



The Daily Bulletin: Friday, May 16, 2014

PUBLIC/HOUSE BILLS

H 1031 (2013-2014) **NC ECON. DEV. PARTNERSHIP MODIFICATIONS**. Filed May 14 2014, *A BILL TO BE ENTITLED AN ACT TO FACILITATE ECONOMIC DEVELOPMENT WITHIN THE STATE.*

I. Enacts new GS 143B-431A, *Department of Commerce - contracting of functions*, providing that the purpose of this new section is to establish a framework whereby the Department of Commerce (Department) can support a nonprofit corporation, through financial and other means, that will render advisory, research, and recruiting recommendations concerning incentives or grants for jobs and business development and marketing as well as consultation on the development of a long-range strategic plan for economic development, through public and private means.

Authorizes the Department to contract with a NC nonprofit to perform one or more of the Department's functions, powers, duties, or obligations. Sets out the functions that the Department cannot contract for with the nonprofits, including the administration of unemployment insurance and functions set forth in GS 143B-431(a)(2). Establishes the Economic Development Accountability & Standards Committee (Committee) to provide oversight over the newly contracted services. Provides the Committee will have seven members; sets out who will serve as the seven members. Provides that the Committee must meet at least quarterly and sets out the duties of the Committee, including receiving, reviewing, and referring complaints and requesting enforcement of the contract by the Attorney General.

Sets out requirements that must be met prior to contracting with any NC nonprofit including specific requirements concerning the makeup and diversity of the nonprofit's governing board and a requirement that any amount of state funds that can be used for the annual salary of any one employee of the nonprofit cannot exceed currently \$120,000. Sets out duties of the governing board. Requires that the nonprofit have received \$10 million from fundraising efforts to support operations and functions of the corporation. Sets out 12 mandatory contract terms, which must be included in any contract entered into under this new section, including provisions requiring the nonprofit to provide copies of the nonprofit's annual audited financial statements to specified parties, a requirement that all nonprofit assets and funds be surrendered to the Department within 30 days of the termination of the contract, and provision limiting the contract to no more than four years, with extensions allowed in specified circumstances.

Requires the Department, by September 30 of each year, to submit a report on the contracted performances to the Joint Legislative Commission on Governmental Operations, the Joint Legislative Economic Development and Global Engagement Oversight Committee, and the Fiscal Research Division. Sets out what the report must contain. Requires the contracting nonprofit to use interest earned on state funds for the same purposes as the principal funds, and applies the state's travel and personnel policies to the nonprofit's officers, employee, or member expenses. Provides that the contracted nonprofit is subject to the public information requirements of GS Chapter 132 and Chapter GS 143. States that the nonprofit's officers, employees, and members are not state employees and are not entitled to state benefits.

Repeals GS 143B-434, concerning the Economic Development Board. Amends GS 143B-434.01, concerning the Comprehensive Strategic Economic Development Plan, adding and defining the term "Secretary" for use in the section, meaning the Secretary of Commerce. Provides that the Secretary is tasked with preparing the Comprehensive Strategic Economic Development Plan, reviewing and updating the existing plan on or before April 1 of each year (previously, the Board was tasked with preparing the plan). Makes conforming and clarifying changes to the section in response to the Secretary's new assigned duties. Repeals GS 143B-437.03, concerning the allocation of economic development responsibilities. Above changes effective July 1, 2014.

Directs the Department to study and develop a plan for contracting with one or more NC nonprofit corporations for the performance of economic development and tourism marketing activities and duties. Requires the Department to consult with various stakeholders and consider the benefits and costs of implementing such a plan. Requires a schedule for implementation of contracting services to be developed. Also requires a report to be made to the Joint Legislative Commission on Governmental Operations no later than December 1, 2014.

Amends GS 126-5(c2), providing a new subdivision concerning those subject to the provisions of the state personnel system, providing that officers, employees, and members of a NC nonprofit that contracts with the Department pursuant to GS 143B-431A are not subject to the provisions of GS Chapter 126. Liaisons to the Collaboration for Prosperity Zones for the Department, as well as the Department of Environment and Natural Resources and Department of Transportation are also exempt from the Chapter.

Repeals Section 15.7A of SL 2013-360, concerning Department flexibility to reorganize to establish a public-private partnership.

