agreement Funds	16,334,360	16,790,386
Transfer Health and Wellness Trust Funds to Public Health	32,904,411	0
Department of Revenue – Accounts Receivable Program	15,000,000	15,000,000
Medicaid Disproportionate Share Receipts	15,000,000	15,000,000
Adjust Transfer from Insurance Regulatory Fund	(742,348)	(742,348)
Adjust Transfer from Treasurer's Office	(3,881,172)	(3,916,453)
<b>Subtotal Adjustments to Availability:</b>		
<b>2011 Session</b>	<b>\$ 254,958,030</b>	<b>\$ (69,561,042)</b>
<b>Revised General Fund Availability</b>	<b>\$ 19,502,042,544</b>	<b>\$ 19,886,830,031</b>
<b>Less General Fund Appropriations</b>	<b>\$ (19,429,731,471)</b>	<b>\$ (19,886,830,031)</b>
<b>Unappropriated Balance Remaining</b>	<b>\$ 72,311,073</b>	<b>\$ 0</b>

**SECTION 2.2.(b)** Identical to 4th edition.

**SECTION 2.2.(c)** Same as 4th edition except directs the Secretary of Revenue to transfer specified funds to the State Controller for deposit in Nontax Budget Code 19978 (Intrastate Transfers) during the 2012-13 fiscal year (was, 2011-13 fiscal biennium).

**SECTION 2.2.(d)** Same as 4th edition except transfers the following amounts to the State Controller to be deposited in Nontax Budget Code 19878 (Intrastate Transfers) or the appropriate budget code:

<b>Budget Code</b>	<b>Fund Code</b>	<b>Description</b>	<b>Amount</b>
24100	2514	E-Commerce Reserve	4,483,526
54600	5881	Commerce Enterprise Fund	250,000
24300	2119	Mercury Prevention Pollution Fund	125,000

**SECTION 2.2.(e)** Identical to 4th edition.

**SECTION 2.2.(f)** Same as 4th edition except directs the Secretary of Revenue to credit to the General Fund \$1,134,495 from the net tax proceeds that GS 105-187.19(b) directs the Secretary to credit to the Scrap Tire Disposal Account.

**SECTION 2.2.(g)** Same as 4th edition except directs the Secretary of Revenue to credit to the General Fund \$1,131,342 from the net tax proceeds that GS 105-187.24 directs the Secretary to credit to the White Goods Management Account.

**SECTION 2.2.(h)** Same as 4th edition except directs the Secretary of Revenue to credit \$4,217,500 (was, \$8.435 million) to the General Fund of the net tax proceeds that GS 105-228.30(b) directs the Secretary to credit to the Parks and Recreation Trust Fund.

**SECTION 2.2.(i)** Same as 4th edition except directs the Secretary of Revenue to credit \$4.5 million (was, \$8 million) to the General Fund of the net tax proceeds that GS 105-228.30(b) directs the Secretary to credit to the Natural Heritage Trust Fund.

**SECTION 2.2.(j)** Identical to 4th edition.

**SECTION 2.2.(k)** New provision directs the State Controller to transfer only \$202,994,339 from the unreserved fund balance to the Repairs and Renovations Account on June 30, 2011. Effective June 30, 2011.

**SECTION 2.2.(l)** New provision specifies that funds transferred to the Repairs and Renovations Account are appropriated for 2011-12 to be used in accordance with GS 143C-4-3.

**SECTION 2.2.(m)** New provision directs the State Controller to transfer only \$202,994,339 from the unreserved fund balance to the Savings Reserve Account on June 30, 2011. Provides that this is not an "appropriation made by law," as the phrase is used in Section 7(1) of Article V of the NC Constitution. Effective June 30, 2011.

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

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

**SECTION 3.1.** Modifies appropriations from the State Highway Fund for the fiscal biennium ending June 30, 2013, as follows.

<b>Current Operations – Highway Fund</b>	<b>2011-2012</b>	<b>2012-2013</b>
Department of Transportation		
Administration	\$ 85,412,594	\$ 85,412,594
Division of Highways		
Administration	34,836,793	34,836,793
Construction	87,232,806	86,339,067
Maintenance	1,202,416,068	1,253,761,275
Planning and Research	4,055,402	4,055,402
OSHA Program	372,792	372,792
Ferry Operations	33,689,589	41,038,132
State Aid		
Municipalities	89,373,921	90,187,224
Public Transportation	69,801,308	69,801,308
Airports	18,401,413	22,311,031
Railroads	21,701,153	21,701,153
Governor's Highway Safety	273,093	273,093
Division of Motor Vehicles	90,142,238	43,004,042
Other State Agencies, Reserves, Transfers	296,240,830	366,066,094
Capital Improvements	15,250,000	15,000,000
<b>Total</b>	<b>\$ 2,049,200,000</b>	<b>\$ 2,134,160,000</b>

#### **HIGHWAY FUND AVAILABILITY STATEMENT**

**SECTION 3.2.** Modifies the Highway Fund availability used in developing the 2011-13 fiscal biennial budget as follows.

<b>Highway Fund Availability Statement</b>	<b>2011-2012</b>	<b>2012-2013</b>
Unappropriated Balance from Previous Year	\$ 24,000,000	\$ 0
Beginning Credit Balance	0	0
Estimated Revenue	2,025,200,000	2,134,160,000
Total Highway Fund Availability	\$ 2,049,200,000	\$ 2,134,160,000
Unappropriated Balance	\$ 0	\$ 0

#### **STATE HIGHWAY PATROL FUNDS TRANSFER**

**SECTION 3.3.** Deleted.

#### **PART IV. HIGHWAY TRUST FUND APPROPRIATIONS**

##### **Highway Trust Fund Appropriations**

**SECTION 4.1.** Modifies the appropriations from the State Highway Trust Fund for the biennium ending June 30, 2013, as follows.

<b>Current Operations – Highway Trust Fund</b>	<b>2011-2012</b>	<b>2012-2013</b>
Intrastate	\$ 460,823,529	\$ 487,503,034
Aid to Municipalities	51,216,036	54,043,432
Secondary Roads	36,155,667	41,820,944

Urban Loops	275,761,364	237,407,986
Program Administration	44,774,400	47,107,200
Turnpike Authority	49,000,000	49,000,000
Transfer to General Fund	76,720,918	27,595,861
Transfer to Highway Fund	400,000	0
Debt Service	79,231,728	81,481,543
Mobility Fund	41,326,358	60,950,000
<b>GRAND TOTAL CURRENT OPERATIONS</b>	<b>\$ 1,115,410,000</b>	<b>\$ 1,086,910,000</b>

**HIGHWAY TRUST FUND AVAILABILITY STATEMENT**

**SECTION 4.2.** Modifies the Highway Trust Fund availability used in developing the 2011-13 fiscal biennial budget as shown below.

Highway Trust Fund Availability	2011-2012	2012-2013
Unappropriated Balance	\$ 75,000,000	\$ 0
Estimated Revenue	1,040,410,000	1,086,910,000
<b>Total Highway Trust Fund Availability</b>	<b>\$ 1,115,410,000</b>	<b>\$ 1,086,910,000</b>

**PART V. OTHER APPROPRIATIONS****APPROPRIATION OF OTHER FUNDS**

**SECTION 5.1.(a)** Identical to 4th edition.

**SECTION 5.1.(b)** Identical to 4th edition.

**SECTION 5.1.(c)** Identical to 4th edition.

**SECTION 5.1.(d)** Identical to 4th edition.

**OTHER RECEIPTS FROM PENDING GRANT AWARDS**

**SECTION 5.2.(a)** Identical to 4th edition.

**SECTION 5.2.(b)** Identical to 4th edition.

**SECTION 5.2.(c)** Identical to 4th edition.

**SECTION 5.2.(d)** New provision authorizes the Department of Public Instruction to spend funds received from the following grants for 2011-12 awarded after the act's enactment for up to the specified amounts:

(1) Child Nutrition Equipment Assistance	\$815,762
(2) Verizon Thinkfinity State Education Partnership	\$40,000
(3) State Abstinence Education Program	\$1,585,347

States that neither the approval of the Governor nor consultation with the Joint Legislative Commission on Governmental Operations is required before expending these funds.

**CIVIL FORFEITURE FUNDS**

**SECTION 5.3.** Identical to 4th edition.

**EDUCATION LOTTERY**

**SECTION 5.4.(a)** Identical to 4th edition.

**SECTION 5.4.(b)** Same as 4th edition except makes the following appropriations from the Education Lottery Fund for 2011-12.

Teachers in Early Grades	\$ 220,643,188
Prekindergarten Program	63,135,709
Public School Building Capital Fund	100,000,000
Scholarships for Needy Children	30,450,000
UNC Need-Based Financial Aid	10,744,733
Total Appropriation	\$ 424,973,630

**SECTION 5.4.(c)** Identical to 4th edition.

**SECTION 5.4.(d)** Same as 4th edition except deletes provision specifying how local school administrative units may use Public School Building Capital Fund monies.

**SECTION 5.4.(e)** Identical to 4th edition.

**SECTION 5.4.(f)** Identical to 4th edition.

**SECTION 5.4(g)** New provision provides that funds appropriated for scholarships for needy students must be used only for students at the University of North Carolina, the Community College System, and their respective constituent institutions.

## **PART VI. GENERAL PROVISIONS**

### **CLARIFY CERTIFIED BUDGET**

**SECTION 6.1.** Identical to 4th edition.

### **CONTINGENCY AND EMERGENCY FUND LIMITATION**

**SECTION 6.2.** Same as 4th edition except provides that these funds may not be used for other statutorily authorized purposes or for any other contingencies and emergencies.

### **ESTABLISHING OR INCREASING FEES UNDER THIS ACT**

**SECTION 6.3.** Identical to 4th edition.

### **CONSULTATION REQUIRED BEFORE CREATION OF NEW FUNDS**

**SECTION 6.4.** Identical to 4th edition.

### **INTERIM APPROPRIATIONS COMMITTEES/MEETINGS/CONSULTATION BY GOVERNOR**

**SECTION 6.5.** Deleted.

### **JUSTIFICATION/OPERATIONAL REVIEWS**

**SECTION 6.6.** Same as 4th edition except it deletes from review in 2011-2012 the operations of the regional offices of the Department of Environment and Natural Resources.

### **CONTINUATION REVIEW OF CERTAIN FUNDS/PROGRAMS/DIVISIONS**

**SECTION 6.7.** Same as 4th edition except deletes from continuation review (1) the drug treatment court in the Department of Justice and Public Safety, (2) the research stations in the Department of Agriculture and Consumer Affairs, and (3) the Prairie Ridge Ecostation in the Department of Environment and Natural Resources.

### **STATE GOVERNMENT REORGANIZATION**

**SECTION 6.8.** Deleted.

### **UTILIZATION REVIEW/PUBLIC SCHOOL AND PUBLIC HEALTH NURSES**

**SECTION 6.9.** Identical to 4th edition.

### **GLOBAL TRANSPARK DEBT, REPORT, AND STUDY**

**SECTION 6.10.** Same as 4th edition except directs the Global Transpark Authority to report to the Program Evaluation Division of the General Assembly no later than January 1, 2012 (was, May 1, 2012) and directs the Division to study the feasibility and implications of transferring some or all of the authority's functions to other state agencies. Directs the Division to report to the Joint Legislative Program Evaluation Oversight Committee no later than May 1, 2012.

### **HEALTH AND WELLNESS TRUST FUND AND TOBACCO TRUST FUND/FUTURE MSA PAYMENTS**

**SECTION 6.11.** Same as 4th edition but makes significant changes and substantially reorganizes the section as follows:

- (1) Deletes amendments to GS Chapter 143.
- (2) Transfers content of Section 6.11.(i) to Section 6.11.(c), and of Section 6.11(m) to Section 6.11(d).
- (3) Effective June 30, 2011, directs that funds remaining in Health and Wellness Trust Fund (HWTF) on June 30, 2011, be transferred to the Department of Health and Human Services (DHHS) and used as follows: \$22 million to administer grants for Teen Tobacco Prevention, CheckMeds, Medication Assistance Programs, and Obesity Prevention and \$10 million to reduce the total savings required to be achieved for Medicaid by Community Care of North Carolina.

- (4) Provides that the administrative costs of the Tobacco Trust Fund may not exceed \$625,000 for the fiscal 2011-2013 biennium.
- (5) Changes effective date for abolishing the HWTF and the Health and Wellness Trust Fund Commission from Dec. 31, 2011, to 60 days after the act becomes law, or on October 1, 2011, whichever occurs first.

## **COMPENSATION LIMITATIONS FOR GRANTEE ORGANIZATIONS RECEIVING STATE FUNDS**

**SECTION 6.12.** Deleted.

## **CONSOLIDATION OF AIR SERVICES AND CENTRALIZATION OF AIR MANAGEMENT/STATE-OWNED PASSENGER AND NON-PASSENGER VEHICLES**

**SECTION 6.13.** Identical to 4th edition.

## **TORNADO ASSISTANCE**

**SECTION 6.14.** Identical to 4th edition.

## **STATE-OWNED DISPOSABLE ASSETS**

**SECTION 6.15.** Deleted.

## **PART VI-A. INFORMATION TECHNOLOGY**

### **INFORMATION TECHNOLOGY FUND/AVAILABILITY**

**SECTION 6A.1.** Changes the fund balances used to support appropriations from the Information Technology Fund in each year of fiscal biennium as follows: "Interest" from \$100,000 to \$25,000; "IT Fund Balance June 30" from \$2,454,934 to \$792,000 in fiscal 2011-12 and from \$1,227,467 to \$0 in fiscal 2012-13; and "Total Funds Available" from \$7,013,076 to \$5,275,142 in fiscal 2011-12 and from \$7,485,609 to \$6,183,142 in 2012-13. Modifies the appropriations made from the Information Technology Fund for each year of the 2011-13 fiscal biennium as follows: "Enterprise Security Risk Management" from \$1,064,148 to \$864,148; "Enterprise Project Management Office" from \$1,673,285 to \$1,473,285; "Architecture and Engineering" from \$648,000 to \$581,986; IT Consolidation from \$100,000 to \$776,440 (2011-12) and \$784,440 (2012-13); "Transfer to OSC for Data Integration" (title changed to "Transfer to OSC for E-Forms") from \$1,420,893 (2011-12) and \$920,893 (2012-13) to \$500,000; "Subtotal Information Technology Projects" from \$1,420,893 to \$1,276,440 (2011-12) and \$920,893 to \$1,284,440 (2012-13).

Provides that changes to the specified uses must be approved in writing by the State Chief Information Officer after consultation with the Office of State Budget and Management. Provides that changes to the specified uses of funds must be reported to the Chairs of the House Appropriations Committee, the House Subcommittee on General Government, the Chairs of the Senate Committee on Appropriations and the Senate Appropriations Committee on General Government and Information Technology, the Joint Legislative Oversight Committee on Information Technology, the Fiscal Research Division, and the Office of State Budget and Management. Directs the Office of the State Controller to coordinate with Office of the State Chief Information Officer to identify four positions in the Office of the State Information Officer that must be used, effective Aug. 1, 2011, to support planning and implementation of an automated fraud detection capability and an e-forms/digital signature project.

### **INFORMATION TECHNOLOGY OPERATIONS**

**SECTION 6A.2.** Same as 4th edition except provides that any information project (or segment of one) costing more than \$250,000 (4th edition, \$100,000) must be included in the agency's most recent information technology plan and approved by the General Assembly.

### **COORDINATION OF INFORMATION TECHNOLOGY REQUIREMENTS AND GEOGRAPHIC INFORMATION SYSTEM REQUIREMENTS**

**SECTION 6A.3** Identical to 4th edition.

### **CRIMINAL JUSTICE LAW ENFORCEMENT AUTOMATED DATA SERVICES (CJLEADS)**

**SECTION 6A.4.** Same as 4th edition except also directs agencies to use existing resources to provide required support for CJLEADS.

### **CONTINUING PILOT PROGRAM TO ALLOW PUBLIC-PRIVATE PARTNERSHIPS TO MEET DEPARTMENT OF REVENUE TECHNOLOGY NEEDS**

**SECTION 6A.5.** Identical to 4th edition.

**INFORMATION TECHNOLOGY PERSONAL SERVICES CONTRACT REQUIREMENTS**

**SECTION 6A.6.** Identical to 4th edition.

**STATE INFORMATION TECHNOLOGY CONSOLIDATION**

**SECTION 6A.7.** Identical to 4th edition.

**ITS/INTERNAL SERVICE FUND RATE ESTABLISHMENT/CASH MANAGEMENT**

**SECTION 6A.8.** Identical to 4th edition.

**INFORMATION TECHNOLOGY PRIVATIZATION**

**SECTION 6A.9.** Identical to 4th edition.

**STATE PORTAL IMPLEMENTATION AND OPERATION**

**SECTION 6A.10** Incorporates most provisions from 4th edition, but adds clarification that any fees for portal services must be approved by the General Assembly and deposited in the General Fund, or the Highway Fund, for fees collected from the Department of Transportation. Requires a convenient, free alternative for any online service provided. Requires the Department of Administration to engage private counsel with pertinent information technology and computer law expertise to negotiate and review contracts for the portal. Lists quarterly reporting requirements as to the total amount of fees and other charges collected by the vendor for each service provided, the amount of funding collected by the state for each service, and any other costs associated with operating the portal. Creates a Portal Project Committee and describes membership and operational rules. Requires the Committee to hold public meetings at various locations around the state for each proposed service or application to allow comment and promote public participation. Gives the Committee approval authority for services and applications not requiring a fee or cost. Requires the Committee to make recommendations to the next General Assembly on the feasibility of developing and implementing any services or applications supported by fees.

**TRANSFER CRIMINAL JUSTICE INFORMATION NETWORK TO THE OFFICE OF THE STATE CHIEF INFORMATION OFFICER**

**SECTION 6A.11.** Identical to 4th edition.

**INTEGRATED BUDGET INFORMATION SYSTEM**

**SECTION 6A.12.** Identical to 4th edition.

**COMPREHENSIVE, ENTERPRISE-LEVEL DATA INTEGRATION CAPABILITY**

**SECTION 6A.13 [SEE SECTION 6A-20]**

**USE OF MOBILE ELECTRONIC COMMUNICATIONS DEVICES**

**SECTION 6A.14.** New provision requires each executive branch agency to develop a policy to limit the use of mobile electronic devices (MEDs) to the minimum required to carry out the agency's mission. Requires policies to be submitted by September 1, 2011, to listed General Assembly Committees, the Fiscal Research Division, and the Office of State Budget and Management. Requires MEDs to be used only for state business and requires limited issuance only when use is a critical requirement for job performance. Requires plans to be the minimum required to support work requirements and requires considering the use of pagers. Requirements for each MED issued must be documented in a written justification maintained by the agency and reviewed annually. Requires regular review and audit of MED plans and usage. Requires quarterly reports on changes to policies and number and types of MEDs issued, including types and cost. Requirement does not apply to legislative or judicial branches.

**USE OF DMV INSPECTION PROGRAM ACCOUNT FUND**

**SECTION 6A.15.** New provision amends GS 20-183.7(d) to allow funds in the Inspection Program Account to be used for replacement of the State Titling and Registration System and the State Automated Driver License System.

**STATEWIDE INFORMATION TECHNOLOGY PROCUREMENT**

**SECTION 6A.16.** New provision requires Statewide Information Technology Procurement (SITP) to be funded through fees charged to agency using SITP services. Authorizes the Office of State Budget and Management to transfer funds to SITP from any agency that fails to pay for services within 30 days of billing.

#### **REPLACEMENT OF THE STATE TITLING AND REGISTRATION SYSTEM (STARS) AND THE STATE AUTOMATED DRIVER LICENSE SYSTEM (SADLS)**

**SECTION 6A.17.** New provision requires the Department of Transportation, Division of Motor Vehicles, to begin the replacement of systems as title indicates. Department is to determine costs and funding strategies for system. Requires plan and associated time line by October 1, 2011. Establishes quarterly reporting requirements beginning on that date, and requires the Office of the state Chief Information Officer and the Office of Information Technology Services to provide support and expedited project review.

#### **ENTERPRISE ELECTRONIC FORMS AND DIGITAL SIGNATURES**

**SECTION 6A.18.** New provision requires the state to develop forms and signatures as title indicates under the direction of the State Controller. Requires the State Controller to report quarterly to the Joint Legislative Oversight Committee on Information Technology, beginning October 1, 2011.

#### **EVALUATION OF STATE INFORMATION TECHNOLOGY OPERATIONS**

**SECTION 6A.19.** New provision requires the General Assembly to conduct a detailed, comprehensive evaluation of information technology (IT) operations, infrastructure, systems, ongoing projects, and applications within state government. Includes evaluation of state IT organization and functions, inventory of assets and resources, agency operations, actual agency IT costs, costs of specific IT projects and support, funding sources, common requirements for IT infrastructure, systems, projects, or applications. Requires the House and Senate Appropriations Committee chairs to establish a project team to develop an evaluation plan/methodology and to manage the evaluation. Requires agencies to provide all requested support and information. Authorizes the project team to implement changes during the evaluation to create opportunities for savings or efficiencies. Provides that the General Assembly will create an advisory committee chaired by the State Controller to provide advice and assistance during the evaluation. Appropriates \$2 million for fiscal year 2011-12 and \$3 million for fiscal year 2012-13 to implement the evaluation.

#### **COMPREHENSIVE ENTERPRISE-LEVEL DATA INTEGRATION CAPABILITY**

**SECTION 6A.20.** Substantially similar to 4th edition provision (see Section 6A.13). Moves the deadline for updating BEACON Strategic Plan for Data Integration from March 1, 2012, to October 1, 2011. Prioritizes Criminal Justice Law Enforcement Automated Data System in the effort for data integration. Deletes provision prohibiting members of the General Assembly from serving on the Data Integration Steering Committee. Requires all state agencies to support and participate in development of an automated fraud detection system, and lists specific requirements for the Office of the State Controller in developing this system. Authorizes the Office of the State Controller to enter into an enterprise automated fraud detection contract for \$8 million over two years and establishes payment schedule and other minimum requirements. Replaces \$100,000 appropriation in 4th edition with allocation of funds appropriated to the Office of the State Controller in the amount of \$1.5 million for the 2011-12 fiscal year, and \$7.5 million for the 2012-13 fiscal year, to support the enterprise process to detect fraud, waste, and improper payments across state agencies, of which \$500,000 is to be used by the Office of the State Controller and the remainder to be used to fund payments to the vendor.

### **PART VII. PUBLIC SCHOOLS**

#### **EDUCATION REFORM IN NORTH CAROLINA**

**SECTION 7.1.** Same as 4th edition except stresses that it is a priority of the General Assembly that high school graduates enter the workforce or higher education fully prepared. Replaces the lengthy list of issues to be studied by the Joint Education Oversight Committee (Ed Oversight) with the following: (1) literacy and (2) ways to reduce the need for remedial education in the state's institutions of higher learning to save the costs of repeatedly paying for the same education. Requires Ed Oversight to report its comprehensive plan to address these issues to the 2012 Regular Session of the 2011 General Assembly. Specifies that the comprehensive plan is to include implementation dates and schedules that address the following items: (1) implementation of a third grade literacy policy, including the advisability of a program modeled on Florida's reading specialist program; (2) ways to hold high schools accountable for the performance of their students in higher education institutions, including requiring that high schools fund developmental education; and (3) determining the most cost-effective way to provide remedial education in higher education [items (2) and (3) were in the 4th edition as issues to be studied].



Deletes the provisions from the 4th edition which focused on the need for all children in all grades to receive quality education from high quality teachers and directed Ed Oversight to study a lengthy list of issues which included (1) the relationship of teacher tenure and teacher pay to student performance, (2) strategies for reducing teacher paperwork to assist teachers in spending more time with students, (3) kindergarten as a transition year between pre-K and elementary education, (4) the relationship to student performance of reducing the teacher-student ratio to 1:15 in grades first through third, and (5) other issues relating to the transition from high school to higher education.

### **CAREER AND COLLEGE PROMISE**

**SECTION 7.1A.** New provision directs the State Board of Education (SBE) and the North Carolina Community College System (NCCCS) to establish the Career and College Promise (CCP) program. Provides that the purpose of the CCP program is to provide structured opportunities for qualified high school students to dually enroll in community college courses that follow Career and College pathways that lead to a certificate, diploma, or degree as well as entry-level job skills. Provides that students dually enrolled in high school and the CCP program who continue with postsecondary education after high school graduation will be able to obtain a postsecondary degree in less time than would normally be required. Consolidates and replaces all existing high school transitions programs, including Huskins, Concurrent Enrollment, Cooperative and Innovative High Schools, Learn and Earn, and Learn and Earn Online, with the CCP program.

Permits the offering of specified Career and College Pathways aligned with the K-12 curriculum and career and college ready standards adopted by the SBE by (1) North Carolina community colleges subject to approval by the State Board of Community Colleges (SBCC) and (2) the constituent institutions of the University of North Carolina subject to approval by the UNC Board of Governors.

Directs the NCCCS and the Department of Public Instruction (DPI) to jointly develop and implement an accountability program to evaluate long- and short-term outcomes for CCP. Delineates the outcomes to be measured.

Directs the community colleges to generate budget based on full-time equivalent students (FTE) for instruction provided through CCP and to report no later than February 1 to Ed Oversight, or if the General Assembly is in session, to the House and Senate Education Committees, regarding the number and cost of high school FTE served as a result of the CCP program created by this section. Effective January 1, 2013, and repealed effective June 30, 2015.

Makes the following conforming changes: (1) repeals GS 115D-1.1 and GS 115D-1.2 and (2) amends GS 115D-41 and GS 115C-238.54.

Amends GS 115D-20 regarding the powers and duties of local community college trustees to provide that local community colleges, subject to the approval of the SBCC, may collaborate with local school administrative units (LEAs) to offer courses through the following programs: (1) cooperative innovative high school programs as provided by Part 9 of Article 16 of GS Chapter 115C; (2) academic transition pathways for qualified high school students that lead to a career technical education certificate or diploma; and (3) college transfer certificates requiring the successful completion of eight college transfer courses, including English and math.

Directs the NCCCS, UNC General Administration, and the NC Independent Colleges and Universities, Inc. (should it choose to participate) to develop a plan for articulation of a college transfer certificate to all UNC institutions and participating independent colleges and universities.

Amends Part 9 of Article 16 of GS Chapter 115C to expand the target groups for innovative high school programs to include high school students with parents who did not continue education beyond high school. Makes additional changes streamlining the list of objectives for cooperative innovative high school programs. Adds a definition for *cooperative innovative high school* to mean a high school that (1) has no more than 100 students per grade level; (2) partners with an institution of higher education to enable students to concurrently obtain a high school diploma and begin or complete an associate degree program, master certificate or vocational program or earn up to two years of college credit within five years; and (3) is located on the campus of the institution of higher education unless the governing board specifically waives the requirement through a formal resolution. Requires cooperative innovative high schools approved by the SBE prior to July 1, 2011, to meet the requirements set out in the definition of *cooperative innovative high school* no later than July 1, 2014. Provides that any cooperative innovative high school which fails to meet the specified requirements by July 1, 2014, will no longer be authorized as such. Amends GS 115C-238.51, specifying that no additional state funds will be provided to approved programs unless approved by the General Assembly.

Except as otherwise provided, the provisions of this section become effective January 1, 2012.

### **CLASS SIZE REDUCTION FOR GRADES 1-3**

**SECTION 7.1B.** New provision provides that it is the intent of the General Assembly to reduce class size in grades first through third to a class size allotment not exceeding a 1:15 ratio as funds become available. Provides findings by the General Assembly that the beneficial effect on academic achievement of such a ratio in grades 1-3 is supported by educational research.

#### **FUNDS FOR CHILDREN WITH DISABILITIES**

**SECTION 7.2.** Same as 4th edition except changes the amount of additional funds allocated for children with disabilities to \$3,585.88 per child (was, \$3,598.55).

#### **FUNDS FOR ACADEMICALLY GIFTED CHILDREN**

**SECTION 7.3.** Same as 4th edition except changes the amount of additional funds allocated for academically or intellectually gifted children to \$1,192.90 per child for fiscal years 2011-12 and 2012-13.

#### **USE OF SUPPLEMENTAL FUNDING IN LOW-WEALTH COUNTIES**

**SECTION 7.4.** Identical to 4th edition.

#### **LITIGATION RESERVE FUNDS**

**SECTION 7.5.** Identical to 4th edition.

#### **UNIFORM EDUCATION REPORTING SYSTEM (UERS) FUNDS**

**SECTION 7.6.** Identical to 4th edition.

#### **FOCUSED EDUCATION REFORM PROGRAM FUNDS DO NOT REVERT**

**SECTION 7.7.** Identical to 4th edition.

#### **DISADVANTAGED STUDENT SUPPLEMENTAL FUNDING (DSSF)**

**SECTION 7.8.** Identical to 4th edition.

#### **TUITION CHARGE FOR GOVERNOR'S SCHOOL**

**SECTION 7.9.** Identical to 4th edition.

#### **SCHOOL CONNECTIVITY INITIATIVE FUNDS**

**SECTION 7.10.** Identical to 4th edition.

#### **TEXTBOOKS**

**SECTION 7.11.** Deleted.

#### **SMALL SCHOOL SYSTEM SUPPLEMENTAL FUNDING**

**SECTION 7.12.** Same as the 4th edition, except provides that all county school administrative units (units) with an average daily membership (ADM) that is less than maximum small school system ADM are eligible for small school system supplemental funding. Sets the maximum small school system ADM at 3,200 students for the 2011-12 and 2012-13 fiscal years (was, allocated funding to units with ADM less than 3,175 students and to units with a total ADM of 3,175 to 4,000 students if the unit is located in a county that has a county-adjusted property tax base per student that is below the state-adjusted property tax base per student). Deletes provisions specifying how the allocation formula is to be used.

Provides a revised formula for determining the dollar allotment to each eligible county. Provides that for the 2011-12 and 2012-13 fiscal years, the maximum small school system dollars per student is \$2,000. Provides that if a unit becomes ineligible for funding under the small school system supplemental funding formula, the funding for the unit is to be phased out in equal increments over a five-year period with funding eliminated in the fifth fiscal year after the unit becomes ineligible (was, funding for an ineligible unit was continued for seven years after the ineligibility). Prohibits reducing allotments for eligible units by more than 20% in any fiscal year. Deletes reporting and use of funds provisions.

#### **ELIMINATION OF REPORTING REQUIREMENTS**

**SECTION 7.13.** Same as 4th edition, except amends GS 115C-12(25) to delete requirement that the State Board of Education (SBE) must include information on school improvement plans in its mandated reports to Ed Oversight. Repeals GS 115C-47(38), which requires local boards of education to establish school improvement teams. Also repeals GS 115C-105.20(b)(5), which requires that the SBE establish dispute resolution

guidelines to resolve disputes in the development of school improvement plans. Amends GS 115C-105.25 to eliminate from budget flexibility provisions that funds allocated for teacher assistants may be transferred to reduce class size. Makes conforming changes to various provisions of GS Chapter 115C to eliminate references to school improvement plans and school improvement teams. Repeals GS 115C-105.27 and GS 143B-146.12 (development and approval of school improvement plans), GS 115C-105.30 (Staff development funds and school improvement plans), GS 115C-105.31(b)(3) (Creates the Task Force on School Based Management), GS 115C-105.32 (parental involvement and conflict resolution as a part of school improvement plan), and GS 115C-105.47(b)(13) (regarding directions to school improvement teams).

Amends GS 115C-174.12(a)(3) to transfer the authority for approving more than two field tests at any one grade level during a school year to the principal of the school (was, the school improvement team). Repeals GS 115C-105.41, which requires LEAs to identify students who are at-risk of academic failure and provides a timeline for developing a personal education plan for academic improvement for all students identified as at-risk.

Provides that the SBE cannot require more than five semester hours or seven and one-half units of renewal credits to renew a North Carolina Standard Professional 2 professional educator's license.

#### **SCHOOL BUILDING ADMINISTRATION (NEW)**

**SECTION 7.14.** Same as 4th edition, except includes provision allowing LEAs to transfer funds for school building administration for any purpose that is not otherwise prohibited by the SBE's ABC transfer policy. Requires the LEA to submit an ABC Transfer Form to the Department of Public Instruction (DPI). Provides additional guidelines and restrictions on the use of the transferred funds.

#### **TRANSFER OF FEDERAL AGRICULTURAL EDUCATION FUNDS**

**SECTION 7.15.** Deleted.

#### **ELIMINATION OF TEACHERS FOR GEOGRAPHICALLY ISOLATED SCHOOLS (NEW)**

**SECTION 7.16.** Deletes provision in 4th edition and instead repeals Section 7.26 of SL 2009-451, which defined geographically isolated schools (was, provided for no reduction in funding for additional teaching positions at geographically isolated schools as defined in Section 7.26 of SL 2009-451).

#### **SCHOOL CALENDAR PILOT PROGRAM**

**SECTION 7.17.** Same as 4th edition, except adds Montgomery County Schools to the school calendar pilot program.

#### **PERFORMANCE PAY MODEL PROGRAM**

**SECTION 7.18.** Deleted.

#### **BUDGET REDUCTIONS/DEPARTMENT OF PUBLIC INSTRUCTION**

**SECTION 7.19.** Identical to 4th edition.

#### **LEA BUDGET ADJUSTMENT**

**SECTION 7.20.** Identical to 4th edition.

#### **LEA BUDGETARY FLEXIBILITY**

**SECTION 7.21.** Same as 4th edition, except excludes teaching assistants from the goal of protecting direct classroom services as LEAs are making efforts to reduce spending. Also deletes provision that allocation of teachers in grades K-3 is to remain unchanged.

#### **NORTH CAROLINA VIRTUAL PUBLIC SCHOOLS**

**SECTION 7.22.** Same as 4th edition except directs the State Board of Education (SBE) to reduce each LEA's or charter school's classroom teacher allotment, or other allotment as determined by the SBE (was, ADM dollar allotment), on the basis of ADM in grades 6-12 to provide \$2,866,923 for the state-level operations and administration of the NC Virtual Public Schools (NCVPS) for the 2011-12 fiscal year.

Directs the State Board of Education (SBE), for fiscal year 2011-12, to reduce each LEA's or charter school's classroom teacher allotment, or other allotment as determined by the SBE (was, ADM dollar allotment), on the basis of ADM in grades 6-12 to provide \$2 million in order to create an NCVPS enrollment reserve to cover the instructional costs of LEAs or charter schools with enrollments that exceed projected NCVPS enrollment.

Directs the SBE, beginning in fiscal year 2012-13 and annually thereafter, to reduce each LEA's or charter school's classroom teacher allotment, or other allotment as determined by the SBE (was, ADM dollar

allotment), on the basis of ADM in grades 6-12 by an amount that is the difference between \$2 million and the balance of the NCVPS enrollment reserve.

#### **PERFORMANCE-BASED REDUCTIONS IN FORCE**

**SECTION 7.23.** Same as 4th edition, except directs each LEA to adopt a Reduction in Force (RIF) policy (was, directed SBE to adopt an RIF policy that was consistent across all LEAs) that includes criteria as specified in the 4th edition. Requires each LEA to have the RIF policy in place on or before July 15, 2011.

#### **TEACHING FELLOWS ADMINISTRATIVE REDUCTION**

**SECTION 7.24.** Identical to 4th edition.

#### **RESIDENTIAL SCHOOLS**

**SECTION 7.25.** Same as the 4th edition, except declares that the General Assembly has determined that there is no longer a need for three residential schools and directs DPI to determine which one of the following residential schools is to be closed: (1) the Eastern North Carolina School for the Deaf, (2) the Governor Morehead School for the Blind, or (3) the North Carolina School for the Deaf. Requires DPI to report its decision as to which school is to close and its plan for consolidating that school's programs with those at the two remaining schools to Ed Oversight no later than January 15, 2012. Specifies that the following criteria are to be considered by DPI in deciding which residential school is to be closed: (1) minimization of the impact on services to deaf and blind students currently served by the residential schools, (2) minimization of the costs of modifications at the two remaining schools to accommodate students from the closed school, and (3) maximization of the funds generated or net savings to the state from the closing of one residential school. Requires closure and consolidation by July 1, 2012.

Amends GS 115C-325(p) to make provisions regarding the procedure for dismissal of school administrators and teachers employed in low-performing residential schools applicable to DPI.

#### **SIXTY-FIVE PERCENT OF SCHOOL FUNDING MUST BE USED FOR CLASSROOM INSTRUCTION**

**SECTION 7.26.** Deleted.

#### **DEPARTMENT OF PUBLIC INSTRUCTION RECEIPTS**

**SECTION 7.27.** New provision permits DPI to realign receipts among specified General Fund purpose codes on a recurring basis through the budget certification process for the sole purpose of correctly aligning the certified budget with the appropriate purpose or programs as defined in GS 143C-1-1(d)(23).

#### **SCHOOL BUS PURCHASES**

**SECTION 7.28.** New provision directs local boards of education (local boards) to use allotments for replacement school buses only for purchases during fiscal year 2011-12 or for 2011-12 fiscal year payments for purchase financing contracts entered into during prior years. Prohibits local boards from using allotments for replacement school buses to enter into a purchase financing contract that will require state funding in future years.

Amends GS 115C-249 to delete provision regarding the appropriation of funds by the General Assembly for the purchase of school buses or service vehicles and the allocation of such funds to local school boards by the SBE. Also deletes provision which allowed a local board to apply to the SBE funds to replace a damaged or destroyed school bus. Deletes provision that prohibited appropriations by the General Assembly for the purchase of public school buses from reverting to the General Fund. Eliminates distinctions between *additional or replacement* school bus or service vehicle, and provides that a local board has title to any school bus or service vehicle purchased under the provisions of GS 115C-249 as amended in this act. Makes a conforming change to GS 115C-426(f)(4). Effective July 1, 2012.

#### **INCREASE NUMBER OF INSTRUCTIONAL DAYS**

**SECTION 7.29.** New provision amends GS 115C-84.2 to require that a school calendar include a minimum of 185 instructional days (was, 180 days) and 1,025 instructional hours (was, 1,000 hours). Deletes subsection (a)(4) which provided for five days, designated by the local board, for use as teacher workdays. Makes conforming changes, reducing the number of days that local boards must designate as days on which teachers may take accumulated vacation leave to two (was, seven).

#### **TESTING PROGRAM**

**SECTION 7.30.** New provision amends GS 115C-174.11 to direct the SBE to continue to participate in the development of the Common Core State Standards in conjunction with a consortium of other states. Requires the SBE to review all national assessments developed by both multistate consortia and to implement the assessments that the SBE deems most appropriate to assess student achievement on the Common Core Standards. Also requires the SBE to plan for and require the administration of the ACT test in 11<sup>th</sup> grade to the extent that funds are available. Provides an exemption from taking the ACT test for students who have already taken a comparable test and scored at or above a level set by the SBE. Makes a conforming change.

Adds two new Parts to Article 10A of GS Chapter 115C: Part 4, *Student Diagnostic Tests*, and Part 5, *Career Readiness*. Part 4 requires the SBE to plan for and require the administration of diagnostic tests in the eighth and tenth grades that align with the ACT test, to the extent that there are funds available. Part 5 directs the SBE to plan for and require LEAs to make the appropriate Work Keys tests available for all students who complete the second level of vocational/career courses, to the extent that funds are available.

Provisions in this section apply beginning with the 2011-12 school year.

#### **FUND ONE LEA PER COUNTY**

**SECTION 7.31.** As the title indicates. Provides that the SBE is to begin allotting state funds on the basis of only one LEA per county beginning with the 2012-13 fiscal year. Specifies additional criteria regarding the allotment of funds on a one-LEA-per-county basis. Provides that this section does not apply to allotments to the Nash-Rocky Mount School Administrative Unit, the Edgecombe County School Administrative Unit, the Cleveland County School Administrative Unit, or the Gaston County School Administrative Unit.

#### **PART VIII. COMMUNITY COLLEGES**

##### **REORGANIZATION OF THE COMMUNITY COLLEGES SYSTEM OFFICE**

**SECTION 8.1.** Identical to 4th edition.

##### **REPEAL OBSOLETE REPORTING REQUIREMENTS**

**SECTION 8.2.** Identical to 4th edition.

##### **IMPLEMENT ALTERNATIVE FORMULA MODEL**

**SECTION 8.3.** Identical to 4th edition.

##### **USE OF OVERREALIZED RECEIPTS TO SUPPORT ENROLLMENT GROWTH RESERVE RATHER THAN EQUIPMENT RESERVE**

**SECTION 8.4.** Identical to 4th edition.

##### **BASIC SKILLS PLUS**

**SECTION 8.5.** Identical to 4th division.

##### **CARRYFORWARD OF COLLEGE INFORMATION SYSTEM FUNDS**

**SECTION 8.6.** Identical to 4th edition.

##### **EQUIPMENT FUNDING**

**SECTION 8.8.** Same as 4th edition, except deletes requirement that the State Board of Community Colleges allocate \$250,000 of the funds appropriated to the Community College System Office for the 2011-12 fiscal year for equipment to Forsyth Technical Community College.

##### **CLARIFICATION REGARDING EQUIPMENT TITLED TO STATE BOARD**

**SECTION 8.9.** Identical to 4th edition.

##### **NO STATE FUNDS FOR INTERCOLLEGIATE ATHLETICS**

**SECTION 8.10.** Identical to 4th edition.

##### **MANAGEMENT FLEXIBILITY REDUCTION/COMMUNITY COLLEGES**

**SECTION 8.11.** Deleted.

##### **COMMUNITY COLLEGE TUITION WAVERS**

**SECTION 8.12.** Same as 4th edition, except amends GS 115D-5(b) to clarify that the State Board of Community Colleges (SBCC) may provide for waivers of tuition and registration fees for courses requested by specified entities that support the organizations' training needs and are on a specialized course list approved by the SBCC (was, courses requested for the training of personnel by the specified entities).

Amends GS 115D-39(a1) to identify any federal firefighters, EMS personnel, and rescue and lifesaving personnel (was, applied only to federal law enforcement officers) with a permanent duty station in North Carolina as eligible for the state resident community college tuition rate for courses that support their organizations' training needs and are approved for this purpose by the SBCC.