All above changes, unless otherwise noted, are effective July 1, 2014.

II. Renames the Department's North Carolina Board of Science and Technology to North Carolina Board of Science, Technology, and Innovations. Amends the board's duties and powers to include advising and making recommendations to any NC nonprofit with which the Department contracts pursuant to GS 143B-431A on the role of science, technology, and innovation. Provides new requirements in regards to the makeup of the board's members, providing that the board will have 23 (was, 17) members, requiring one of the members from the components of the University of North Carolina to be from a historically black college or university, one member to be from the NC Community College System, one member representing K-12 public education, and an additional seven at-large members. Makes conforming and clarifying changes.

III. Enacts new GS 143B-28.1, to establish eight permanent, geographically uniform zones to, among other objectives, (1) facilitate collaborative and coordinated planning and use of resources; (2) improve cooperation among governmental and nonprofit entities at the local and regional level; and (3) establish, to the extent that it is feasible to do so, one-stop sources in each region for citizens and businesses seeking state services at a regional level. Divides the state into eight zones to create collaboration for prosperity zones. Identifies the eight zones as follows and specifies the counties included in each zone: (1) Western Region, (2) Northwest Region, (3) Southwest Region, (4) Piedmont-Triad (Central) Region, (5) North Central Region, (6) Sandhills (South Central) Region, (7) Northeast Region, and (8) Southeast Region. Requires agencies to report to the Joint Legislative Commission on Governmental Operations and the Study Commission on Collaboration for Prosperity by January 1, 2015, as to how they plan to establish the zones. Effective July 1, 2014. Effective April 1, 2015, amends GS 115C-65 to require that the state's ight education districts be composed to match the composition of the zones. Makes a conforming deletion of the current makeup of the districts. Provides that members of the Board of Education appointed by the Governor and confirmed by the General Assembly before 2015 with terms ending in 2017, 2019, and 2021 are designated as the appointees of the specified districts for the remainder of the member's term.

IV. Provides a deadline of January 1, 2015, for the Department, DENR, and DOT to physically maintain co-located liaison personnel within each zone and for the Community College System Office to designate a liaison in each zone. Also requires the State Board of Education to designate at least one representative from a local district or the Department of Public Instruction to serve as a liaison in each zone by January 1, 2015. Specifies duties of the liaisons. Requires reports from these entities to specified offices, committees, and commissions by January 1, 2015, on the establishment of the liaison and their assigned activities, and by April 1, 2015, on the liaisons' activities. Specifies additional information that must be included in the report. Effective July 1, 2014, and expires July 1, 2018.

V. Creates the eight-member Study Commission on Interagency Collaboration for Prosperity (Commission) to review reports submitted by the following departments: Commerce, DENR, DOT, the Community College System, and the State Board of Education. Provides that the Commission may study and make recommendations to the 2015 Regular Session of the General Assembly on issues related to enhancing inter-agency collaboration, consolidating programs to

streamline services, requiring the establishment of inter-agency one-stop shops in each zone, and reducing barriers faced by citizens and businesses in accessing services. Provides that the Commission terminates upon the filing of its report or on July 1, 2015, whichever is later.

Intro. by Murry.

[GS 115C, GS 126, GS 143B](#)

[View summary](#)

Development, Land Use and Housing, Community and Economic Development, Education, Government, State Agencies, Community Colleges System Office, Department of Commerce, Department of Environment and Natural Resources, Department of Transportation, State Board of Education

H 1069 (2013-2014) [UNEMPLOYMENT INSURANCE LAW CHANGES](#). Filed May 14 2014, *A BILL TO BE ENTITLED AN ACT TO AMEND THE UNEMPLOYMENT INSURANCE LAWS, AS RECOMMENDED BY THE JOINT LEGISLATIVE OVERSIGHT COMMITTEE ON UNEMPLOYMENT INSURANCE.*

I.

Amends GS 96-4(x) to provide that for purposes of Chapter 96 (Employment Security), confidential information means any unemployment compensation information in the records of the Division of Employment Security (DES) pertaining to administering the Employment Security Law that is required to keep confidential under 20 CFR Part 603. Provides that confidential information is exempt from the public records disclosure requirements and may be disclosed only as allowed in the subsection. Adds that the Division may disclose final decisions of appeals proceedings and the records of the hearings that led to the final decision. Makes a conforming change to GS 132-1.1. Requires the Division to immediately take any action needed to implement the above requirements. Requires the Division to report by September 1, 2014, to the Joint Legislative Oversight Committee on Unemployment Insurance on implementation status.