#### **FUNDING FOR MULTICAMPUS CENTERS**

**SECTION 8.13.** Identical to 4th edition.

#### **STUDY COMMUNITY COLLEGE PERFORMANCE MEASURES**

**SECTION 8.14.** Identical to 4th edition.

#### **COMMUNITY COLLEGE AUDITS**

**SECTION 8.15.** Identical to 4th edition.

#### **ENROLLMENT GROWTH**

**SECTION 8.16.** Identical to 4th edition.

#### **LIMITATION ON COMMUNITY COLLEGE TUITION**

**SECTION 8.17.** Deleted.

#### **EXEMPT COMMUNITY COLLEGES FROM APA**

**SECTION 8.18.** New provision repeals GS 150B-1(d)(14) and (19) which provided exemptions from the rule making provisions of Article 2A of GS chapter 150B for the Community Colleges System Office in developing guidelines for the Community College Facilities and Equipment Fund, and in developing criteria and guidelines administering the Customized Training Program under GS 115D-5.1. Adds a new subsection (g) to GS 150B-1 to provide that, except as provided in GS 143-135.3 (regarding boards, commissions, or other state agencies contracting for construction or repair work), no Article in GS Chapter 150B except Article 4 (judicial review) applies to the Community College Systems Office. Effective when it becomes law.

#### **CAPITAL IMPROVEMENTS AT COMMUNITY COLLEGES**

**SECTION 8.19.** New provision amends GS 115D-9 to provide that the authority of the State Board of Community Colleges (SBCC) to engage in specified activities in the processing of making capital improvements applies to state-funded property developments (was, state or non-state funded property developments) requiring the estimated expenditure of public money of \$4 million or less (was, \$1 million or less). Adds new subsection (h) to provide that the provisions of GS 143-341(3) (regarding the powers and duties of the Department of Administration with respect to capital projects), do not apply to a capital improvement project that is funded with non-state funds if the SBCC determines that the college has the expertise necessary to manage the project unless the assistance of the Office of State Construction is requested. Effective when it becomes law and applies to projects initiated on or after that date.

#### **ADDITIONAL FLEXIBILITY WITH REGARD TO COMMUNITY COLLEGE INVESTMENTS**

**SECTION 8.20.** New provision amends GS 115D-58.6 (investment of idle cash) to add definitions for *cash balance* (all moneys received into institutional fund accounts minus all expenses and withdrawals from those accounts in an official depository of the institution as designated by the local board of trustees consistent with GS 115D-58.7) and *official depository* (one or more banks, savings and loan associations, or trust companies in North Carolina designated by a community college board of trustees consistent with GS 115D-58.7).

Provides that a community college may deposit at interest (was, deposit at interest or invest) all or part of the cash balance of any fund in any official depository of the institution. Creates a new subsection to deal with investments by an institution of all or part of the cash balance of any fund in an official depository of the institution. Provides that a community college is to manage its investments subject to restrictions and directions imposed by the board of trustees. Authorizes the institution to purchase, sell, and exchange securities on behalf of the board of trustees. Requires that the investment program be managed to allow investments and deposits to be converted into cash as needed. Provides that money shall (was, may) only be invested in the form of investments pursuant to GS 159-30(c) to county governments (was, county governments and no others) or in any form of investment

established or managed by an investment advisor who is registered and in good standing with either the Securities and Exchange Commission or the NC Secretary of State, Securities Division, and is a member of the Securities Investor Protection Corporation. Clarifies that the investment securities listed in GS 159-30(c) may be bought, sold, and traded by private negotiation and that the institutions may pay all incidental costs resulting from these actions.

Directs the board of trustees to appoint an Investment Committee with a minimum of three individuals with sufficient financial background to review and evaluate investment options. Provides additional guidelines regarding the experience and knowledge required of the Investment Committee members. Instructs the board of trustees as to their duties with respect to the management and investment of college funds. Amends GS 147-69.2 to add a new subdivision, (20) Institutional funds of the colleges of the North Carolina Community College System.

## **PART IX. UNIVERSITIES**

### **CENTER FOR PUBLIC TELEVISION CONTINUATION REVIEW**

**SECTION 9.1.** Identical to 4th edition.

### **UNIVERSITY CANCER RESEARCH FUND REPORTING REQUIREMENT**

**SECTION 9.4.** Identical to 4th edition.

### **UNC BOARD OF GOVERNORS REVIEW OF FACULTY RECRUITMENT AND RETENTION**

**SECTION 9.5.** Identical to 4th edition.

### **UNC MANAGEMENT FLEXIBILITY REDUCTION**

**SECTION 9.6.** Same as the 4th edition, except in the allocation of the management flexibility reduction, prohibits reducing state funds by more than 15% from the Governor's Recommended Continuation Budget for 2011-13 fiscal biennium, in either fiscal year of the biennium, for the following (was, identified entities for whom there was to be no deduction made): (1) Hickory Metro Higher Education Center; (2) joint Graduate School of Nanoscience and Nanoengineering at North Carolina Agricultural and Technical State University and the University of North Carolina at Greensboro; (3) the North Carolina Research Campus; (4) Agricultural Extension; (5) Agricultural Research; (6) University of North Carolina School of Arts; and (7) the North Carolina Judicial College of the UNC School of Government.

Prohibits any reduction in state funds in allocating the management flexibility reduction in either fiscal year of the 2011-13 biennium to the following: (1) Center for Turfgrass Environmental Research and Education at North Carolina State University; (2) Need-Based Financial Aid; and (3) Aid to Private Colleges.

### **ADVISORY COMMISSION ON MILITARY AFFAIRS/MODIFY MEMBERSHIP**

**SECTION 9.6A.** New provision amends GS 127C-2 to add the President of the University of North Carolina and the President of the North Carolina Community College System as nonvoting, ex-officio members of the North Carolina Advisory Commission on Military Affairs. Increases the number of nonvoting, ex-officio members to 17.

### **CLARIFICATION/GENERAL FUND APPROPRIATIONS CARRIED FORWARD BY UNC SHALL NOT BE USED FOR CAPITAL IMPROVEMENTS**

**SECTION 9.6B.** New provision amends GS 116-30.3 as the title indicates.

### **ALLOW CHANCELLORS OF CONSTITUENT INSTITUTIONS TO APPROVE CERTAIN REPAIR AND MAINTENANCE PROJECTS AND FUND THOSE WITH AVAILABLE OPERATING FUNDS**

**SECTION 9.6C.** New provision amends GS 116-13.1 as the title indicates. Provides that the chancellor of UNC's constituent institutions may approve the expenditure of available operating funds that does not exceed \$1 million per project for certain repair and maintenance projects. Provides that funds contractually obligated to an approved project do not revert at the end of the fiscal year and remain available to fund the completion of the project.

### **AUTHORIZE BOARD OF GOVERNORS TO PERMIT NORTH CAROLINA STATE UNIVERSITY TO SELF-PERFORM ENERGY CONSERVATION MEASURES AND TO AUTHORIZE ENERGY SAVINGS REALIZED BY NORTH CAROLINA STATE UNIVERSITY TO BE USED AS A SOURCE OF REPAYMENT FOR CERTAIN DEBTS**

**SECTION 9.6D.** New provision GS 143-64.17L authorizes the UNC Board of Governors (Board) as the title indicates. Requires that both of the following conditions be met in order for the Board to authorize North Carolina State University (NCSU) to implement an energy conservation measure without entering into a guaranteed energy savings contract: (1) the Board finds that the resulting energy savings equal or exceed the total cost of implementing the measure, and (2) the energy conservation measure is for an existing building or utility system.

Enacts new GS 143-64.17M to require an energy savings analysis prior to the implementation of an energy conservation measure under proposed GS 143-64.17L, and a post-implementation analyses by the institution after implementation of an energy conservation measure. Requires that both the prior and post-implementation analyses be done by a third party, and that the post-implementation analyses be done on an annual basis. Requires the third party to provide a reconciliation statement annually which is to disclose any shortfall or surplus between the estimated energy usage and operational savings set forth in the required energy savings analysis and actual energy usage and operational savings incurred during a given year. Provides additional responsibilities on the part of the institution if the reconciliation statement reveals a shortfall in energy savings for a given year.

Amends GS 116-30.3B(b) to provide that appropriations to the Board of Governors on behalf of a constituent institution are not to be reduced as a result of the institutions energy savings.

Amends GS 143-64.17F(b) to provide that the rules adopted under this subsection do not apply to energy conservation measures implemented under new GS 143-64.17L.

Amends GS 143-64.17H to require that a state governmental unit entering into a guaranteed energy savings contract or implementing an energy conservation measure under GS 143-64.17L must report either the contract and its terms or the implementation of the measure to the State Energy Office of the Department of Commerce within 30 days of the date the contract is entered into or the measure is implemented. Makes a conforming change.

Makes conforming change to GS 142-63, GS 142-64(a), and GS 116D-22(3).

#### **AMEND REGULATION OF UNC INSTITUTIONAL TRUST FUNDS AND FUNDS OF UNC HEALTH CARE SYSTEM**

**SECTION 9.6E.** New provision amends GS 116-36.1 as the title indicates. Directs the Board to adopt uniform policies and procedures applicable to the deposit and investment, as well as the administration of the trust funds, of UNC and of each institution. Provides that trust funds and investment earnings on those funds are available for expenditure by each institution without any further authorization from the General Assembly. Directs each institution to submit reports or other information regarding its trust fund accounts as required by the Board (was, the Director of the Budget). Provides that the Board may authorize, via the President, that the chancellors may deposit or invest each institution's available trust fund cash balances in interest-bearing accounts and other investments as may be authorized by the Board in the exercise of its sound discretion, without regard to any statute or rule of law relating to the investment of funds by fiduciaries.

Amends GS 116-37(e) to provide that all receipts of the University of North Carolina Hospitals at Chapel Hill (UNC Hospitals) may be invested pursuant to GS 116-37.2(h) (was, GS 147.69.2(b3)). Amends GS 116-37.2 to expand the definition for *funds* to include moneys received by UNC Hospitals with borrowings for capital; equipment or construction projects to further services it renders in either or both of its hospital or clinical operations. Makes additional conforming changes to reflect changes in GS 116-36.1.

#### **UNC/INSTITUTIONAL EXPENDITURE BENCHMARKS**

**SECTION 9.6F.** New provision amends GS 116-31.10 to provide that an institution with an expenditure benchmark greater than \$250,000 is to comply with subsection GS 116-31.10(b) for any purchase greater than the institution's benchmark set by the Board (was, greater than \$250,000) but not greater than \$500,000. Effective October 1, 2011.

#### **UNC ASSUME RESPONSIBILITY FOR QUALITY ACCEPTANCE INSPECTION PROCESS**

**SECTION 9.6G.** New provision amends GS 143-60 which provides that the Secretary of Administration may adopt, modify, or abrogate rules covering specified purposes. Provides that provisions regarding the delivery of supplies and materials as specified do not apply to the constituent institutions of UNC and provides that the President of UNC is to issue regulations and guidelines for the conducting of quality inspections by constituent institutions to ensure that deliveries have been made in compliance with specifications. Effective October 1, 2011.

#### **NCSU MAY SELL TIMBER**



**SECTION 9.6H.** New provision adds new GS 143-64.06 as the title indicates. Provides that North Carolina State University may sell timber that is severed or transferred from any unimproved timberlands owned or allocated to NCSU without involvement by the State Surplus Property Agency (Agency) without having to pay any service charge or surcharge to the Agency.

#### **USE OF ESCHEAT FUND FOR NEED-BASED FINANCIAL AID PROGRAMS**

**SECTION 9.8.** Identical to 4th edition.

#### **UNC NEED-BASED FINANCIAL AID PROGRAM FUNDING SCHEDULE**

**SECTION 9.9.** Same as 4th edition, except decreases the amounts to be carried forward and held in reserve by the State Education Assistance Authority to \$59,859,562 for each of fiscal years 2011-12 and 2012-13 (was, \$89 million for each fiscal year).

#### **CONSOLIDATE ASSETS OF MILLENNIUM TEACHING SCHOLARSHIP LOAN PROGRAM AND PROSPECTIVE TEACHERS SCHOLARSHIP LOAN FUND/GIVE PRIORITY FOR SCHOLARSHIP LOANS FOR PROSPECTIVE TEACHERS TO CERTAIN FORMER TEACHER ASSISTANTS**

**SECTION 9.10.** Same as the 4th edition, except directs the State Education Assistance Authority to give priority when awarding scholarship loans to any applicant who qualifies for a scholarship loan under GS 116-209.33 if the applicant was formerly employed as a teacher assistant at a public school in North Carolina and lost the position as a result of a reduction in force.

#### **LIMIT CERTAIN FINANCIAL AID GRANTS TO THE TRADITIONAL TIME PERIOD REQUIRED TO EARN A BACCALAUREATE DEGREE**

**SECTION 9.11.** Same as the 4th edition except codifies Section 9.11(a) as new GS 116-25.1, limiting the receipt of UNC need-based financial aid grants to no more than nine academic semesters or its equivalent if the individual is enrolled part-time, unless the student is enrolled in a program officially designated by the Board as a five-year degree program. Sets the limit for receipt of need-based financial aid grants for students enrolled in a five-year degree program at 11 full-time academic semesters or its equivalent if enrolled part-time. Effective for the 2012-13 academic year and each subsequent year.

Deletes amendments to GS 116-21.3(d) (legislative tuition grants) and to GS 116-43.5(f) (state tuition grants). Makes additional conforming changes to reflect the deleted amendments.

#### **ACADEMIC COMMON MARKET**

**SECTION 9.12.** Identical to 4th edition.

#### **ELIMINATE CERTAIN UNC TUITION WAIVERS FOR NONRESIDENT STUDENTS**

**SECTION 9.13.** Deleted.

#### **ELIMINATE PRIVATE MEDICAL SCHOOL AID**

**SECTION 9.14.** Identical to 4th edition.

#### **TRANSFER NORTH CAROLINA ARBORETUM RESPONSIBILITIES TO WESTERN CAROLINA**

**SECTION 9.15.** Identical to 4th edition.

#### **SPECIAL RESPONSIBILITY CONSTITUENT INSTITUTION AUDITS**

**SECTION 9.16.** Identical to 4th edition.

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

**SECTION 9.17.** Deleted.

#### **NEED-BASED SCHOLARSHIPS FOR STUDENTS ATTENDING PRIVATE INSTITUTIONS OF HIGHER EDUCATION**

**SECTION 9.18.** New provision adds new Article 34 to GS Chapter 116 to provide as the title indicates (applies to the 2012-13 academic year and each subsequent academic year). Presents definitions for terms as used in Article 34. Delineates the eligibility requirements to receive a scholarship under the proposed Article. Includes that only needy North Carolina students are eligible to receive scholarships and provides that *needy North Carolina students* are students whose expected family contribution under the federal methodology does not exceed \$5,000. Requires that the student must meet all other eligibility requirements for the federal Pell Grant

except for the expected family contribution. Requires the student to qualify as a legal resident of this state for tuition purposes and that the student must meet enrollment standards. Provides that a student's continued eligibility requires that the student meet certain achievement standards. Limits the duration of the scholarship for a qualifying student to four full academic years. Provides guidelines regarding determining the amount of any scholarship awarded under this proposed Article. Effective July 1, 2011.

Provides that the scholarships awarded under this proposed Article are to be administered under the State Education Assistance Authority (Authority) under rules adopted by the Authority, effective July 1, 2011. Allows the Authority to use up to 1.5% of the funds appropriated for scholarships for administrative purposes. Provides that unexpended funds are to remain available for future scholarships awarded under this proposed Article.

Makes conforming changes to GS 115C-499.1(3). Repeals the following statutes: GS 116-19, 116-20, 116-21, 116-21.1, 116-21.2, 116-21.3, 116-21.4, 116-22, and 116-43.5.

Directs the Authority to report no later than June 1, 2013 to Ed Oversight regarding the implementation of proposed Article 34. Prescribes information to be contained in the report. Effective July 1, 2011.

Amends GS 90-332.1(a)(4a) to provide that Article 24 (Licensed Professional Counselors Act) does not apply to a nonprofit postsecondary educational institution as described in GS 116-80 that is not a seminary, Bible school, Bible college, or similar religious institution.

Amends GS 105-278.4(a) to provide that buildings, the land that they occupy, and additional land reasonably necessary for the convenient use of the building are exempt from taxation if the buildings are owned by a nonprofit postsecondary educational institution as described in GS 116-80 that is not a seminary, Bible school, Bible college, or similar religious institution. Amends GS 116-11(10a) to include a nonprofit postsecondary educational institution as described in GS 116-80 that is not a seminary, Bible school, Bible college, or similar religious institution in the definition for *institutions of higher learning*. Makes a conforming change to GS 143-49(6).

Except as otherwise indicated, the provisions of this Section are effective July 1, 2012.

## **CONSTITUENT INSTITUTIONS MAY PURCHASE MOTOR VEHICLES INDEPENDENT OF MOTOR FLEET MANAGEMENT**

**SECTION 9.19.** New provision amends GS 143-341(8)i.3 as the title indicates.

## **PART X. DEPARTMENT OF HEALTH AND HUMAN SERVICES**

### **CHILD CARE SUBSIDY RATES**

**SECTION 10.1** Identical to 4th edition.

### **CHILD CARE ALLOCATION FORMULA**

**SECTION 10.2.** Identical to 4th edition.

### **CHILD CARE FUNDS MATCHING REQUIREMENT**

**SECTION 10.3.** Identical to 4th edition.

### **CHILD CARE REVOLVING LOAN**

**SECTION 10.4.** Identical to 4th edition.

### **EXPIRATION OF EARLY EDUCATION CERTIFICATION REQUIREMENT**

**SECTION 10.4A.** New provision, effective July 1, 2011, repeals SL 2010-178 (requires all early care and education providers working in licensed child care centers or licensed family child care homes to obtain and maintain early educator certification).

### **EARLY CHILDHOOD EDUCATION AND DEVELOPMENT INITIATIVES ENHANCEMENTS**

**SECTION 10.5.** Effective July 1, 2011, dissolves the North Carolina Partnership for Children and transfers the activities assigned to that Partnership to the Division of Child Development of the Department of Health and Human Services. Directs the Division to develop a plan to allocate funds available to it to local partnerships. Retains limitations on use of funds by local partnerships as specified in 4th edition, with following changes: (1) limits administrative costs to 4% of the total statewide allocation to all partnerships; (2) directs Division to establish salary caps for employees of partnerships, ranging from \$100,000 for a partnership that receives more than \$10 million in state funds, to \$60,000 for partnerships that receive no more than \$1 million, although non-state funds may be used to provide higher salaries; (3) specifies that for each year of 2011-13 biennium, local

partnerships must spend at least \$72 million, of which \$20 million is to be spent to reduce waiting lists for child care subsidies.

**ADMINISTRATIVE ALLOWANCE FOR COUNTY DEPARTMENTS OF SOCIAL SERVICES**

**SECTION 10.6.** Identical to 4th edition.

**CONSOLIDATE MORE AT FOUR PROGRAM INTO DIVISION OF CHILD DEVELOPMENT**

**SECTION 10.7.** Identical to 4th edition.

**MENTAL HEALTH CHANGES**

**SECTION 10.8.** Identical to 4th edition.

**JOHNSTON COUNTY LME ADMINISTRATIVE FUNDING.**

**SECTION 10.8A.** Deleted.

**MH/DD/SAS HEALTH CARE INFORMATION SYSTEM PROJECT**

**SECTION 10.9.** Identical to 4th edition.

**LME FUNDS FOR SUBSTANCE ABUSE SERVICES**

**SECTION 10.10.** Identical to 4th edition.

**MH/DD/SAS COMMUNITY SERVICE FUNDS**

**SECTION 10.11.** Substantively identical to 4th edition, except requires Division to reduce the Community Service Fund by \$30 million, rather than by \$20 million.

**CONSOLIDATION OF FORENSIC HEALTH CARE AT DOROTHEA DIX COMPLEX**

**SECTION 10.12.** Identical to 4th edition.

**TRANSITION OF UTILIZATION MANAGEMENT OF COMMUNITY-BASED SERVICES TO LOCAL MANAGEMENT ENTITIES**

**SECTION 10.13.** Identical to 4th edition.

**THIRD PARTY BILLING FOR STATE FACILITIES**

**SECTION 10.14.** Identical to 4th edition.

**COLLABORATION AMONG DEPARTMENTS OF ADMINISTRATION, HEALTH AND HUMAN SERVICES, JUVENILE JUSTICE AND DELINQUENCY PREVENTION AND PUBLIC INSTRUCTION OF SCHOOL-BASED CHILD AND FAMILY TEAM INITIATIVE**

**SECTION 10.15.** Identical to 4th edition.

**DHHS POSITION ELIMINATIONS**

**SECTION 10.16.** Same as 4th edition, except the amount of reduction required by the elimination of positions is increased from \$6.5 million to \$7,771,997.

**DHHS REGULATORY FUNCTIONS STUDY AND PLAN**

**SECTION 10.17.** Deleted.

**REDUCE FUNDING FOR NONPROFIT ORGANIZATIONS**

**SECTION 10.18.** Increases amount of reduction to nonprofits from \$5 million to \$10 million, and prohibits reduction of allocation to the NC High School Athletic Association by more than 10%. Deletes prohibition on reduction of funds for organizations that provide direct services to individuals with developmental disabilities.

**PROHIBIT USE OF ALL FUNDS FOR PLANNED PARENTHOOD ORGANIZATIONS**

**SECTION 10.19.** Identical to 4th edition.

**LIABILITY INSURANCE**

**SECTION 10.20.** Identical to 4th edition.

**CHANGES TO COMMUNITY-FOCUSED ELIMINATING HEALTH DISPARITIES INITIATIVE**

**SECTION 10.21.** Same as 4th edition, except limits the number of grants that can be issued to 12, with a maximum of \$300,000 per grant, with grants running from two to three years. Grants must be distributed across the three regions of the state.

**FUNDS FOR SCHOOL NURSES**

**SECTION 10.22.** Identical to 4th edition.

**REPLACEMENT OF RECEIPTS FOR CHILD DEVELOPMENT SERVICE AGENCIES**

**SECTION 10.23.** Identical to 4th edition.

**HEALTH INFORMATION TECHNOLOGY**

**SECTION 10.24.** Identical to 4th edition.

**FUNDS FOR STROKE PREVENTION**

**SECTION 10.25.** Identical to 4th edition.

**AIDS DRUG ASSISTANCE PROGRAM**

**SECTION 10.26.** Identical to 4th edition.

**MEN'S HEALTH**

**SECTION 10.26A.** Identical to 4th edition.

**NC HEALTH CHOICE MEDICAL POLICY**

**SECTION 10.27.** Identical to 4th edition.

**COMMUNITY CARE OF NORTH CAROLINA**

**SECTION 10.28.** Identical to 4th edition.

**MEDICAID MANAGEMENT INFORMATION SYSTEM (MMIS) FUNDS/IMPLEMENTATION OF MMIS**

**SECTION 10.29.(a)** New provision requires Department of Health and Human Services (DHHS), by August 1, 2011, to provide detailed cost information on the replacement Medicaid Management Information System (MMIS) to specified committees of the General Assembly and Office of State Budget and Management. Sets forth an enumerated list of information that must be included in the report.

**SECTION 10.29.(b)** Moves Section 10.29(a) of 4th edition (appropriation provision) to this subsection and adds language requiring DHHS to consult with the Joint Legislative Commission on Governmental Operations, and to immediately notify specified legislative bodies if DHHS determines it requires funding beyond prior year earned revenues to advance the project.

**SECTION 10.29.(c)** Same as Section 10.29.(b) of 4th edition except moves some language of Section 10.29.(b) of 4th edition to Section 10.29.(d).

**SECTION 10.29.(d)** Same as portion of Section 10.29.(b) of 4th edition except requires DHHS, before signing the vendor contract, to report detailed cost information to specified House and Senate chairs and committees. Adds requirements regarding any sole source contract.

**SECTION 10.29.(e)** New provision requires the State Chief Information Officer to ensure that the replacement MMIS meets all state requirements for project management and to immediately report any failure to meet such requirements to the specified chairs of legislative committees and the Office of State Budget and Management.

**SECTION 10.29.(f)** Same as Section 10.29.(c) of 4th edition except adds that private counsel review of requests for proposals and contracts includes amendments that exceed \$10 million; the review must include whether contract terms are in the state's best interests.

**SECTION 10.29.(g)** Same as Section 10.29.(d) in 4th edition except requires DHHS to develop a revised comprehensive schedule by August 1, 2011, and requires changes to the schedule to be reported monthly, rather than quarterly.

**SECTION 10.29.(h)** Same as Section 10.29.(e) in 4th edition except requires report to include any changes, or anticipated changes, in the scope, functionality, or projected costs of the project.

**SECTION 10.29.(i)** Identical to Section 10.29.(f) in 4th edition.

**NORTH CAROLINA FAMILIES ACCESSING SERVICES THROUGH TECHNOLOGY (NC FAST) FUNDS**

**SECTION 10.30.** Identical to 4th edition.

#### **MEDICAID**

**SECTION 10.31.(a)** Same as 4th edition except adds that DHHS must apply Medicaid medical policy to recipients who have primary insurance other than Medicare, Medicare Advantage, and Medicaid, unless application of the policy would adversely affect patient care.

**SECTION 10.31.(b)** Same as 4th edition except requires providers to submit requests for prior authorizations electronically via the vendor's website.

**SECTION 10.31.(c)** Identical to 4th edition.

**SECTION 10.31.(d)** Same as 4th edition except, with respect to optional drug services, removes language prohibiting DHHS from implementing prior authorization on medications prescribed for Medicaid recipients for the treatment of mental illness or HIV/AIDS.

**SECTION 10.31.(e)** Identical to 4th edition.

**SECTION 10.31.(f)** Identical to 4th edition.

**SECTION 10.31.(g)** Identical to 4th edition.

#### **MEDICAID PROVIDER ASSESSMENTS**

**SECTION 10.31A.** New provision authorizes DHHS to implement a Medicaid assessment program for any willing provider category allowed under federal regulations up to the maximum allowed by federal regulation. Sets forth permissible use of assessment funds.

#### **DMA CONTRACT SHORTFALL**

**SECTION 10.32.** Identical to 4th edition.

#### **MEDICAID COST CONTAINMENT ACTIVITIES**

**SECTION 10.33.** Identical to 4th edition.

#### **MEDICAID SPECIAL FUND TRANSFER**

**SECTION 10.34.** Identical to 4th edition.

#### **ACCOUNTING FOR MEDICAID RECEIVABLES AS NONTAX REVENUE**

**SECTION 10.35.** Identical to 4th edition.

#### **FAMILIES PAY PART OF THE COST OF SERVICES UNDER THE CAP-MR/DD PROGRAM AND THE CAP-CHILDREN'S PROGRAM BASED ON FAMILY INCOME**

**SECTION 10.36.** Identical to 4th edition.

#### **AUTHORIZE THE DIVISION OF MEDICAL ASSISTANCE TO TAKE CERTAIN STEPS TO EFFECTUATE COMPLIANCE WITH BUDGET REDUCTIONS IN THE MEDICAID PROGRAM**

**SECTION 10.37.** Same as 4th edition except quantifies the provider rate reduction (3%) and changes the providers that are excepted from the rate reduction. Limits length of stay for mental health residential services to no more than 120 days (was, no more than 180 days). Removes language prohibiting reductions for adult care home services below current levels. Prohibits the provider rate for physicians from being reduced and requires inpatient hospital rates to be reduced by an annualized amount not to exceed by 9.6% (does not apply to non-state-owned free standing psychiatric and rehabilitation hospitals). Removes local health departments and Critical Access Behavioral Health Agencies from the list of providers exempt from the rate reductions. Sets schedule for rate reductions that includes implementation beginning October 1, 2011. Eliminates from Medicaid services optical services and supplies; limits, beginning fiscal year 2012-13, adult dental to emergency and pregnant women only. Authorizes DHHS to adjust the rate paid for incontinence supplies. Eliminates respiratory therapy, chiropractic services, home infusion therapy, over-the-counter drugs, podiatry (except for diabetes), adult physical therapy, occupational therapy, and speech therapy. Limits outpatient specialized therapies to three visits per year and reduces nursing homes ceiling to 100%. Eliminates H Codes, provisionally licensed MH billing, and reduces service limits.

#### **MEDICAID WAIVER FOR ASSISTED LIVING**

**SECTION 10.38.** Same as 4th edition except providers who do not accept reimbursement for residents' personal care services through Medicaid or the State-County Special Assistance program are not subject to the provisions, requirements, or conditions of the Medicaid Waiver.

**PROGRAM INTEGRITY**

**SECTION 10.39.** Identical to 4th edition.

**TRANSFER TO OFFICE OF ADMINISTRATIVE HEARINGS**

**SECTION 10.40.** Identical to 4th edition

**NC HEALTH CHOICE**

**SECTION 10.41.** Same as 4th edition except provides that health benefits changes of the Program must meet the coverage requirements set forth in the amended statutory requirements rather than “begin to transition” to meet the requirements.

**MEDICATION THERAPY MANAGEMENT PILOT**

**SECTION 10.42.** Identical to 4th edition.

**NO INFLATIONARY MEDICAID PROVIDER RATE INCREASES**

**SECTION 10.43.** Moved to Section 10.37.(a)(6)a.5.

**MEDICAID RECIPIENT APPEALS**

**SECTION 10.44.(a)** New provision amends GS 108A-70.9A to require that a properly completed appeal request form must be filed with the Office of Administrative Hearings (OAH). DHHS must reinstate or continue services only if the appeal is filed within 10 days of the adverse notice. If the appeal is filed more than 10 days from the date of the adverse notice, DHHS must not authorize payment for services at the level provided on the day preceding the adverse determination or the amount requested by the recipient pending the outcome of the appeal. Provides that only a completed DHHS individualized appeal request form may be accepted for hearing by OAH. Appeal request forms filed more than 30 days from the date of adverse notice must not be accepted for hearing by OAH under any circumstances. Sets forth notice requirements that OAH must give DHHS upon receipt of a hearing request.

**SECTION 10.44.(b)** New provision amends GS 108A-70.9B to provide that “good cause” for holding a hearing in the county of residence of the recipient, rather than Wake County, is limited to the recipient’s impairments limiting travel. Redefines “good cause” necessary to reopen a contested Medicaid case. Makes other technical and clarifying changes.

**DEPARTMENT TO DETERMINE COST-SAVINGS FOR MEDICAID THAT WOULD RESULT FROM PROVISION OF MUSCULOSKELETAL HEALTH SERVICES**

**SECTION 10.45.** Identical to 4th edition.

**MEDICAID PROVIDER RATE COST ADJUSTMENTS**

**SECTION 10.46.** Moved to Section 10.37.(a)(6) and changes formula for reducing rate for hospital inpatient services.

**DHHS SAVINGS THROUGH CCNC**

**SECTION 10.47.** Same as 4th edition except requires savings of \$83,071,581 for 2011-12 and \$90 million for 2012-13.

**INCREASE GENERIC DRUG DISPENSING RATE IN MEDICAID BY REVISING PHARMACY DISPENSING FEES FOR PHARMACISTS THAT DISPENSE HIGH PROPORTIONS OF GENERIC DRUGS**

**SECTION 10.48** Same as 4th edition except changes amount of required savings to \$15 million for 2011-12 and \$24 million for 2012-13 (was, \$18.2 million and \$29 million, respectively).

**NC NOVA**

**SECTION 10.49.** Identical to 4th edition.

**INTENSIVE FAMILY PRESERVATION SERVICES FUNDING AND PERFORMANCE ENHANCEMENTS**

**SECTION 10.50.** Identical to 4th edition.

**FOSTER CARE AND ADOPTION ASSISTANCE PAYMENT RATES**

**SECTION 10.51.** Identical to 4th edition.

**ADOPTION ASSISTANCE VENDOR PAYMENTS**

**SECTION 10.51A.** New provision authorizes DHHS to eliminate the Adoption Assistance Vendor payments for all adoptions finalized on or after July 1, 2011. Only children who have been in foster care are eligible for Adoption Assistance.

**CHILD CARING INSTITUTIONS**

**SECTION 10.52.** Identical to 4th edition.

**REPEAL STATE ABORTION FUND**

**SECTION 10.53.** Identical to 4th edition.

**CHILD WELFARE POSTSECONDARY SUPPORT PROGRAM**

**SECTION 10.54.** Identical to 4th edition.

**TANF BENEFIT IMPLEMENTATION**

**SECTION 10.55.** Identical to 4th edition.

**PAYMENT FOR LIEAP/CIP**

**SECTION 10.56.** Same as 4th edition except directs that the Crisis Intervention Program payment must not exceed \$600 per household per fiscal year.

**CONSOLIDATE BLIND, DEAF, AND VOCATIONAL REHABILITATION DIVISIONS**

**SECTION 10.57.** Deleted.

**NON-MEDICAID REIMBURSEMENT CHANGES**

**SECTION 10.58.** Identical to 4th edition.

**STATE-COUNTY SPECIAL ASSISTANCE**

**SECTION 10.59** Identical to 4th edition.

**DHHS BLOCK GRANTS**

**SECTION 10.60.** Same as 4th edition except moves \$1 million of TANF block grant funds from Work First Family Assistance to the Division of Services for the Blind for an additional \$1 million allocation to the Independent Living Program. Reduces the Low-Income Home Energy Assistance block grant allocation to the Division of Social Services Crisis Intervention Program by \$110,638 and allocates the same amount to the NC Commission on Indian Affairs. Requires DHHS, Division of Social Services, to certify county block grant funds in the appropriate state level services based on prior year actual expenditures. Adds provision relating to low-income energy assistance that requires county departments of social services to submit to the Division of Social Services an outreach plan for targeting households with 60 year-old household members no later than August 1 of each year.

**PART XI. DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES****REPEAL BOARD OF AGRICULTURE REVIEW OF FEE SCHEDULES**

**SECTION 11.2.** Identical to 4th edition.

**RECLASSIFY THREE VACANT POSITIONS WITHIN DACS TO ANIMAL WELFARE PROGRAM**

**SECTION 11.7.** Identical to 4th edition.

**AGRICULTURAL RESEARCH STATIONS OPERATING REDUCTIONS**

**SECTION 11.8.** Deleted.

**PART XII. DEPARTMENT OF LABOR****LABOR/REPEAL STATUTE REQUIRING BIENNIAL REVIEW OF FEES BY DEPARTMENT**

**SECTION 12.1.** Identical to 4th edition.

**PART XIII. DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES****ABOLISH, TRANSFER TO OTHER DEPARTMENTS, OR CONSOLIDATE WITHIN DENR ALL ENVIRONMENTAL HEALTH PROGRAMS UNDER DENR**

**SECTION 13.3.** Makes numerous technical changes to 4th edition, but transfers the same entities as transferred under 4th edition, except transfers the Grade "A" Milk Sanitation Program to the Division of Public Health of DHHS rather than to the Food and Drug Protection Division of the Department of Agriculture and Consumer Services.

**MODIFY ELIMINATION OF NON-MATCH POSITIONS IN REGIONAL OFFICES**

**SECTION 13.3A.** Deleted.

**REQUIRE DENR TO USE DWQ'S GROUNDWATER INVESTIGATION UNIT'S WELL DRILLING SERVICES IN OTHER DENR DIVISIONS**

**SECTION 13.4.** Identical to 4th edition.

**ADDITIONAL USES OF HAZARDOUS WASTE FEES**

**SECTION 13.5.** Deleted.

**DENR CIVIL PENALTY ASSESSMENTS**

**SECTION 13.6.** Identical to 4th edition.

**WATER AND AIR QUALITY ACCOUNT REVERTS**

**SECTION 13.7** Identical to 4th edition.

**CHANGE EFFECTIVE DATE REGARDING WELL TESTING**

**SECTION 13.10.** Identical to 4th edition.

**FUNDS FOR CLEANUP AND MONITORING OF TEXFI SITE CONTAMINATION**

**SECTION 13.10A.** Identical to 4th edition.

**FUNDS FOR RECYCLING PROGRAMS FOR PRODUCTS THAT CONTAIN MERCURY**

**SECTION 13.10B.** Identical to 4th edition.

**USE OF FUNDS OBTAINED FROM CLOSING THE RALEIGH OFFICE OF THE DIVISION OF COASTAL MANAGEMENT**

**SECTION 13.10C.** Deleted.

**FUNDS FOR DENR STUDY OF ONSHORE SHALE GAS RESOURCES IN NC**

**SECTION 13.10D.** Rewrites provision to direct that funds for study come from the Mercury Switch Removal Account, and specifies that the study is to focus on shale gas resources, provided Senate Bill 709 becomes law.

**FLEXIBILITY IN REDUCTIONS AT DENR REGIONAL OFFICES**

**SECTION 13.10E.** Deleted.

**RESTORE CERTAIN POSITIONS AT DENR REGIONAL OFFICES**

**SECTION 13.10F.** Deleted.

**DENR CELL PHONE FUNDS REDUCTION**

**SECTION 13.10G.** Deleted.

**DENR MOTOR FLEET MANAGEMENT FUNDS REDUCTION**

**SECTION 13.10H.** Deleted.

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



**SECTION 13.10I.** Deleted

**REPEAL DENR REVIEW OF FEE SCHEDULES**

**SECTION 13.11.** Identical to 4th edition.

**DWSRF LOANS AND GRANTS TO INVESTOR-OWNED DRINKING WATER CORPORATIONS**

**SECTION 13.11A.** New provision amends GS 159G-31 to allow investor-owned for profit drinking water corporations to apply for loans and grants from the Drinking Water State Revolving Fund. Makes conforming statutory changes.

**REGULATORY REFORM FOR DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES, DEPARTMENT OF LABOR, AND DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES**

**SECTION 13.11B.** New provisions in GS Chapter 95, 106, and 143B establish limits on rule-making authority of the three departments cited in the title. Each section provides that the department may not adopt a rule that imposes a more restrictive standard than one imposed by federal law, subject to exceptions established by the new statutes. The exceptions are for serious and unforeseen threats to health and safety, express legislative mandate to adopt rules, changes in budgetary policy, federally mandated rules, or court orders. For proposed rules with no federal analog, the agency must prepare a formal evaluation of costs and benefits of the rule.

**PARKS AND RECREATION TRUST FUND; ALLOCATION OF DEED STAMP TAX PROCEEDS CREDITED TO FUND**

**SECTION 13.14.** Same as 4th edition, but with different amounts than in 4th edition: increases allocation to state parks to \$9.75 million from \$8 million; increases allocation to local governments to \$6,345,000 from \$4,230,000; and increases allocation to Beach Access Program to \$1,057,500 from \$705,000.

**NATURAL HERITAGE TRUST FUND USED FOR COSTS TO ADMINISTER PLANT CONSERVATION PROGRAM/CONSERVATION PLANNING & COMMUNITY AFFAIRS PROGRAM**

**SECTION 13.16.** Identical to 4th edition.

**OYSTER SANCTUARY PROGRAM SUPPORT**

**SECTION 13.18.** Identical to 4th edition.

**MARINE FISHERIES ENCOURAGED TO CONTRACT WITH PRIVATE SECTOR FOR OYSTER SANCTUARY RESTORATION**

**SECTION 13.18A.** New provision applies as title indicates.

**DIVISION OF MARINE FISHERIES TO USE DIVISION OF FOREST RESOURCES MECHANICS FOR AIRCRAFT MAINTENANCE**

**SECTION 13.18B.** New provision applies as title indicates.

**END PILOT PROGRAM FOR ANNUAL INSPECTIONS OF CERTAIN ANIMAL OPERATIONS**

**SECTION 13.21.** Identical to 4th edition.

**END DSWC ROLE REGARDING ANIMAL WASTE MANAGEMENT SYSTEMS**

**SECTION 13.22.** Identical to 4th edition.

**TRANSFER DIVISION OF SOIL AND WATER CONSERVATION AND SOIL AND WATER CONSERVATION COMMISSION TO DACS**

**SECTION 13.22A.** New provision transfers Division of Soil and Water Conservation to the Department of Agriculture and Consumer Services by Type I transfer, and transfers Soil and Water Conservation Commission to DACS by Type II transfer. Makes numerous conforming changes.

**AGRICULTURAL WATER RESOURCES ASSISTANCE PROGRAM/CONFORMING CHANGES; FUNDS TO PROMOTE WATER SUPPLY DEVELOPMENT**

**SECTION 13.23.** Identical to 4th edition, except deletes provisions contingent on House Bill 609 becoming law.

**CONTRACT TO OUTSOURCE GIFT SHOPS AT NC ZOO TO DIRECT PROFITS TO ZOO FUND**

**SECTION 13.24.** Identical to 4th edition.

**TRANSFER FORESTRY DIVISION AND FORESTRY COUNCIL FROM DENR TO DACS**

**SECTION 13.25.** Identical to 4th edition.

**CLEAN WATER MANAGEMENT TRUST FUND**

**SECTION 13.26.** Same as 4th edition except increases from \$1 million to \$1.5 million the amount allocated during 2011-13 fiscal biennium for the Readiness and Environmental Protection Initiative and any other U.S. Department of Defense program, as specified, and increases from \$6 million to \$8 million the amount allocated for wastewater projects, water quality restoration projects, mini-grants, conservation easements, and stormwater projects.

**NEW FUNDING SOURCE FOR WILDLIFE RESOURCE COMMISSION OPERATING BUDGET**

**SECTION 13.27.** Same as 4th edition, except reduces from \$18.5 million to \$16 million the appropriation from the General Fund to the Wildlife Resources Commission, and removes requirement that the funds be used for personal services expenditures only.

**ANNUAL REPORT TO GOV OPS ON WILDLIFE RESOURCES FUND EXPENDITURES**

**SECTION 13.28.** Identical to 4th edition.

**ANNUAL APPROPRIATIONS FOR BEAVER DAMAGE CONTROL PROGRAM FROM FUNDS AVAILABLE TO THE WILDLIFE RESOURCES COMMISSION**

**SECTION 13.29.** Identical to 4th edition.

**MUSEUM OF NATURAL SCIENCES TEMPORARY WAGES**

**SECTION 13.30.** Deleted.

**GREEN SQUARE OPERATING RESERVE**

**SECTION 13.31.** Deleted.

**SOIL AND WATER AREA COORDINATOR POSITIONS AT DENR REGIONAL OFFICES**

**SECTION 13.32.** Deleted.

**FOREST RESOURCES OPERATING REDUCTION**

**SECTION 13.33.** Deleted.

**PARKS AND RECREATION OPERATING REDUCTION**

**SECTION 13.34.** Deleted.

**PART XIV. DEPARTMENT OF COMMERCE****NER BLOCK GRANTS**

**SECTION 14.1.** Identical to 4th edition but adds new section 14.1(g) to restrict use of Infrastructure funds to the installation of public water or sewer lines and improvements to water or sewer treatment plants that have specific problems such as being under moratoriums or special orders of consent, and to prevent the reallocation of subsection (a) federal block infrastructure funds.