II.

Amends SL 2013-224, Section 21 updating a Session Law reference regarding the Board of Review for UI. Also provides that the Governor must appoint the members of the Board of Review by January 1, 2014 (was, September 1, 2013).

Provides that a decision issued by the Assistant Secretary of Commerce for DES or by designee in an appeal by a party to a decision of an appeals referee or hearing office is validated and given legal effect as if the Board of Review had issued it. Effective for all decisions rendered on or after November 1, 2011.

Amends GS 96-4(b), concerning the appointment of the Board of Review members. Providing that the three person board will have one member appointed by the Governor, one by the Speaker of the House, and one by the President Pro Tempore of the Senate (previously, all the members were appointed by the Governor). Sets out appointment requirements and processes. Provides for staggered four-year terms and adding that a term begins on July 1 of the of appointment and ends on June 30 of the fourth year. Provides the expiration date of the terms for different members according to who appointed them.

Makes conforming changes.

III.

Amends GS 20-7(b2) to give the DMV authority to disclose social security numbers to the Department of Commerce (Commerce) for the purpose of verifying employer and claimant identity. Changes the end date of the 12 month

period used to calculate "total insured wages" for calculating contribution rates to June 30 (was, July 31). Applies to contributions payable for calendar quarters beginning on or after January 1, 2014.

Amends the actively seeking work requirement as found in GS 96-14.9(e), requiring individuals to make at least five job contacts (was, two) with potential employers each week to fulfill the work seeking requirement. Effective July 1, 2014, applying to claims for benefits on or after that date.

Amends GS 96-15(h), making clarifying and technical changes regarding judicial review of hearing decisions of the Board of Review. Effective July 1, 2014 applying to decisions made on or after that date.

Amends GS 96-3, 96-4(j), and 96-9.15(f) regarding the DES, deleting and/or replacing the language that referred to the Employment Security Section and the Employment Insurance Section with DES.

IV.

Enacts new GS 1-359(b) to provide that when DES wins a civil action against an employer to collect unpaid employment taxes, DES can attach/garnish the employer's credit card receipts in recovering the unpaid taxes. Direct receipt of those funds by DES represents a sufficient discharge for the amount paid by the credit card company.

Amends GS 96-10(b)(1) regarding collections of contributions providing that any judgment that is excutable and allowed by GS 96-10 will be subject to attachment and garnishment for payment of unpaid taxes as provided in GS 1-359(b).

V.

Repeals GS 96-14.4, Duration of benefits for individual claimant.

Amends GS 96-14.3, changing the title to "Duration of benefits" (was, Minimum and maximum duration of benefits). Deletes any language referencing minimum or maximum number of weeks and establishes that the maximum number of weeks will now serve as the number of weeks an individual will receive benefits for according to the seasonally adjusted unemployment rate. Provides that the total benefits paid to an individual is calculated by multiplying the individual's weekly benefit by the number of weeks allowed under GS 14.3(a).

Amends GS 96-14.12(b) to provide that the duration of benefits for an individual who is unemployed based on services provided to a corporation in which the individual held 5% or more outstanding of voting stock will be limited to six weeks (previously, it was the lesser of six weeks or the weeks determined under now repealed GS 94-14.4).

Amends GS 96-16(f), updating statutory references, replacing GS 96-14.4 with GS 96-14.3.

Part V effective July 1, 2014, applying to claims for benefits made on or after July 1, 2014.

VI.

Amends GS 96-14.9, concerning weekly certification of eligibility for benefits, requiring individuals to present valid photo identification when requested to report to the DES. Also sets out what is considered to be a valid photo Id.

Intro. by Howard, Warren, Arp.