**ONE NORTH CAROLINA FUND**

**SECTION 14.2.** Same as 4th edition but makes major changes as follows:

- (1) Deletes section 14.2(b), which would authorize the Department of Commerce (DOC) to use up to \$250,000 of One North Carolina Fund appropriations to create and maintain an electronic database;
- (2) Adds new section 14.2(b) to amend GS 143B-437.07 (Economic development grant reporting) to (a) Require DOC to publish information concerning entities that have received economic incentives during the previous five calendar years, providing it to the General Assembly on a quarterly basis; (b) Require information to include, among other things, the development tier designation of the county in which site is located, the source and dollar value of incentives by program name, and dollar value of local government funds provided, the intended purpose of the fund, the amount of potential future

liability under the incentive program, the number of, type, and wage level of jobs to be created or retained, the projected cost per job created or retained, and any amount recaptured from the business entity for failure to satisfy terms of the agreement; (c) Require DOC to post summary of such report on its website; and (d) require the Department of Revenue (DOR) to report as economic development incentives special tax credits and refunds;

- (3) Deletes substance of section 14.2(c), which would add GS Chapter 143B, Article 10 (Part 2L. Monitor and Assess Job Creation)
- (4) Rewrites section 14.2(c) with provision relieving DOC of requirement to file report concerning economic development incentives prior to July 1, 2011.

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

**SECTION 14.2(A).** Deletes \$700,000 allocation by Department of Agriculture and Consumer Services State Fair Enterprise Fund for a defense and security technology accelerator.

#### **EXTEND DEADLINE FOR TWENTY PERCENT REDUCTION OF PETROLEUM PRODUCTS USE FOR STATE FLEETS/CLARIFY REPORTING REQUIREMENT**

**SECTION 14.2(B).** New provision amends Section 19.5(a) of SL 2005-276, as amended by Section 14.141(a) of SL 2009-451 to extend fuel reduction deadline to July 1, 2016 (now, July 1, 2011), agency reporting deadlines to September 1, 2016 (now, September 1, 2011), and State Energy Office reporting deadlines to November 1, 2016 (now, November 1, 2011).

#### **STATUS OF TRAVEL AND TOURISM INDUSTRY IN NC/ANNUAL REPORT**

**SECTION 14.3.** Identical to 4th edition.

#### **NORTH CAROLINA WINERIES & TOURISM /OPERATING COMMITTEES**

**SECTION 14.3A.** Deleted.

#### **WINE AND GRAPE GROWERS COUNCIL ELIMINATED**

**SECTION 14.3B.** New provision repeals GS Chapter 143B, Article 10, Part 2J as title indicates.

#### **21<sup>ST</sup> CENTURY COMMUNITIES PROGRAM ELIMINATED/CONFORMING CHANGES**

**SECTION 14.3C.** New provision amends GS Chapter 143B, Article 10, Part 2K to eliminate 21<sup>st</sup> Century Communities Program and make conforming changes.

#### **EMPLOYMENT SECURITY COMMISSION FUNDS.**

**SECTION 14.4.** Identical to 4th edition.

#### **TRANSFER EMPLOYMENT SECURITY COMMISSION TO DEPARTMENT OF COMMERCE**

**SECTION 14.5.** Identical to 4th edition.

#### **EXTEND UNEMPLOYMENT INSURANCE BENEFITS**

**SECTION 14.5A.** New provision amends G.S. 96-12.01(a1)(4) to allow extended benefits to be paid under the Federal Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 so long as the payment of benefits does not hinder the State's ability to reduce its federal debt incurred to pay for the extended benefits. Makes provisions effective April 16, 2011, but expiring on January 1, 2012.

#### **AGRICULTURAL EMPLOYEES/UNEMPLOYMENT INSURANCE**

**SECTION 14.5B.** New provision amends GS 96-8(5)n. to increase from \$20,000 to \$50,000 the total wage floor paid for agricultural labor above which an employer must contribute to unemployment insurance fund.

#### **DEPARTMENT OF COMMERCE/CONTRACTS RELATED TO EMPLOYMENT SECURITY ORGANIZATIONAL REFORM**

**SECTION 14.5C** New provision authorizes Department of Commerce to enter into sole-source contracts to obtain recommendations to achieve employment security organizational reform.

#### **TRANSFER STATE PORTS AUTHORITY FROM DEPARTMENT OF COMMERCE TO DEPARTMENT OF TRANSPORTATION**

**SECTION 14.6.** Same as 4th edition except for the following changes:

- (1) Section 14.6(e) of 4th edition becomes Section 14.6(f);
- (2) Section 14.6(f) of 4th edition becomes Section 14.6(g);
- (3) Section 14.6(g) of 4th edition becomes Section 14.6(e);
- (4) Section 14.6(h) adds additional amendment to GS 136-260(a) to provide that the State Ports Authority is created within the Department of Transportation (NCDOT) and is under the supervision of the NCDOT Secretary, that members of the North Carolina Board of Transportation may be appointed to the authority, and that the Governor will appoint six members to the authority, effective July 1, 2011.

**STUDY COSTS OF SERVICES PROVIDED BY DEPARTMENT OF COMMERCE TO AGENCIES IN THE DEPARTMENT OF COMMERCE**

**SECTION 14.7.** Identical to 4th edition.

**INDUSTRIAL COMMISSION FEES/COMPUTER SYSTEM REPLACEMENT**

**SECTION 14.8** Identical to 4th edition.

**UTILITIES COMMISSION/TERMS OF COMMISSIONERS**

**SECTION 14.8A.** New provision amends GS 62-10(b) to reduce the terms of Utilities Commission members from eight years to four years, effective July 1, 2011, and applying to all vacancies on the Commission occurring on or after that date.

**STATE-AID REPORTING REQUIREMENTS**

**SECTION 14.10.** Same as 4th edition except reduces from \$120,000 to \$100,000 the cap on the annual salary of any one employee of an entity named in the section.

**GRASSROOTS SCIENCE PROGRAM**

**SECTION 14.11.** Same as 4th edition except reduces from \$120,000 to \$100,000 the cap on the annual salary of any one employee of one of the named museums and science centers.

**WAKE FOREST INSTITUTE FOR REGENERATIVE MEDICINE/PROFIT SHARING WITH STATE**

**SECTION 14.12.** Rewrites almost entirely the 4th edition. Requires Wake Forest to reimburse the state by returning to it 5% of the royalty revenue received by the Institute from inventions arising under research projects for which state funds were used, plus 4% interest. Requires Institute to report by September of each year to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division on program activities, objectives, and accomplishments. Requires Institute to provide Fiscal Research Division with a copy of the Institute's annual audited financial statement within 30 days of its issuance. Forbids the release to the Institute of remaining allotments if it does not satisfy reporting requirements. Provides that annual salary of any one Institute employee may not exceed \$100,000.

**COUNCIL OF GOVERNMENT FUNDS**

**SECTION 14.12A.** Identical to 4th edition.

**RTI INTERNATIONAL /REPORTING REQUIREMENTS; USE OF STATE FUNDS**

**SECTION 14.12.B.** New provision provides that appropriated funds are to be used to support new research conducted in North Carolina, that the organization is to report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division by September 1 of each year and failure to do so will result in forfeiture of remaining allotments; that unexpended, unencumbered funds revert; and that the annual salary of any one employee may not exceed \$100,000.

**E-NC AUTHORITY TO TRANSFER FEDERAL GRANT FOR BROADBAND MAPPING TO NC CENTER FOR GEOGRAPHIC INFORMATION AND ANALYSIS**

**SECTION 14.12.C.** New provision directs Authority to consult with the National Telecommunications and Information Administration regarding the orderly transfer of grant funds originally awarded to the Authority under the State Broadband Data and Development grant program to the Center cited in title.

**REGIONAL ECONOMIC DEVELOPMENT COMMISSIONS ALLOCATIONS**

**SECTION 14.13.** Deleted.

**BIOFUELS CENTER OF NORTH CAROLINA**

**SECTION 14.14.** Same as 4th edition except it reduces from \$4.5 million to \$4 million the Center's overall allocation for the following activities and reduces the allocation for individual activities for each year of 2011-13 fiscal biennium as follows:

- (1) General Administration: from \$1,010,197 to \$897,953
- (2) Administration - Projects & Program Delivery : from \$732,113 to \$650,767
- (3) Communications & Public Information: from \$143,100 to \$127,200
- (4) Grant Program: from \$1,613,790 to \$1,434,480
- (5) Targeted Projects & Accelerated Initiatives: from \$1,000,800 to \$889,600.

Also, reduces from \$120,000 to \$100,000 the cap on the annual salary of any one employee of the Center.

**NORTH CAROLINA BIOTECHNOLOGY CENTER**

**SECTION 14.15.** Same as 4th edition reduces from \$17,551,710 to \$16,576,615 the Center's overall allocation and reallocates funds according to new categories for each year of the 2011-2013 fiscal biennium as follows:

- (1) Job Creation: \$3,569,736
- (2) Science and Commercialization: \$10,729,550
- (3) Center Operations: \$2,277,329

Allows Center management to adjust allocations above by a factor of up to 10%. Reduces from \$120,000 to \$100,000 the cap on the annual salary of any one employee of the Center.

**RURAL ECONOMIC DEVELOPMENT CENTER**

**SECTION 14.16.** Same as 4th edition reduces from \$3,583,691 to \$3,384,600 the Center's overall allocation for the following activities and reduces the allocation for individual activities for each year of 2011-13 fiscal biennium as follows:

- (1) Administration: from \$1,302,173 to \$1,229,830
- (2) Research and Demonstration Grants: from \$294,120 to \$277,780
- (3) Institute for Rural Entrepreneurship: from \$114,570 to \$108,205
- (4) Community Development Grants: from \$844,250 to \$797,360
- (5) Microenterprise Loan Program: from \$155,610 to \$146,965
- (6) Water/Sewer Matching Grants: from \$701,955 to \$662,960
- (7) Statewide Water/Sewer Database: from \$79,523 to \$75,098
- (8) Agricultural Advancement Consortium: from \$91,490 to \$86,402

Reduces from \$120,000 to \$100,000 the cap on the annual salary of any one employee of the center.

**RURAL ECONOMIC DEVELOPMENT CENTER/INFRASTRUCTURE PROGRAM**

**SECTION 14.17.** Same as 4th edition except reduces the allocation for each year of the 2011-13 fiscal biennium from \$16,505,758 to \$15,588,772.

**OPPORTUNITIES INDUSTRIALIZATION CENTERS FUNDS**

**SECTION 14.18.** Same as 4th edition except reduces the allocation for each year of the 2011-13 fiscal biennium from \$287,280 to \$271,320.

**NC SMALL BUSINESS LENDING ENHANCEMENTS**

**SECTION 14.19.** New provisions create, as a component of the North Carolina Capital Access Program, the Income –Producing Property Program. Provides that the program is to leverage public investment, along with private sector resources, to stimulate additional financing opportunities for new and existing buildings used for business purposes in North Carolina. Provides that the program must require that at least 50% of commercial property to be financed is occupied. Establishes North Carolina Small Business Express Loan Fund for the purpose of providing loans ranging in size from \$5,000 to \$25,000 for the start-up or expansion of small businesses. Directs the Rural Economic Development Center to administer both the property program and the loan fund and may use up to 4% of its funds for this purpose. Requires reporting to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division by September of each year.

**PART XV. JUDICIAL DEPARTMENT**

**GRANT FUNDS**

**SECTION 15.1.** Identical to 4th edition.

**TRANSFER OF EQUIPMENT AND SUPPLY FUNDS**

**SECTION 15.2.** Identical to 4th edition.

**REIMBURSEMENT FOR USE OF PERSONAL VEHICLES**

**SECTION 15.3.** Identical to 4th edition.

**COLLECTION OF WORTHLESS CHECK FUNDS**

**SECTION 15.4.** Identical to 4th edition.

**DISPUTE RESOLUTION FEES**

**SECTION 15.5.** Identical to 4th edition.

**WORKLOAD FORMULA FOR SUPERIOR COURT JUDGES/MINUTES MAINTAINED BY THE CLERK OF SUPERIOR COURT TO RECORD CONVENING AND ADJOURNMENT OR RECESS OF COURT**

**SECTION 15.6.** Identical to 4th edition.

**STUDY FEASIBILITY OF OFFICE OF PROSECUTORIAL SERVICES**

**SECTION 15.7.** Identical to 4th edition.

**ENSURE MINIMUM NUMBER OF CLERK OF COURT STAFF**

**SECTION 15.8.** Identical to 4th edition.

**STUDY INFRACTIONS AND WAIVABLE OFFENSES**

**SECTION 15.9.** Identical to 4th edition.

**WAIVER OF CRIMINAL COURT COSTS ONLY WHEN JUDGE MAKES FINDING OF JUST CAUSE TO GRANT WAIVER**

**SECTION 15.10.** Identical to 4th edition.

**STUDY CONSOLIDATION OF JUDICIAL AND PROSECUTORIAL DISTRICTS**

**SECTION 15.11.** Identical to 4th edition.

**STATEWIDE ADMINISTRATIVE COURT SESSIONS**

**SECTION 15.11A.** Identical to 4th edition.

**OFFICE OF INDIGENT DEFENSE SERVICES EXPANSION FUNDS/EXPANSION OF PUBLIC DEFENDER OFFICES**

**SECTION 15.16.** Deletes provisions in 4th edition mandating statewide expansion of public defender system. Retains authority for Office of Indigent Defense Services (Office) to use up to \$2.15 million to expand staff in current public defender offices, to create new offices within existing public defender offices, or to establish regional public defender offices. Directs Office to seek proposals from private attorneys or non-profit organizations to provide all legal services to indigent clients in each judicial district. If proposed contract will provide services more efficiently than current costs, directs Office to enter into contracts for that purpose. Directs Office to report on the issuance of the request for proposals by October 1, 2011, to the Joint Legislative Commission on Governmental Operations.

**OFFICE OF INDIGENT DEFENSE SERVICES REPORT**

**SECTION 15.17.** Identical to 4th edition.

**AUDIT OF FARMWORKER LEGAL AID PROGRAM**

**SECTION 15.18.** Identical to 4th edition.

**ELIMINATE SENTENCING SERVICES**

**SECTION 15.19.** Deleted.

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

**SECTION 15.20.** Identical to 4th edition.

**TRIAL COURT ADMINISTRATOR POSITIONS**

**SECTION 15.21.** Specifies that trial court administrator positions must be provided in districts 4, 5, 7B/7C, 10, 12, 14, 18, 21, 26, 28, replacing 4th edition language that directed the Administrative Office of the Courts to work with any district seeking funding for trial court administrators for the district by identifying other funds currently used for that district that can be diverted to establish or maintain the position.

**PART XVI. DEPARTMENT OF JUSTICE****USE OF SEIZED AND FORFEITED PROPERTY TRANSFERRED TO STATE LAW ENFORCEMENT AGENCIES BY THE FEDERAL GOVERNMENT**

**SECTION 16.1.** Identical to 4th edition.

**PURCHASE OF TIME MANAGEMENT SOFTWARE**

**SECTION 16.2.** Identical to 4th edition.

**PRIVATE PROTECTIVE SERVICES AND ALARM SYSTEMS LICENSING BOARDS PAY FOR USE OF STATE FACILITIES AND SERVICES**

**SECTION 16.3.** Identical to 4th edition.

**CERTAIN LITIGATION EXPENSES TO BE PAID BY CLIENTS**

**SECTION 16.4.** Identical to 4th edition.

**HIRING OF SWORN STAFF POSITIONS FOR THE STATE BUREAU OF INVESTIGATION**

**SECTION 16.5.** Identical to 4th edition.

**CRIMINAL INFORMATION DATABASE STUDY**

**SECTION 16.6.** New provision directs the Department of Justice to issue request for information to determine the cost to have a private company maintain the software required for criminal information databases managed by the Criminal Information Division. Report on the request due by March 1, 2012, to specified appropriations committees.

**PART XVII. DEPARTMENT OF JUVENILE JUSTICE AND DELINQUENCY PREVENTION****STATE FUNDS MAY BE USED AS FEDERAL MATCHING FUNDS**

**SECTION 17.1.** Identical to 4th edition.

**ANNUAL EVALUATION OF COMMUNITY PROGRAMS**

**SECTION 17.2.** Identical to 4th edition.

**ALLOCATE REALIZED SAVINGS OF WILDERNESS CAMPS TO FUND CERTAIN LEVEL 2 INTERMEDIATE DISPOSITIONAL ALTERNATIVES FOR JUVENILES**

**SECTION 17.3.** Identical to 4th edition.

**JUVENILE CRIME PREVENTION COUNCIL FUNDS**

**SECTION 17.4.** Identical to 4th edition.

**FUNDING FOR JUVENILE JUSTICE AND DELINQUENCY PREVENTION EDUCATION PROGRAMMING**

**SECTION 17.5.** Identical to 4th edition.

**DJJDP AND DOC JOINT EFFORT TO MAKE IN-HOME MONITORING AVAILABLE AS ALTERNATIVE TO DETENTION FOR JUVENILES**

**SECTION 17.6** Identical to 4th edition.

**TREATMENT STAFFING MODEL AT YOUTH DEVELOPMENT CENTERS**

**SECTION 17.7.** Identical to 4th edition.

**YOUTH DEVELOPMENT CENTER ANNUAL REPORT**

**SECTION 17.8.** Identical to 4th edition.

**DJJDP FACILITY MONTHLY COMMITMENT REPORT**

**SECTION 17.9.** Identical to 4th edition.

**USE OF INMATE LABOR FOR REPAIR AND RENOVATION OF YOUTH DEVELOPMENT CENTERS**

**SECTION 17.10.** Adds provision to 4th edition's language requiring sight and sound barriers to be in place between juveniles and adult inmates working on the repair projects, and specifically authorizes the inmate crews to work at the centers, effective September 1, 2011.

**ALLOCATE FUNDS FOR REPAIRS AND RENOVATIONS TO STONEWALL JACKSON AND C.A. DILLON YOUTH DEVELOPMENT CENTERS**

**SECTION 17.11.** Identical to 4th edition.

**JUVENILE ASSESSMENT CENTER FUNDS**

**SECTION 17.12.** Identical to 4th edition.

**PART XVIII. DEPARTMENT OF CORRECTION****FEDERAL GRANT REPORTING**

**SECTION 18.1.** Identical to 4th edition.

**FEDERAL GRANT MATCHING FUNDS**

**SECTION 18.2.** Identical to 4th edition.

**USE OF CLOSED PRISON FACILITIES**

**SECTION 18.3.** Identical to 4th edition.

**LIMIT USE OF OPERATIONAL FUNDS**

**SECTION 18.4.** Identical to 4th edition.

**REIMBURSE COUNTIES FOR HOUSING AND EXTRAORDINARY MEDICAL COSTS FOR INMATES, PAROLEES, AND POST-RELEASE SUPERVISEES AWAITING TRANSFER TO STATE PRISON SYSTEM**

**SECTION 18.5.** Identical to 4th edition.

**CENTER FOR COMMUNITY TRANSITIONS/CONTRACT AND REPORT**

**SECTION 18.6.** Identical to 4th edition.

**PAROLE ELIGIBILITY REPORT/MUTUAL AGREEMENT PAROLE PROGRAM/MEDICAL RELEASE PROGRAM**

**SECTION 18.7.** Identical to 4th edition.

**CRIMINAL JUSTICE PARTNERSHIP**

**SECTION 18.8.** Identical to 4th edition.

**SWANNANOVA CORRECTIONAL CENTER FOR WOMEN**

**SECTION 18.9.** Identical to 4th edition.

**INMATE MEDICAL COST CONTAINMENT**

**SECTION 18.10.** Same as 4th edition except requires the Department of Correction to reimburse providers of inmate medical services outside a correctional facility at a rate that is two times the then current rate for Medicaid supported services (was, or at a rate of 70% of the provider's then current prevailing charge, or less). Amends GS 131E-FF(al), clarifying that specified hospitals must treat inmates in Department of Correction custody as a condition of licensure, unless the hospital lacks capacity or capability.



**DEPARTMENT OF CORRECTION RULES FOR INMATE LABOR**

**SECTION 18.12.** Same as 4th edition except deletes provision prohibiting the closing of Bladen Correctional Center.

**REPORT ON PROBATION AND PAROLE CASELOADS**

**Section 18.13.** New provision directs the Department of Correction to report by March 1 of each year to specified committees on caseload averages for probation and parole officers, as indicated. Details the components to be included in the study of probation/parole officer workload. Specifies reporting requirements.

**REMOVE SUNSET ON CORRECTION ENTERPRISES STATE AND LOCAL EMPLOYEE/RETIREE PURCHASE ALLOWANCE**

**SECTION 18.14.** New provisions state that SL 2007-280 (concerning the Division of Correction Enterprises) becomes effective August 1, 2007; deletes language stating the first sentence of GS 148-127(5) expires July 1, 2012.

**PART XIX DEPARTMENT OF CRIME CONTROL AND PUBLIC SAFETY****CONSOLIDATE THE DEPARTMENT OF CORRECTION, THE DEPARTMENT OF CRIME CONTROL AND PUBLIC SAFETY, THE DEPARTMENT OF JUVENILE JUSTICE AND DELINQUENCY PREVENTION, THE STATE BUREAU OF INVESTIGATION, AND THE NORTH CAROLINA JUSTICE ACADEMY INTO THE DEPARTMENT OF PUBLIC SAFETY****CREATION OF DEPARTMENT; CREATION OF STATUTORY PARTS AND SUBPARTS; CHANGES TO STATUTORY REFERENCES TO AGENCIES; RECODIFICATION OF AFFECTED STATUTES; OTHER SUBSTANTIVE CHANGES; CONFORMING CHANGES; LIMITED AUTHORITY TO RECLASSIFY AND ELIMINATE CERTAIN POSITIONS; CREATION OF REGIONAL OFFICES; CHANGES TO CONFORM WITH S.L. 2011-19; REPORTING AND EFFECTIVE DATE**

**SECTION 19.1.** Substantially equivalent to 4th edition, with the following changes: (1) includes State Bureau of Investigation (and State Crime Lab) in new department; (2) includes North Carolina Justice Academy in new department; (3) requires the Secretary of the new department to be confirmed by joint resolution of the General Assembly; (4) creates separate divisions within new department for the National Guard and for the Division of Emergency Management; (5) establishes the State Crime Lab as a separate division, with Director to report directly to the Secretary; (6) clarifies that heads of divisions for Adult Correction, Juvenile Justice, and Law Enforcement are all chief deputies in the new department; (7) adds new division for the Office of External Affairs; (8) specifies that Secretary may reclassify or eliminate existing administrative positions not specifically dealt with in this act; and (9) requires new department to create eight regional offices, which will house the State Bureau of Investigation, Alcohol Law Enforcement, and State Highway Patrol equipment and personnel for the region. Makes conforming changes to SL 2011-19.

**CONSOLIDATE BUDGET CODES FOR DEPARTMENT OF PUBLIC SAFETY**

**SECTION 19.2.** New provision provides as title indicates; consolidation required by July 1, 2012.

**ABOLISH BUTNER PUBLIC SAFETY DIVISION**

**SECTION 19.3.** New provision, effective July 1, 2011, abolishes the Butner Public Safety Division in the Department of Crime Control and Public Safety, and directs the Governor to transfer all personal property now used by the Division to the town of Butner. Makes conforming changes to various statutes. Directs the state of North Carolina to lease all real property allocated to or occupied by the Division as of April 1, 2011, to Butner as specified.

**REPORTS ON LAW ENFORCEMENT ACCREDITATION SERVICES**

**SECTION 19.4.** New provision directs the State Highway Patrol, Alcohol Law Enforcement Division, State Capitol Police, and State Bureau of Investigation to report to specified committees by March 1, 2012, on any national associations that accredit law enforcement agencies, with an analysis of the costs and benefits of each.

**STUDY THE FEASIBILITY OF ASSESSING A FEE FOR PROVIDING TRAFFIC CONTROL BY THE STATE HIGHWAY PATROL AT SPECIAL EVENTS**

**SECTION 19.5.** New provision directs the Joint Legislative Corrections, Crime Control and Juvenile Justice Oversight Committee to study the issue of charging fees for use of State Highway Patrol at special events, and report to the General Assembly before June 1, 2012.

## **PART XX. DEPARTMENT OF ADMINISTRATION**

### **STATE ENTITIES TO USE AGENCY FOR PUBLIC TELECOMMUNICATIONS**

**SECTION 20.1.** Same as 4th edition except deletes provision requiring all state agencies, including the University system, to use mail service center. Changes title accordingly.

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

**SECTION 20.1A.** Identical to 4th edition.

### **STUDY BY THE LEGISLATIVE RESEARCH COMMISSION OF THE DUTIES AND SERVICES OF THE NORTH CAROLINA HUMAN RELATIONS COMMISSION AND THE CIVIL RIGHTS DIVISION OF THE OFFICE OF ADMINISTRATIVE HEARINGS**

**SECTION 20.2.** Identical to 4th edition.

### **DOMESTIC VIOLENCE CENTER FUNDS**

**SECTION 20.3.** Identical to 4th edition.

### **USE OF CAPITAL PROJECT CONTINGENCY FUNDS TO INCREASE THE SPEED AND EFFICIENCY OF THE STATE CONSTRUCTION OFFICE**

**SECTION 20.4.** Identical to 4th edition.

### **OFFICE OF STATE PERSONNEL/STUDY CENTRALIZED HUMAN RESOURCES FOR COUNCIL OF STATE OFFICES**

**SECTION 20.5.** Identical to 4th edition.

### **STATE BOARD OF ELECTIONS AND ETHICS**

**SECTION 20.6.** Completely rewrites section and incorporates the substantive provisions of Senate Bill 772, digested in the *Daily Bulletin* on 4/20/11. Transfers all powers and functions of the State Ethics Commission and State Board of Elections, and the Secretary of State's powers and functions relating to lobbying registration and enforcement, to a new State Board of Elections and Ethics Enforcement, created in the provision. Creates a new GS Chapter 163A (State Elections and Ethics Act). (Does not appear to include powers and duties of the board from SB 772 version.) Repeals and recodifies under new GS Chapter 163A, provisions in GS Chapter 138A (Ethics Commission), GS Chapter 120C (Lobbying), and GS Chapter 163 (Elections). Provides for consolidation of budgets and for continuation of ongoing proceedings and investigations. Specifies that the consolidation does not affect any ongoing audit or investigation. Requires the new Board to report to the Legislative Ethics Committee on or before April 1, 2012, and again, on or before February 1, 2013, with recommendations for any necessary statutory changes. Provision becomes effective January 1, 2012, and applies to elections held on or after that date.

### **ELIMINATE FUNDING FOR DEVELOPMENT OF SMART CARDS**

**SECTION 20.7.** Identical to 4th edition.

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

**SECTION 20.8.** Deleted.

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

**SECTION 20.9.** Deleted.

## **PART XXI. DEPARTMENT OF CULTURAL RESOURCES**

### **TRANSPORTATION MUSEUM SPECIAL FUND**

**SECTION 21.1.** Identical to 4th edition.

**ROANOKE ISLAND COMMISSION FUNDING/HISTORIC ROANOKE ISLAND FUND**

**SECTION 21.2.** Identical to 4th edition.

**PART XXII. GENERAL ASSEMBLY****PED STUDYING ADMINISTRATION OF STATE ATTRACTIONS**

**SECTION 22.1.** Same as 4th edition except adds language to state the Program Evaluation Division (Division) must review all sources of revenue generated by the specified attractions, including admission fees, donations, and concession sales and directs the Division to review daily visitation trends to the attractions to determine optimal operating schedules.

**REVISOR OF STATUTES**

**SECTION 22.2.** Identical to 4th edition.

**PART XXIII. DEPARTMENT OF INSURANCE****PERMISSIBLE USE OF INSURANCE REGULATORY FUND**

**SECTION 23.1.** Identical to 4th edition.

**NO BUDGET REDUCTION FOR CERTAIN STATE FIRE PROTECTION GRANT FUND RECIPIENTS**

**SECTION 23.2.** Identical to 4th edition.

**PART XXIV. OFFICE OF STATE BUDGET AND MANAGEMENT****ACCESS TO REGISTER AND CODE**

**SECTION 24.1.** Same as 4th edition except deletes language directing the Codifier of Rules to provide a free copy of the current volume of the Register to any member of the General Assembly.

**PART XXV. OFFICE OF ADMINISTRATIVE HEARINGS****TRANSFER STATE FIRE PROTECTION GRANT FUND**

**SECTION 25.1.** Identical to 4th edition.

**NC SYMPHONY FUNDING**

**SECTION 25.2.** Identical to 4th edition.

**PERSONNEL ADJUSTMENT AND IT REDUCTION**

**SECTION 25.3.** Deleted.

**PART XXVI. STATE BOARD OF ELECTIONS****NO EXPENDITURE OF HAVA TITLE II FUNDS FOR STATE FY 2011-2012**

**SECTION 26.1.** Identical to 4th edition.

**ELIMINATED POSITIONS IN VOTER REGISTRATION AND SYSTEMS**

**SECTION 26.2.** Deleted.

**ALLOWING COUNTY BOARDS OF ELECTION TO EMPLOY PERSONNEL TO MAINTAIN VOTING SYSTEMS.**

**SECTION 26.3.** New provision amends GS 163-165.9(b)(2) to allow county boards of election to employ personnel to maintain a voting system in lieu of entering into maintenance agreements necessary to maintain the warranty of its voting system. Allows, but does not require, the State Board of Elections to provide routine maintenance to any county board of elections that does not maintain the warranty of its voting system. Effective July 1, 2011.

**PART XXVI-A. STATE CONTROLLER**

**OVERPAYMENTS AUDIT**

**SECTION 26A.1.** Identical to 4th edition.

**PART XXVII. DEPARTMENT OF THE STATE TREASURER****LOCAL GOVERNMENT UNIT POSITIONS**

**SECTION 27.1.** Identical to 4th edition.

**PART XXVIII. DEPARTMENT OF TRANSPORTATION****CASH FLOW HIGHWAY FUND AND HIGHWAY TRUST FUND APPROPRIATION**

**SECTION 28.1.(a)** Same as 4th edition, except increases anticipated revenues to the following amounts:

For Fiscal Year 2013-2014	\$2,125.4 million
For Fiscal Year 2014-2015	\$2,238.0 million
For Fiscal Year 2015-2016	\$2,352.3 million
For Fiscal Year 2016-2017	\$2,470.9 million

**SECTION 28.1(b)** Same as 4th edition, except increases anticipated revenues to the following amounts:

For Fiscal Year 2013-2014	\$1,084.0 million
For Fiscal Year 2014-2015	\$1,169.8 million
For Fiscal Year 2015-2016	\$1,232.6 million
For Fiscal Year 2016-2017	\$1,256.7 million

**CHANGES TO HIGHWAY FUND CERTIFIED BUDGET TO INCREASE TRANSPARENCY**

**SECTION 28.2.** Identical to 4th edition.

**REMOVE PILOT DESIGNATION FOR PUBLIC-PRIVATE PARTNERSHIPS**

**SECTION 28.3.** Identical to 4th edition.

**REMOVE CAP ON DESIGN-BUILD PROJECTS**

**SECTION 28.4.** Identical to 4th edition.

**STUDY SPONSORSHIP OPPORTUNITIES**

**SECTION 28.5.** Deleted.

**FLEXIBILITY TO SEEK LIMITED SPONSORSHIPS**

**SECTION 28.5.(a)** New provision rewrites GS 66-58(b)(20) to specify that subsection (a) of the statute does not apply to the Department of Transportation, or any lessee (currently nonprofit lessee) of or other party contracting with the Department, for the sale of travel-related goods and services at welcome centers, visitor centers, rest areas, and administrative facilities owned by the Department. Rewrites GS 66-58(c) to include new language stating that subsection (a) does not prohibit the Department or any lessee of or contracting party with the Department from conducting activities related to privatization and operation of welcome centers, visitor centers, rest areas, and administrative facilities, or from entering into agreements for sponsorship of agency services.

**SECTION 28.5.(b)** New provision rewrites GS 136-18(9) to authorize the Department of Transportation (DOT) to contract for sponsorship of ferry welcome centers, Incident Management Assistance Patrols, welcome centers, visitor centers, and rest areas, and provides that the contracting party may use the right-of-way for commercial purposes for the sale of travel-related goods and services in accordance with GS 136-89.56. Rewrites GS 136-18(39) to authorize DOT to enter into partnership agreements with private entities and authorized local governments to finance the cost of acquiring, constructing, equipping, maintaining, and operating facilities, including ferry welcome centers, Incident Management Patrols, welcome centers, visitor centers, rest areas and administrative offices. Further authorizes DOT to enter into partnership agreements with private entities and authorize local governments to finance the cost of providing sponsorship for state services.

**SECTION 28.5.(c)** New provision rewrites GS 136-89.56(1) to conform with the above sections and provides the Department of Transportation may also adopt guidelines and policies regulating the display and sale of materials at welcome centers, visitor centers, rest areas, and other administrative offices.

**SMALL CONSTRUCTION AND CONTINGENCY FUNDS**

**SECTION 28.6.** Same as 4th edition, except directs the Department to allocate \$12 million (previously \$5,169,020) for statewide use for rural or small urban highway improvements and related transportation enhancements to public roads and public facilities, industrial access roads, and spot safety projects, including pedestrian walkways that enhance highway safety.

#### **ADJUST SECONDARY ROAD CONSTRUCTION AND SECONDARY ROAD MAINTENANCE**

**SECTION 28.7.** Identical to 4th edition.

#### **SYSTEM PRESERVATION FUNDS PREFERENCE FOR DEFICIENT BRIDGES**

**SECTION 28.8.** Identical to 4th edition.

#### **INCREASE DOT PRIVATIZATION**

**SECTION 28.9.** Identical to 4th edition.

#### **STATE STREET-AID TO MUNICIPALITIES (POWELL BILL) ADJUSTMENTS**

**SECTION 28.10.(a)-(c)** Identical to 4th edition

**SECTION 28.10.(d)** New provision rewrites GS 136-41.3. to direct the Department to adopt a policy to allow small municipalities to apply to the DOT to be allowed to accumulate up to the sum of the past 20 allocations if a municipality's allocations are so small that the sum of the past 10 allocations would not be sufficient to accomplish the purpose of the statute.

#### **STATE AID TO RAILROADS TRANSPARENCY**

**SECTION 28.12.** Identical to 4th edition.

#### **PROGRAM EVALUATION DIVISION TO STUDY NORTH CAROLINA RAILROAD**

**SECTION 28.12A.** New provision directs the Program Evaluation Division (Division) of the General Assembly to conduct a comprehensive evaluation of the North Carolina Railroad Company. Provides minimum guidelines which the Division must address. Provides authority for Division to carry out its evaluation and details reporting requirements.

#### **STATE AID TO SHORT-LINE RAILROADS**

**SECTION 28.13.** Deleted.

#### **STUDY RAIL CONNECTION BETWEEN WILMINGTON AND FAYETTEVILLE**

**SECTION 28.14.** Deleted.

#### **REPORT, CONSULTATION, AND APPROVAL OF RAIL PROJECTS**

**SECTION 28.15.** Identical to 4th edition, except makes the Department's approval of federal rail funds subject to approval by the General Assembly if the amount of state matching funds or the reasonably expected amount of future costs exceeds \$20 million (rather than \$5 million). Allows 30 days (rather than 60) to pass before inaction is deemed an approval.

#### **PROHIBIT RAIL DIVISION FROM PROVIDING CONVENIENCE ITEMS FREE OF CHARGE ON ALL PASSENGER RAIL SERVICE**

**SECTION 28.16.** Identical to 4th edition.

#### **STUDY MANNS HARBOR REPAIR AND PAINT SHOP**

**SECTION 28.16A.** New provision directs the Joint Legislative Transportation Oversight Committee to study the issue of privatizing the ferry repair facilities and paint shop at Manns Harbor.

#### **ELIMINATE AERONAUTICS COUNCIL, BICYCLE COMMITTEE, AND RAIL COUNCIL**

**SECTION 28.17.** Identical to 4th edition.

#### **AVIATION DIVISION APPROPRIATION**

**SECTION 28.17A.** New provision provides that the continuing aviation appropriation from the Highway Fund to the Department of Transportation is to be reduced as provided in the act.

#### **FLEXIBLE USE OF FUNDS TO LEVERAGE FEDERAL FUNDS FOR RURAL PUBLIC TRANSPORTATION**

**SECTION 28.18.** Identical to 4th edition.

**MAXIMIZE LEVERAGE OF FEDERAL PUBLIC TRANSPORTATION OPERATING AND CAPITAL FUNDS FOR LOCAL PUBLIC TRANSPORTATION SYSTEMS**

**SECTION 28.19.** Identical to 4th edition.

**STREAMLINE GRANT PROCESS AND CONSOLIDATE GRANTS FOR PUBLIC TRANSPORTATION**

**SECTION 28.20.** Identical to 4th edition.

**STUDY REGIONAL CONSOLIDATION OF TRANSIT SYSTEMS**

**SECTION 28.21.** Identical to 4th edition.

**BLUE LINE EXTENSION AND RED LINE COMMUTER RAIL PROJECTS**

**SECTION 28.21A.** New provision prohibiting the Department of Transportation from entering into any contracts for the construction, design, or planning of the LYNX Blue Line Extension/Northeast Corridor project or the LYNX Red Line/North Corridor Commuter Rail project if the contract requires the present or future commitment of any state funds.

**FLEXIBLE USE OF FUNDS FOR DIVISION OF MOTOR VEHICLES FOR FISCAL YEARS 2011-2012 AND 2012-2013**

**SECTION 28.23.** Identical to 4th edition.

**COMPETITIVE BIDDING OF LICENSE PLATE AGENCY CONTRACTS**

**SECTION 28.23A.(a)** New provision rewrites GS 20-63(h) to provide that Commission contracts entered into by the Division of Motor Vehicles under the subsection before September 1, 2011, must provide for compensation on a per transaction basis.

**SECTION 28.23A.(b)** New provision rewrites GS 20-63(h1) to provide that Commission contracts entered into by the Division under the subsection before September 1, 2011, must also pay an additional \$1 of compensation to commission contract agents for certain specified transactions.

**SECTION 28.23A.(c)** New provision amends GS 20-63 by adding new subsection (h3), which provides for competitive contract bidding for contracts entered into after September 1, 2011.

**CONFORMING CHANGES RELATED TO DMV AUDITORS AND CHANGES RELATED TO DMV HEARINGS**

**SECTION 28.23B.(a)** New provision makes the following changes to GS 20-183.8F. Deletes subsection (a) (finding of violation). Amends subsection (b) to remove a person engaged in the business of replacing windshields as someone the Division may charge with a violation. Requires the statement of charges to inform the license holder of the right to request a hearing. Makes other technical change. Amends subsection (d) to state that delivery of notice may be made via certified mail or by hand delivery.

**SECTION 28.23B.(b)** New provision amends GS 20-183G(b) to require the Division to hold a hearing requested under the subsection within 30 days (previously 10 business days) after receiving the request for a hearing.

**STUDY EXEMPTING THE THREE NEWEST MODEL YEARS FROM EMISSIONS INSPECTIONS OF MOTOR VEHICLES**

**SECTION 28.24.** Deleted.

**DEPARTMENT OF REVENUE TO REPORT ON MOTOR FUELS TAX AUDITOR AND INVESTIGATOR PERFORMANCE**

**SECTION 28.25.** Identical to 4th edition.

**REDUCE ADMINISTRATIVE TRANSFERS AND REDIRECT LEAKING UNDERGROUND STORAGE TANK FUNDING TO HIGHWAY FUND FOR SYSTEM PRESERVATION**

**SECTION 28.25A.(a)** New provision directs the amount of allowable costs of administering GS Chapter 119 for the Department of Agriculture and Consumer Services must be reduced by a recurring \$261,888. Requires the amount of allowable costs of administering Subchapter V of GS Chapter 105 for the Department of Revenue must be reduced by a recurring \$1,024,544.

**SECTION 28.25A.(b)** New provision rewrites GS 119-18(b) to provide that the remainder of the proceeds from the inspection tax levied by the statute be credited on a monthly basis to the Highway Fund to be used for system preservation under the Department of Transportation in the highway maintenance program.

#### **STUDY REIMBURSEMENT PROCESS FOR DEPARTMENT OF CORRECTION LITTER PICKUP**

**SECTION 28.26.** Identical to 4th edition.

#### **STATE HIGHWAY PATROL FUNDS TRANSFER**

**SECTION 28.27.** New provision transfers \$193,585,434 of the funds allocated to the Highway Fund under GS 105-449.125 to the General Fund for 2011-12 as specified. Transfers \$189,859,507 of the funds allocated to the Highway Fund under GS 105-449.125 to the General Fund for 2012-13. Directs the OSBM and the Office of State Controller to discontinue use of the Crime Control and Public Safety – Highway Fund budget code and to certify funds appropriated by this act for the SHP under a separate code within the Crime Control and Public Safety-General Fund budget code. Directs DOT, OSBM, and Office of State Controller to certify and account for state matching funds for Motor Carrier Safety Assistance Program grants, federal funds, and other receipts budgeted for SHP programs, as necessary. Rewrites GS 20-194 to eliminate language providing that all expenses incurred by carrying out the specified provisions be paid out of the Highway Fund.

#### **STATE HIGHWAY PATROL POSITIONS**

**SECTION 28.28.** Deleted; several provisions moved to new Section 28.28.

#### **STATE HIGHWAY PATROL POSITIONS AND MANAGEMENT FLEXIBILITY**

**SECTION 28.28.(a)** New provision eliminates the Administrative Services Section of the State Highway Patrol. Directs the Secretary of the Department of Crime Control and Public Safety (Department) to consolidate remaining Administrative Services Section positions and organizational units with other human resources functions of the Department.