GS 96

[View summary](#)

Employment and Retirement, Health and Human Services, Social Services, Public Assistance

H 1085 (2013-2014) **INCREASE CHARTER SCHOOL ACCOUNTABILITY**. Filed May 15 2014, *A BILL TO BE ENTITLED AN ACT TO INCREASE CHARTER SCHOOL ACCOUNTABILITY AND TO APPROPRIATE FUNDS TO IMPLEMENT THE PROVISIONS OF THIS ACT.*

As the title indicates. Amends GS 115C-238.29E, increasing charter school accountability by adding requirements for the content of the charter school application, specifying that the board of directors of a charter school is responsible for the supervision and control of the charter school including its compliance with state and federal law, and requiring the State Board of Education (SBE) to conduct at least one comprehensive evaluation of a charter school during the first half of the term of the school's operating under its charter and no later than three years after a charter school begins operating. Additionally requires the SBE to create a written report reviewing the results of its evaluation and including findings of at least one physical site visitation to the charter school.

Amends GS 115C-238.29D(d) to make a conforming change, deleting the requirement that the SBE evaluate the operations of each charter school at least once every five years to ensure its meeting the expected academic, financial, and governance standards.

Provides that any charter school in operation for longer than half of the term of its charter and has not yet been reviewed under GS 115C-238.29D(d) prior to the effective date of this act, must be evaluated in accordance with GS 115C-238.29E(d4) within 12 months of the effective date of this act.

Amends GS 115C-238.29B(b) to require that the charter school application contain the results of criminal history record checks, as defined in GS 115C-332, of the initial members of the board of directors. Applies to charter school applications submitted to the SBE on or after the effective date of this act.

Requires an individual currently serving as a member of a board of directors for a charter school as of the effective date of this act to submit the results of the member's criminal history record check, as defined in GS 115C-332 to the SBE on or before September 1, 2014.

Amends GS 115C-238.29G regarding causes for nonrenewal or termination of a charter and disputes, and adds criteria regarding remedial plans for charter schools that fail to meet conditions or correct deficiencies identified in a remedial plan in accordance with new subsection (a2) of this section.

Subsection (a2) declares that the SBE may determine that a charter school is not in compliance with state or federal law or the terms and conditions of its charter following a review and evaluation of a charter school's operation, and require the charter school to (1) meet any additional conditions placed on the school by the SBE, and (2) implement a remedial plan, to correct any deficiencies identified by the SBE. Requires the charter schools to meet the conditions and/or correct the deficiencies identified in the remedial plan within a reasonable amount of time established by the SBE.

Appropriates \$206,614 for the 2014-15 fiscal year in recurring funds from the General Fund to the Department of Public Instruction, Office of Charter Schools to fund an additional two consultant positions in the Office of Charter Schools to implement the requirements of this act. Effective July 1, 2014.

Except as otherwise indicated, this act is effective when it becomes law and applies beginning with the 2014-15 school year.

Intro. by Insko, Glazier.

APPROP, GS 115C

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**Education, Elementary and Secondary Education,
Government, Budget/Appropriations**

H 1115 (2013-2014) **ENHANCE STATE TRIBE RECOGNITION PROCESS**. Filed May 15 2014, *A BILL TO BE ENTITLED AN ACT TO ENHANCE THE PROCESS BY WHICH THE NORTH CAROLINA COMMISSION ON INDIAN AFFAIRS REVIEWS PETITIONS, AND MAKES DECISIONS, ON WHETHER AN INDIAN GROUP SHOULD RECEIVE RECOGNITION AS A*

STATE TRIBE, AS RECOMMENDED BY THE LEGISLATIVE RESEARCH COMMISSION COMMITTEE ON CHOWANOKE NATION RECOGNITION.

As the title indicates. Declares that it is the intent of this act to require the North Carolina Commission on Indian Affairs (Commission) to act on petitions for recognition as a state tribe as they are received so that there may be more than one petition pending a hearing before the Recognition Committee at any one time. Calls for an expeditious review of petitions by the Commission. Sets out procedure for the Commission to follow in exercising its responsibility to review petitions state recognition submitted by an Indian group. Authorizes the Department of Administration to use funds appropriated to the Department to assign personnel to the Commission to assist with the intake and review of new and existing petitions for state tribe recognition and perform other administrative duties for the Commission. Effective July 1, 2014.

Intro. by Stam, Steinburg.