**SECTION 28.28.(b)** New provision eliminates the following SHP positions:

Position ID	Position Title
60084611	Program Assistant V
60084615	Attorney
60085385	Sergeant
60084952	First Sergeant
60085315	W/A First Sergeant
60084628	Assessment Analyst
60084772	Office Assistant
60084779	Budget Analyst
60085953	Major
60084998	First Sergeant
60084947	Captain
60085945	W/A Captain
60085302	Lieutenant
60084755	Office Assistant
60084858	Office Assistant
60084686	Deputy Secretary

**SECTION 28.28.(c)** New provision provides management flexibility to the Department of Crime Control and Public Safety, State Highway Patrol, to achieving savings in the Patrol's operation of a recurring \$5,589,592 in fiscal year 2011-12 and \$8,722,892, recurring in fiscal year 2012-13. Authorizes the Department to eliminate positions to achieve this budgetary reduction. Allows the Department to eliminate filled positions but not specified sworn law enforcement officer positions, unless the State Highway Patrol has first achieved 25% of the required savings elsewhere. Directs the State Highway Patrol to maintain balanced law enforcement coverage among the troops and authorizes the movement of troops from one troop to another to maintain balanced coverage.

**SECTION 28.28.(d)** New provision directs the Commander of the SHP to report on the number of positions eliminated for fiscal year 2011-12 and specifies the information that must be included in the report. The Commander must submit the report to specified committees by March 1, 2012.

#### **ADDITIONAL HIGHWAY TRUST FUND MONEY FOR MOBILITY FUND; VISITOR CENTERS FUNDING**

**SECTION 28.30.(a)** Same as 4th edition, except directs the additional fifty cents of the fee imposed for any transaction assessed a fee under subdivision (a)(1) of the statute be credited to the Mobility Fund.

**SECTION 28.30.(b)** Deletes provision in 4th edition; new provision provides that the first \$400,000 collected under the additional fifty cents fee be credited to the Reserve for Visitor Centers in the Highway Fund.

**SECTION 28.30.(c)** New provision provides that for the fiscal year 2012-13, the annual appropriation under GS 20-79.7(c)(2) be appropriated to the Highway Fund.

#### **MAINTAIN CURRENT LEVEL OF ADMINISTRATIVE FUNDING FROM HIGHWAY TRUST FUND**

**SECTION 28.31.** Identical to 4th edition.

#### **TRANSFER MID-CURRITUCK BRIDGE FUNDING TO GENERAL FUND TO PURCHASE SCHOOL BUSES IN FY 2011-2012 AND TO THE MOBILITY FUND; AND TRANSFER GARDEN PARKWAY FUNDING TO URBAN LOOPS PROGRAM**

**SECTION 28.32.(a)** Same as 4th edition except transfers funds to the General Fund (rather than the Mobility Fund) to replace school buses. Directs the amount transferred under GS 105-187.9(c) to the Mobility Fund for fiscal year 2011-12 be reduced by \$5,223,642, and that amount be transferred to the General Fund for the purpose of replacing school buses for local school districts.

**SECTION 28.32.(b)** Same as 4th edition, except transfers funds to the Highway Trust Fund to be used for urban loop projects.

**SECTION 28.32.(c)** New provision repeals the amendment to GS 105-187.9(c) made in Section 28.7(h) of SL 2010-31. Repeals Sections 28.7(j) and 28.7(k) of SL 2010-31.

**SECTION 28.32.(d)** New provision rewrites Section 28.7(l) of SL 2010-31 to provide the following effective dates for subsections under the section: (f) and (g)- July 1, 2011; (h)- July 1, 2012; (i)- July 1, 2013. The remainder of the section is effective July 1, 2010.

**SECTION 28.32.(e)** New provision rewrites GS 105-187.9(c) to require the State Treasurer to transfer \$46 million (previously \$31 million) from the taxes deposited in the Trust Fund to the Mobility Fund each fiscal year.

**SECTION 28.32.(f)** New provision rewrites GS 105-187.9(c), effective July 1, 2012, to require the State Treasurer to transfer \$60 million (previously \$46 million) from the taxes deposited in the Trust Fund to the Mobility Fund each fiscal year.

**SECTION 28.32.(g)** New provision rewrites GS 105-187.9(c), effective July 1, 2013, to require the State Treasurer to transfer \$86 million (previously \$60 million) from the taxes deposited in the Trust Fund to the Mobility Fund each fiscal year.

**SECTION 28.32.(h)** New provision repeals GS 136-89.183A.

**SECTION 28.32.(i)** New provision rewrites GS 136-176(b) to specify that \$35 million from the Highway Trust Fund be allocated and used for urban loop projects.

**SECTION 28.32.(j)** New provision rewrites GS 136-176(b2), as amended by Section 28.7(g) of SL 2010-31, to provide an annual appropriation to the North Carolina Turnpike Authority from the Highway Trust Fund of \$49 million (previously \$99 million). Deletes use of the funds for specified Mid-Currituck Bridge and Garden Parkway expenses.

**SECTION 28.32.(k)** New provision rewrites GS 136-187(2) to reduce the number of Turnpike Projects that may be studied, planned, developed, and undertaken from nine to six. Rewrites GS 136-187(2)a to include the Southeast Extension in Wake and Johnston counties as a project the Turnpike Authority is authorized to design, establish, purchase, construct, operate, and maintain. Deletes subsections (b) and (e) of GS 136-187(2).

#### **MOBILITY FUND PROJECT SELECTION CRITERIA ADJUSTMENT**

**SECTION 28.33.** Same as 4th edition, except deletes language directing the Department to involve the public and stakeholders when developing the project criteria and during the selection process.

#### **TRANSFER URBAN LOOPS PROGRAM TO THE MOBILITY FUND**

**SECTION 28.34.** Deleted.

#### **REMOVE URBAN LOOP PROJECTS FROM STATUTE AND ALLOW DEPARTMENT OF TRANSPORTATION TO DEFINE AND PRIORITIZE URBAN LOOP PROJECTS**

**SECTION 28.34.** New provision rewrites GS 136-180 to provide that funds allocated from the Trust Fund for urban loops may be used only for urban loops as designated and prioritized by the Department of Transportation, and deletes the remaining provisions of the statute. Specifies that by removing the statutory listing



of urban projects, it is not the intent of the General Assembly to interfere with the acceleration of certain urban loop projects announced in March 2011.

#### **MODIFY DEPARTMENT OF TRANSPORTATION REPORTING REQUIREMENTS**

**SECTION 28.35.** Identical to 4th edition.

#### **COST-EFFICIENT TIRE RETREADS ON STATE VEHICLES AND SCHOOL BUSES**

**SECTION 28.36.** New provision enacts new GS 143-63.2 and 115C-249.1 to detail definitions, standards, tire purchase and contract standards, and exemptions concerning the purchase of tires for state vehicles and for school buses.

#### **DRIVER EDUCATION REFORM**

**SECTION 28.37.** New provision amends GS 115C-215 to provide for a standardized driver education program, administered by the Department of Public Instruction in accordance with criteria and standards approved by the State Board of Education. Details requirements that the driver education curriculum must include. Requires that the State Board establish and implement a strategic plan for this program and specifies minimum elements. Directs the State Board to adopt a salary range for driver education instructors who are public school employees and not licensed teachers. Directs the State Board to adopt rules to permit local boards of education to enter into contracts with public or private entities to provide a program of driver education at public high schools. Requires all driver education instructors to meet the requirements established by the State Board, but clarifies that driver education instructors are not required to hold teacher certificates. Amends GS 115C-216 to require local boards of education to offer noncredit courses using standardized curriculum provided by the Department of Public Instruction. Makes other conforming amendments. Provides reporting requirements on the status of the implementation of Section 7.12 of SL 2010-31. Specifies that for the 2011-12 school year, no state funds are to be used for driver education programs that do not use the standard driver education curriculum. Directs the State Board to establish a pilot program to deliver driver education by electronic means. Directs the State Board to report to the Joint Legislative Education Oversight Committee and to the Joint Legislative Program Evaluation Oversight Committee by June 15, 2012, on specified issues.

#### **PART XXIX. SALARIES AND BENEFITS**

##### **GOVERNOR AND COUNCIL OF STATE**

**SECTION 29.1.** Identical to 4th edition.

##### **NONELECTED DEPARTMENT HEAD**

**SECTION 29.2.** Identical to 4th edition.

##### **CERTAIN EXECUTIVE BRANCH OFFICIALS**

**SECTION 29.3.** Identical to 4th edition.

##### **JUDICIAL BRANCH**

**SECTION 29.4.** Identical to 4th edition.

##### **GENERAL ASSEMBLY**

**SECTION 29.5.** Identical to 4th edition.

##### **COMMUNITY COLLEGES PERSONNEL**

**SECTION 29.6.** Identical to 4th edition.

##### **UNIVERSITY OF NORTH CAROLINA SYSTEM**

**SECTION 29.7.** Identical to 4th edition.

#### **SALARY ADJUSTMENTS FOR SPECIAL CIRCUMSTANCES ONLY/NO AUTOMATIC INCREASES**

**SECTION 29.8.** Same as 4th edition, except removes language for allowable increases for employees of the judicial branch for local supplementation, and replaces it with language allowing increases for University of North Carolina (i) faculty using funds from the Faculty Recruiting and Retention Fund, the Distinguished Professors Endowment Fund, or the University Cancer Research Fund in the case of faculty involved in cancer

research supported by such fund and (ii) faculty, nonfaculty, and other employee adjustments funded from non-state funding sources.

#### **MOST STATE EMPLOYEES**

**SECTION 29.9.** Identical to 4th edition.

#### **ALL STATE-SUPPORTED PERSONNEL/NO SALARY INCREASES**

**SECTION 29.10.** Identical to 4th edition.

#### **STATE AGENCY TEACHERS' COMPENSATION**

**SECTION 29.11.** Same as 4th edition, except adds provision that removes certain agencies from the section effective January 1, 2012.

#### **TEACHER SALARY SCHEDULES**

**SECTION 29.12.** Same as 4th edition, except makes reductions to Monthly Salary Schedule for "M" teachers with NBPTS Certification.

#### **SCHOOL-BASED ADMINISTRATOR SALARY SCHEDULE**

**SECTION 29.13.** Identical to 4th edition.

#### **CENTRAL OFFICE SALARIES**

**SECTION 29.14.** Identical to 4th edition.

#### **NONCERTIFIED PERSONNEL SALARIES**

**SECTION 29.15.** Identical to 4th edition.

#### **FURLOUGHS AUTHORIZED/PUBLIC SCHOOLS**

**SECTION 29.16.** Deleted.

#### **FURLOUGHS AUTHORIZED/UNC**

**SECTION 29.17.** Deleted.

#### **FURLOUGHS AUTHORIZED/NORTH CAROLINA COMMUNITY COLLEGE SYSTEM**

**SECTION 29.17A.** Deleted.

#### **ALL FURLOUGHS PROHIBITED EXCEPT AS ORDERED TO BALANCE THE BUDGET/BENEFITS PROTECTION FOR FURLOUGHED PERSONNEL**

**SECTION 29.18.(a)** Same as 4th edition, except makes changes to definitions.

**SECTION 29.18.(b)** New provision forbids any furlough of a public employee paid with state funds unless ordered by the Governor while acting to balance the budget, or by the Chief Justice or the Legislative Services Officer.

**SECTION 29.18.(c)** Deleted and is replaced with a provision substantially similar to Section 29.18.(e) of the 4th edition, except with conforming changes and changes to what is required to be reported.

**SECTION 29.18.(d)** Same as 29.18.(b) of the 4th edition.

**SECTION 29.18.(e)** New provision provides that the benefits protections in the section also apply to public employees in the judicial and legislative branches.

#### **MONITOR COMPLIANCE WITH FREEZE ON MOST SALARY INCREASES**

**SECTION 29.19.** Identical to 4th edition.

#### **COMPREHENSIVE REVIEW AND REFORM OF PUBLIC EMPLOYEE COMPENSATION PLANS**

**SECTION 29.20.** Same as 4th edition, except provides for an additional minimum component of the study to evaluate salary supplements for public school employees paid on account of advanced degrees. Removes the assessment of the validity of performance-based compensation plans from the minimum requirements of the study. Makes changes to reporting details. Makes other technical changes.

#### **ESTABLISH SALARY ADJUSTMENT AND PERFORMANCE PAY RESERVE**

**SECTION 29.20A.** New provision establishes General Fund and Highway Fund reserve budget codes in the Office of State Budget and Management for the purpose of correcting labor market and other salary inequities, and to provide funding for a performance-based compensation plan to effectuate recommendations made under Section 29.20. Details how funds are to be appropriated and allocated.

#### **ESTABLISH SEVERANCE EXPENDITURE RESERVE**

**SECTION 29.21.** Same as 4th edition, except adds language providing for the allocation for funds appropriated to the Severance Expenditure Fund to public agencies for positions funded, or partially funded, by the General Fund or Highway Fund. Makes other technical changes.

#### **REPEAL REDUCTION-IN-FORCE PRIORITY CONSIDERATION UNDER THE STATE PERSONNEL ACT**

**SECTION 29.21A.** New provision rewrites GS 126-7.1 to remove language which required state employees who had been separated from employment due to a reduction in force be given priority consideration for employment vacancies. Applies to employees subject to reductions in force on or after July 1, 2011. Makes other technical changes.

#### **JUDICIAL DEPARTMENT EXPENSE AMENDMENTS**

**SECTION 29.21B.** New provision repeals GS 7A-300.1 and GS 135-1(7a)(b).10a. Makes conforming and technical changes to GS 7A-300(a). Rewrites GS 135-53(5) to remove language stating that compensation, as defined, does not include local supplementation as authorized under GS 7A-300.1. Makes other technical change to GS 135-53(5).

#### **STATE PERSONNEL INFORMATION AMENDMENT**

**SECTION 29.21C.** New provision rewrites GS 120-32.01(b) to provide that access to the BEACON/HR payroll system by the Research and Bill Drafting Divisions can only be done through the Fiscal Research Division.

#### **SALARY RELATED CONTRIBUTIONS**

**SECTION 29.22.** Same as 4th edition, except changes the maximum annual employer contributions, payable monthly, by the state for each covered employee or retiree for the fiscal years 2011-12 and 2012-13 to the State Health Plan for Teachers and State Employees.

#### **LIMIT STATE ABORTION FUNDING/HEALTH PLAN/INSURANCE**

**SECTION 29.23.** Same as 4th edition, except provides that the provisions of GS 135-45.8(21) and (22) do not apply to complications or related charges from an abortion not covered due to the section.

#### **PERMANENTLY EXEMPT PARTICIPANTS IN THE UNIVERSITY OF NORTH CAROLINA PHASED RETIREMENT PROGRAM FROM THE RESTRICTIONS ON RETURNING TO WORK**

**SECTION 29.24.** New provision rewrites GS 135-1(20) to clarify the definition of *retirement* for members who are, and who are not, participants in the University of North Carolina Phased Retirement Program.

#### **REDUCE THE REQUIRED BREAK IN SERVICE FOR RETIREES OF THE TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM TO RETURN TO WORK WITHOUT LOSING RETIREMENT BENEFITS**

**SECTION 29.25.** New provision amends GS 135-1 by adding a new subdivision to define *qualifying period*. Amends GS 135-1(20) to provide that for a member's retirement to become effective in any month, the member must render no services at any time during the qualifying period (previously six months) immediately following the effective date of retirement. Makes similar changes to GS 135-3(8)(c).

#### **PROVIDE FOR VESTING RECIPROCITY BETWEEN THE STATE AND LOCAL EMPLOYEES' RETIREMENT SYSTEMS AND THE OPTIONAL RETIREMENT PROGRAM FOR STATE INSTITUTIONS OF HIGHER LEARNING**

**SECTION 29.26.** New provision rewrites GS 135-5.1(b)(5) to provide as title indicates.

#### **ENABLE THE UNC HEALTH CARE SYSTEM TO OFFER THE OPTIONAL RETIREMENT PROGRAM (ORP) AS A RETIREMENT OPTION**

**SECTION 29.27.** New provision amends GS 135-5.1(a) to include employees of the University of North Carolina Health Care System, subject to rules for eligibility and participation as may be adopted by the Board of Governors in the Optional Retirement Program plan document, to those eligible for the Optional Retirement Program.

**PART XXX. CAPITAL APPROPRIATIONS****GENERAL FUND CAPITAL APPROPRIATIONS/INTRODUCTION**

**SECTION 30.1.** Identical to 4th edition.

**CAPITAL APPROPRIATIONS/GENERAL FUND**

**SECTION 30.2.** Identical to 4th edition.

**WATER RESOURCES DEVELOPMENT PROJECTS**

**SECTION 30.3.(a)** Same as 4th edition except states that the allocated funds will provide a state match for an estimated \$20,749,000 (was, \$23,449,000) in federal funds. Modifies the following allocations: \$0 for Manteo Old House Channel (was, \$1.225 million); \$0 for Currituck Sound Environmental Restoration Study (was, \$275,000); \$3 million for state-local projects (was, \$1 million); deletes allocation for Agricultural Water Resources Assistance Program.

**SECTION 30.3.(b)** Same as 4th edition except deletes provision prohibiting fund availability to be used to fund the North Carolina International Terminal.

**SECTION 30.3.(c)** Identical to 4th edition.

**SECTION 30.3.(d)** Identical to 4th edition.

**SECTION 30.3.(e)** Same as 4th edition except deletes requirement to provide information at least 60 days before preparing the Plan.

**NON-GENERAL FUND CAPITAL IMPROVEMENT AUTHORIZATIONS**

**SECTION 30.4.(a)** Same as 4th edition except increases the authorized funding for Zoo-New Restrooms at Elephant/Rhino Exhibit to \$400,000 (was, \$300,000).

**SECTION 30.4.(b)** Identical to 4th edition.

**REPAIRS AND RENOVATIONS RESERVE ALLOCATION**

**SECTION 30.5.** Identical to 4th edition.

**PROCEDURES FOR DISBURSEMENT OF CAPITAL FUNDS**

**SECTION 30.6.** Identical to 4th edition.

**UNC NON-GENERAL FUND CAPITAL PROJECTS**

**SECTION 30.7.** Identical to 4th edition.

**PROHIBIT GENERAL FUND, HIGHWAY FUND, OR HIGHWAY TRUST FUND EXPENDITURES FOR THE NORTH CAROLINA INTERNATIONAL TERMINAL**

**SECTION 30.8.** Deleted.

**VANCE-GRANVILLE COMM. COLL. BOND FUNDS**

**SECTION 30.9.** New provision adds Vance-Granville Community College to existing provision in SL 2000-3 to allow use of bond funds to be reallocated to different site from the one for which they were originally allocated.

**ALLOW THE UNIVERSITY OF NORTH CAROLINA BOARD OF GOVERNORS TO APPROVE THE PLANNING, AUTHORIZATION, AND FUNDING OF CAPITAL PROJECTS FROM NON-GENERAL FUND SOURCES**

**SECTION 30.10.** New provision amends GS 143C-8-12 as title indicates. Requires Board of Governors to report expenditures to the Office of State Budget and Management and the Legislative Commission on Government Operations.

**AUTHORIZE THE UNIVERSITY OF NORTH CAROLINA BOARD OF GOVERNORS TO ALLOCATE OR REALLOCATE FUNDS TO REPAIRS AND RENOVATIONS PROJECTS**

**SECTION 30.11.** New provision amends GS 143C-4-3 as title indicates. Requires that project meet requirements in subsection (b) of the statute unless the Board determines that sufficient funds are not available from other sources and that conditions warrant General Fund assistance, and the allocation or reallocation is in accordance with guidelines developed in The University of North Carolina Funding Allocation Model for Reserve

for Repairs and Renovations, as approved by the Board of Governors. Requires the Board of Governors to report to the Joint Legislative Commission on Governmental Operations within 60 days of any allocation or reallocation under the statute. Becomes effective July 1, 2011.

**WAIVE THE REQUIREMENT FOR A CAPITAL PROJECT FEASIBILITY DETERMINATION FOR CAPITAL PROJECTS OF THE UNIVERSITY OF NORTH CAROLINA FOR WHICH ADVANCE PLANNING HAS NOT BEEN UNDERTAKEN**

**SECTION 30.12.** New provision amends GS 143C-3-3 and 143-341(3)(bl.) as title indicates. Becomes effective July 1, 2011.

**JOINT LEGISLATIVE OVERSIGHT COMMITTEE ON CAPITAL IMPROVEMENTS SHALL EXAMINE ADEQUACY OF PLANNING FOR LONG-TERM STATE CAPITAL NEEDS**

**SECTION 30.13.** New provision amends GS 120-259 to require examination as title indicates for long-term capital needs throughout the state (not just in Wake County). Requires report to the General Assembly on specified issues by April 1, 2012.

**PART XXXI. FEES**

**EDUCATION/DRIVER EDUCATION REFORM**

**SECTION 31.1.** Deleted.

**EDUCATION/STATE BOARD AUTHORITY TO ESTABLISH GED TESTING FEES**

**SECTION 31.2.** Identical to 4th edition.

**NER/COMMERCE/SET REGULATORY FEE FOR UTILITIES COMMISSION**

**SECTION 31.4.** Identical to 4th edition.

**FEE TO ADVERTISE IN WELCOME CENTERS**

**SECTION 31.4A.** New provisions amend GS 143B-421.3 to impose fee of \$100 or \$200 (depending on the size of the advertising materials) to be paid by a person who places or displays advertising materials in a welcome center building. Does not apply to public sector entities.

**NER/AGRICULTURE/INCREASE FEES FOR PET SHOPS, AUCTIONS, KENNELS, AND DEALERS**

**SECTION 31.5.** Identical to 4th edition.

**NER/AGRICULTURE/REPEAL BOARD OF AGRICULTURE REVIEW OF FEE SCHEDULES**

**SECTION 31.6** Deleted.

**NER/AGRICULTURE/FEES FOR OUT-OF-STATE SOIL TESTS AND EXPEDITED SOIL TESTS**

**SECTION 31.7.** Identical to 4th edition.

**NER/AGRICULTURE/TECHNICAL CORRECTIONS REGARDING COMMERCIAL FERTILIZER INSPECTION FEE, PESTICIDE TECHNICIAN IDENTIFICATION CARD RENEWAL FEE, AND PESTICIDE DEALER LICENSE RENEWAL FEE**

**SECTION 31.8.** Same as 4th edition except adds an amendment to GS 143-448(c) to increase the license renewal fee for pesticide dealers from \$50 to \$75.

**NER/AGRICULTURE/INCREASE AGRICULTURAL LIMING MATERIALS TONNAGE FEES**

**SECTION 31.9.** Identical to 4th edition.

**NER/AGRICULTURE/INCREASE ANTIFREEZE DISTRIBUTION REGISTRATION FEE**

**SECTION 31.10.** Identical to 4th edition.

**NER/AGRICULTURE/REDUCE PORTION OF CERTIFICATE OF TITLE FEES CREDITED TO MERCURY SWITCH REMOVAL ACCOUNT**

**SECTION 31.11.** Identical to 4th edition.

**LOCALS TO RECEIVE LARGER PORTION OF FOOD AND LODGING FEES**

**SECTION 31.11A.** New provision amends GS 130A-248(d) to reduce from 33 1/3% to 10% the amount of funds that may be used for state health programs (increasing the amount allocated for local programs).

**NER/ENVIRONMENT/STUDY FOOD AND LODGING FEES AND THEIR DISTRIBUTION BETWEEN THE STATE PROGRAM AND THE LOCAL PROGRAMS**

**SECTION 31.14.** Deleted.

**NER/ENVIRONMENT/ADDITIONAL USES OF HAZARDOUS WASTE FEES**

**SECTION 31.15.** Identical to 4th edition.

**NER/NATURAL RESOURCES/DIVERT PORTION OF DEED STAMP TAX REVENUE SOURCE FOR NATURAL HERITAGE TRUST FUND**

**SECTION 31.17.** Deleted.

**NER/NATURAL RESOURCES/PARKS AND RECREATION TRUST FUND; ALLOCATION OF DEED STAMP TAX PROCEEDS CREDITED TO FUND**

**SECTION 31.18.** Deleted.

**NER/NATURAL RESOURCES/NEW FUNDING SOURCE FOR WILDLIFE RESOURCE COMMISSION OPERATING BUDGET**

**SECTION 31.20.** Deleted.

**NER/NATURAL RESOURCES/NO NEW FEES FOR PARKING IN STATE PARKS**

**SECTION 31.22.** Identical to 4th edition.

**JPS/AOC/INCREASE CERTAIN COURT COSTS**

**SECTION 31.23.** Same as 4th edition except: Changes district court costs in criminal actions from \$124.50 to \$129.50; restores to \$2.05 (was, \$1.00) the amount to be remitted to the North Carolina State Bar for the support of legal services programs. Amendment #1 (from the Senate Finance Committee meeting on 5/24/11) revises new provision in GS 71-307(a)(4) to specify that the \$20 fee must accompany any filing *requiring a notice of hearing*.

**JPS/AOC/COMMUNITY MEDIATION CENTERS/WORTHLESS CHECK PROGRAMS**

**SECTION 31.24.** Identical to 4th edition.

**JPS/AOC/INCREASE INTERSTATE COMPACT FEE**

**SECTION 31.25.** Identical to 4th edition.

**JPA/AOC/CONTINGENT COURT COST INCREASES FOR COUNTIES**

**SECTION 31.26** Same as 4th edition except: Amendment #2 deletes provision in subsections (a) and (b) and enacts new GS 148.10, creating within the Department of Correction a special non-reverting fund called the Statewide Misdemeanor Confinement Fund (SMCF). Provides that costs under GS 7A-304(a) new subsection (2b) (\$18 for maintenance of misdemeanors in county jails) and under new section (4b) (\$50 for convictions for improper equipment, to provide for contractual services to reduce county jail populations), are to be remitted to the SMCF. Also contingent on House Bill 642 becoming law.

**LABORATORY FACILITIES FEE EXPANSION**

**SECTION 31.26A.** New provision amends GS 7A-304(a)(7) to allow costs under that provision for the services of local law enforcement laboratory facilities to be remitted to the local law enforcement laboratory that performed the analysis.

**GENGOV/INS/SET INSURANCE REGULATORY CHARGE**

**SECTION 31.27.** Identical to 4th edition.

**INVESTMENT COMPANY NOTICE FILING FEE**

**SECTION 31.27A.** New provision amends GS 78A-31(a) to specify that it applies to a security *issued by an investment company that is registered or has filed a registration statement under the Investment Company Act of 1940*; and changes the initial and renewal fee amount from \$2,000 to \$1,725, plus \$275 for each series, fund,

or portfolio offered in this state and listed in the federal registration statement. New provision becomes effective July 1, 2011, and applies to fees for filings due on or after that date.

#### **RAISE PARKING RATES**

**SECTION 31.27B.** New provision requires the Department of Administration to increase by \$1 per hour the visitor parking lot rates for lots in the State Government Complex. Directs funds to be used for debt service for the Green Square Parking Lot authorized in SL 2008-107.

#### **STATEWIDE INFORMATION TECHNOLOGY PROCUREMENT**

**SECTION 31.27C.** New provision directs that Statewide Information Technology Procurement (SITP) will be funded by fees charged to agencies using their services. Authorizes the Chief Information Officer to create a fee schedule, and authorizes the Office of State Budget and Management to transfer unpaid amounts to SITP if agencies fail to pay for services within 30 days of billing.

#### **TRANSPORTATION/DIVISION OF MOTOR VEHICLES BULK DATA**

**SECTION 31.29.** Identical to 4th edition.

#### **TRANSPORTATION/FERRY DIVISION TOLLING ON ALL ROUTES**

**SECTION 31.30.** Same as 4th edition except eliminates provisions requiring the Board of Transportation to maintain one untolled ferry route to any barrier island not accessible by a state-maintained road and prohibiting a toll on the Knotts Island Ferry.

#### **PART XXXI-A FINANCE PROVISIONS (New)**

#### **ENCOURAGE JOB GROWTH AND LONG-TERM ECONOMIC PROSPERITY BY REDUCING THE INCOME TAX BURDEN ON INDIVIDUALS AND SMALL BUSINESSES**

**SECTION 31A.1** Amends GS 105-134.2 to decrease individual income tax rates by .25%. Amends GS 105-134.5 to define taxable income as adjusted gross income as modified in GS 105-134.6 and rewrites modifications to adjusted gross income under that statute. Amendment #4 deletes "temporary" from the heading and deletes provisions that would have made the rate changes expire beginning taxable year 2014. Amendment #5 amends GS 105-122(b)(2) regarding determination of capital base for corporate franchise and privilege tax, to include in list of allowed reservation or allocation from surplus or undivided profits taxes accrued, dividends declared, and reserves for *amortization of intangible assets* as permitted for income tax purposes. Amends GS 105-151.26 (Credit for charitable contributions by nonitemizers) to delete provision disallowing credit for amounts deducted for contributions for which a credit was claimed under GS 105-151.12 (real property donations) or GS 105-151.14 (gleaned crop). Changes become effective for taxable years beginning on or after January 1, 2012.

#### **ELIMINATE DEDUCTION FOR SEVERANCE WAGES AND CREDIT FOR OYSTER SHELLS**

**SECTION 31A.2.** Repeals G.S. 105-134.6(b)(11) (severance wages) and (b)(19) (5% of gross purchase price of qualified sale of a manufactured home community); and GS 105-130.48 (recycling oyster shells) and GS 105-151.30 (recycling oyster shells). Effective for taxable years beginning on or after January 1, 2011.

#### **ELIMINATE SALES TAX EXEMPTION FOR CERTAIN NUTRITIONAL SUPPLEMENTS AND THE ENERGY STAR TAX HOLIDAY**

**SECTION 31A.3.** Repeals GS 105-164.13(13c) (nutritional supplements sold by a chiropractic physician to a patient as part of plan of treatment) and GS 105-164.13D (Energy Star tax holiday) and makes conforming changes in GS 105-467(b). Effective October 1, 2011, and applies to sales made on or after that date.

#### **PART XXXII. MISCELLANEOUS PROVISIONS**

##### **STATE BUDGET ACT APPLIES**

**SECTION 32.1.** Identical to 4th edition.

##### **MOST TEXT APPLIES ONLY TO THE 2011-2013 FISCAL BIENNIUM**

**SECTION 32.2.** Identical to 4th edition.

##### **EFFECT OF HEADINGS**

**SECTION 32.3.** Identical to 4th edition.

**COMMITTEE REPORT**

**SECTION 32.4.** Same as 4th edition except references the Senate Appropriations Committee Report, dated May 26, 2011.

**SEVERABILITY CLAUSE**

**SECTION 32.5.** Identical to 4th edition.

**EFFECTIVE DATE**

**SECTION 32.6.** Identical to 4th edition.

Amendments from the Senate Appropriations Committee meeting on 5/25/11 will be digested in tomorrow's *Daily Bulletin*.

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 439. [ALLOW EB LOOK BACK/CONTINUE EXPENDITURES 2011 \(NEW\)](#).** Filed 5/25/11. House committee substitute deletes all provisions of 1<sup>st</sup> edition and replaces with *AN ACT AUTHORIZING THE DIRECTOR OF THE BUDGET TO CONTINUE EXPENDITURES FOR THE OPERATION OF GOVERNMENT UNTIL SEPTEMBER 30, 2011, AT THE LEVEL IN EFFECT ON JUNE 30, 2011, AND IMPLEMENTING THE THREE-YEAR LOOK BACK PERIOD FOR FEDERALLY FUNDED EXTENDED UNEMPLOYMENT BENEFITS AS AUTHORIZED BY SECTION 502 OF THE TAX RELIEF, UNEMPLOYMENT INSURANCE REAUTHORIZATION, AND JOB CREATION ACT OF 2010, PUBLIC LAW 111-312, WITH THE AMENDMENTS EFFECTIVE APRIL 16, 2011, AND EXPIRING JANUARY 1, 2012.*

**Budget Continuation.** Authorizes the Director of the Budget (DOB) to continue to allot funds for expenditure by state agencies at the level of recurring expenditures authorized for 2010-11, but prohibits the Director from allocating funds for any of the purposes set out in the budget reductions set forth in the 4<sup>th</sup> edition of House Bill 200. Prohibits vacant state positions from being filled. Directs state employees in positions to be eliminated in 2011-12 under the 4<sup>th</sup> edition of H 200 to be given notice of termination as required by law. Directs DOB to make adjustments in funds when the appropriations act becomes law.

**Employee Salaries.** Freezes salaries of state employees in effect on June 30, 2011, and prevents employees from moving up on salary schedules or receiving automatic increases. Includes additional provisions related to transferring funds, prohibiting funds from reverting, federal block grants, and enrollment increases.

**Medicaid.** Authorizes DOB to use up to \$125 million to repay the federal Centers for Medicare and Medicaid Services for excess Medicaid funds drawn down during fiscal 2009-10.

**Unemployment Insurance.** Sections 8.(a), 8.(b), and 8.(c) are identical to Section 14.5A(a), (b), and (c) of House Bill 200 (5<sup>th</sup> edition). Adds new G. 96-12.01(a1)(4)c and G.S. 96-1201(a1)(4)e to make North Carolina eligible to receive extended unemployment benefits by qualifying under a provision of the federal Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 that allows benefits to be calculated by considering the average of unemployment rates in all of the preceding three calendar years. Expresses intention that extended benefits are to be paid only so long as the payment of the benefits does not hinder the state's ability to reduce the debt it owes the federal government to pay unemployment benefits. Provides that it is not the state's intention to pay for the extended benefits with contributions paid by North Carolina employers or with contributions paid by employers under the federal payroll tax that would otherwise be used to pay down the amount borrowed by the State from the federal government to pay unemployment benefits. Effective April 16, 2011, and expires Jan. 1, 2012.

**Effective Date.** Provides that the act, unless otherwise indicated, becomes effective July 1, 2011, and expires the earlier of Sept. 30, 2011, at 11:59 p.m. or the date the Current Operations and Capital Improvements Appropriations Act of 2011 becomes law.



Previously: Mecklenburg; Iredell  
Now: Employment and Retirement

**H 489. MECHANICS LIEN AND BOND LAW CHANGES**. Filed 3/28/11. House committee substitute makes the following changes to 1st edition. Deletes all provisions of the previous edition. Provides that the Legislative Research Commission (Commission) may study North Carolina's mechanics' lien and bond laws and may make recommendations on ways to modernize and improve those laws. Details items the Commission may study and reporting requirements. Changes title to *AN ACT AUTHORIZING THE LEGISLATIVE RESEARCH COMMISSION TO STUDY NORTH CAROLINA'S MECHANICS' LIEN AND BOND LAWS*.

Property, Land Use, and Housing

**H 494. CONTINUOUS ALCOHOL MONITORING CHANGES**. Filed 3/28/11. House committee substitute makes the following changes to 1st edition. Makes technical changes, and makes a clarifying change to GS 20-179(h).

Criminal Law, Procedure, and  
Sentencing; Transportation; Family  
Law

**H 517. MAGISTRATES/CALENDARING (NEW)**. Filed 3/29/11. House committee substitute makes the following changes to 1st edition. Removes provisions relating to (1) the supervision of magistrates by the clerk, (2) Judicial Standards Commission investigation and discipline of magistrates, and (3) the use of six-person juries in misdemeanor cases. Adds new provisions to (1) provide for the appointment of chief magistrates, (2) create additional types of discipline of magistrates, and (3) require a study of the method of appointing magistrates. Changes title accordingly. Effective when the act becomes law, amends GS 7A-146 to include within the powers and duties of the chief district judge, the authority to appoint a chief magistrate and creates a new subsection (12), setting out the role and status of a chief magistrate. Amends GS 7A-173 to provide for the suspension without compensation of magistrates in lieu of permanent removal. Suspension is terminated upon a finding that no grounds for disciplinary action exist. Also provides for public reprimand of magistrates where conduct does not warrant suspension or removal. Effective when the act becomes law, requires the Administrative Office of the Courts (AOC), in consultation with the Conference of Superior Court Judges, the Conference of District Court Judges, the Conference of Clerks of Superior Court, and the North Carolina Magistrates Association, to study the issue of whether the requirement that senior resident superior court judges appoint magistrates from nominations by the Clerk of Superior Court should continue, or whether a constitutional amendment to provide for a different method would be more practical and lead to better efficiencies in the administration of justice. Requires the AOC to report to the 2012 Regular Session of the General Assembly.

Courts

**H 623. ELIMINATE AGENCY FINAL DECISION AUTHORITY**. Filed 4/5/11. House amendments make the following changes to 2nd edition.

Amendment #1 amends GS 150B-40(e), adding that the agency may elect to have the administrative law judge make (1) only findings of fact and conclusions of law, (2) findings of fact, conclusions of law, and a recommended decision, or (3) findings of fact, conclusions of law, and a final decision. Specifies when the agency may make its final decision. States that the decision of the administrative law judge is binding on the agency if the agency elects to have the ALJ make findings of fact, conclusions of law, and a final decision. Permits an ALJ to grant judgment on the pleadings or summary judgment, as specified.

Amendment #2 directs the Department of Health and Human Services to request a waiver from the specified single state agency requirement with regard to final decisions in administrative hearings. Lists the components of the waiver application.

APA/Rule Making; State  
Government

**H 656. CONTROLLED SUBSTANCES/PHOTO ID (NEW)**. Filed 4/6/11. House committee substitute makes the following changes to 1st edition. Amends proposed GS 90-106.1 to add provision specifying that presentation of required ID may occur either at the time of the delivery of the prescription to the pharmacy or at the time the controlled substance is issued. Also clarifies that the statute does not require that the person seeking the dispensation must be the same person to whom the prescription is issued. Establishes procedures in cases where a person provides a list of other people who are authorized to receive the controlled substances on the person's behalf if the pharmacy has a policy of keeping such an authorized list for its customers. The law does not require pharmacies to have such a policy. Specifies that the statute does not apply to the dispensation of

controlled substances to employees of health care facilities, as defined in GS 131E-256(b), when they are delivered to the health care facilities for the benefit of its residents or patients.

Health, Social Services, and Aging

**H 664. DISCLOSURE/GROUP LIFE INSURANCE**. Filed 4/6/11. House amendment makes the following changes to 1st edition. Adds a new subsection (e) to GS 58-58-97 providing that the statute applies to life insurance companies as defined in GS 58-58-1 and to all contracts subject to the provisions of the Article.

Business and Commerce

**H 811. ASSESS TRANSPORTATION PROCESS AND FUNDING (NEW)**. Filed 4/6/11. House committee substitute makes the following changes to 1st edition.

Changes the title to *AN ACT TO DIRECT THE PROGRAM EVALUATION DIVISION TO ASSESS THE DEPARTMENT OF TRANSPORTATION'S ROAD CONSTRUCTION PROCESS, INCLUDING MAINTENANCE AND REPAIRS, TO DEVELOP OPERATIONAL PLANS OR PRACTICES THAT WOULD RESULT IN INCREASED OPERATING EFFICIENCY AND COST SAVINGS*. As title indicates (formerly directed the Joint Legislative Program Evaluation Oversight Committee to direct the Program Evaluation Division to perform the study).

General Assembly; Transportation

**H 823. GOVERNANCE OF THE DEPT' OF PUBLIC INSTRUCTION**. Filed 4/6/11. House amendment makes the following changes to 2nd edition. Changes the proposed constitutional amendment to propose that the Governor will appoint the Chair of the State Board of Education (was, Superintendent to serve as Chair), and to eliminate the requirement that appointments by the Governor to the State Board of Education are subject to confirmation by the General Assembly and makes conforming changes. Modifies the provisions regarding appointment of members by the General Assembly to provide for appointments to be made as current at-large appointments expire.

Education; Constitutional Amendment

## SENATE BILLS

**S 501. SWINE HOUSE RENOVATIONS/SITE LIMITS**. Filed 4/4/11. House committee substitute makes the following changes to 2nd edition. Amends proposed GS 106-805 as follows: (1) adds requirement for construction or renovation of a swine house that, regardless of the footprint of the existing swine house, renovation or construction of a swine house is not be allowed in the 100-year flood plain, and (2) clarifies that a swine house on a nonconforming swine farm may be constructed or renovated if written permission is given by the owner or owners of the property directly affected by the siting requirements.

Agriculture, Environment, and Natural Resources

## Legislation Enacted

**SL 2011-87 (S 200). ALAMANCE/ORANGE 9% BOUNDARY**. *AN ACT TO AUTHORIZE ALAMANCE COUNTY AND ORANGE COUNTY TO RECOMMEND THE LOCATION OF NINE PERCENT OF THE COMMON BOUNDARY BETWEEN ALAMANCE COUNTY AND ORANGE COUNTY SUBSEQUENT TO THE 2010/2011 RESURVEY OF THE HISTORIC ORANGE COUNTY/ALAMANCE COUNTY BOUNDARY LINE AS DESCRIBED IN THE 1849 SURVEY ESTABLISHING ALAMANCE COUNTY*. Summarized in *Daily Bulletin* 3/3/11. Enacted May 25, 2011. Effective May 25, 2011.

Alamance; Orange

**SL 2011-88 (S 201). ALAMANCE/ORANGE BOUNDARY**. *AN ACT TO ESTABLISH THE COMMON BOUNDARY BETWEEN ALAMANCE COUNTY AND ORANGE COUNTY SUBSEQUENT TO THE 2010/2011 RESURVEYS OF THE TRANSITIONED PROPERTIES, AS AUTHORIZED BY THE NORTH CAROLINA GENERAL ASSEMBLY BY SESSION LAW 2010-61 ENABLING THE CHANGES IN THE HISTORIC ORANGE COUNTY/ALAMANCE COUNTY BOUNDARY LINE AS DESCRIBED IN THE 1849 SURVEY ESTABLISHING ALAMANCE COUNTY, AND TO AMEND SOME SECTIONS OF SESSION LAW 2010-61*. Summarized in *Daily Bulletin* 3/3/11 and 4/14/11. Enacted May 25, 2011. Effective May 25, 2011.

Alamance; Orange

**SL 2011-89 (H 118). WINSTON-SALEM/DAILY CURRENCY/COINS DEPOSITS.** AN ACT RELATING TO THE DAILY DEPOSIT OF COLLECTIONS AND RECEIPTS BY THE CITY OF WINSTON-SALEM. Summarized in *Daily Bulletin* 2/16/11 and 5/18/11. Enacted May 25, 2011. Effective May 25, 2011.

Forsyth

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## Notes

None

## **NEXT SESSIONS**

**May 26, 2011**

**HOUSE convenes at 1:00 p.m.**

**SENATE convenes at 11:00 a.m.**