UNCODIFIED

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Government, State Government

H 1116 (2013-2014) **IMPLEMENT GSC RECOMMENDATIONS.** Filed May 15 2014, *A BILL TO BE ENTITLED AN ACT TO IMPLEMENT THE RECOMMENDATIONS OF THE GENERAL STATUTES COMMISSION TO MODIFY THE SLAYER STATUTE DUE TO THE NEED TO ACCOUNT FOR PROPERTY HELD IN A JOINT TENANCY IN UNEQUAL SHARES, TO CLARIFY THE PROVISIONS FOR FILING CERTIFIED COPIES OF PROBATED WILLS IN OTHER COUNTIES WHERE A DECEDENT HAS REAL PROPERTY, TO DELETE THE STATUTORY FORMS FOR JUDGMENT DEBTORS CLAIMING EXEMPTIONS UNDER G.S. 1C-1601 BECAUSE THE ADMINISTRATIVE OFFICE OF THE COURTS ALREADY HAS WIDELY USED FORMS FOR THAT PURPOSE, AND TO RESOLVE AN APPARENT CONFLICT BETWEEN RULE 8 OF THE NORTH CAROLINA RULES OF CIVIL PROCEDURE, DEALING WITH THE CONTENT OF PLEADINGS, AND G.S. 7A-243, DEALING WITH THE PROPER TRIAL COURT DIVISION, AS RECOMMENDED BY THE GENERAL STATUTES COMMISSION.*

Identical to [S 773](#), filed 5/15/14.

I. Amends GS 31A-6 to provide that where the slayer and decedent hold property with right of survivorship as joint tenants, joint owners, joint obligees, or otherwise, (1) the decedent's share passes immediately upon death to the decedent's estate, and (2) the slayer's share is held by the slayer for life and upon death, the share passes to the decedent's estate. Provides that when three or more persons hold property with right of survivorship as joint tenants, joint owners, joint obligees, or otherwise, (1) the decedent's share is converted at the time of the decedent's death to that of tenant in common and passes to their estate (was, the portion of the decedent's share which would have accrued to the slayer as a result of the death passes to the decedent's estate), (2) the remaining individuals continue to hold their shares with right of survivorship, and (3) if the slayer is the final survivor, when the slayer dies, their share (including those passed to the slayer as the final survivor) passes to the decedent's estate (was, one half of the property held by the slayer passed to the decedent's estate immediately when the slayer became the final survivor and the remaining interest passed upon the slayer's death). Makes other clarifying and organizational changes. Provides that nothing in the statute prohibits partitioning the property or severing the joint tenancy. Effective October 1, 2014, and applies to property subject to Article 3 as to decedents dying on or after that date.

II. Amends GS 28A-2A-13 to clarify that if a probated will devises real property outside of the county where the will was probated, a copy of the will and a certificate of probate of will, certified by the clerk of superior court of the county where the will was probated, may be filed in the office of the clerk of the superior court of any other county in the state where the property is located. Makes additional clarifying changes. Makes conforming changes to GS 31-39(c). Effective October 1, 2014, and applies to estates of decedents dying before, on, or after that date.

III. Amends GS 1C-1603 to delete the statutory form for judgment debtors who are claiming exemptions and instead requires the Administrative Office of the Courts to provide a form for the notice and sets out information that the

notice must include. Makes additional clarifying changes and makes language gender neutral. Effective October 1, 2014. Provides that debtor's statements filed before that date are not affected.

IV. Effective October 1, 2014, amends GS 1A-1 [Rule 8(a)], to require that a pleading which sets forth a claim for relief state, in negligence actions and in claims for punitive damages in any civil action where the matter in controversy exceeds \$10,000, that the relief demanded is for damages incurred in excess of \$10,000 and state the proper trial court division under GS 7A-243. Provides that if the amount in controversy is between \$10,000 and \$25,000, the pleading may state either trial division. Effective July 1, 2015, amends the same rule to no longer allow stating either trial division when the amount in controversy is between \$10,000 and \$25,000.

Intro. by Blust.

[GS 1A](#), [GS 1C](#), [GS 28A](#), [GS 31](#), [GS 31A](#)

[View summary](#)

[Courts/Judiciary](#), [Civil](#), [Civil Law](#), [Civil Procedure](#), [Court System](#), [Development](#), [Land Use and Housing](#), [Property and Housing](#)

H 1118 (2013-2014) [2014 TECHNICAL CORRECTIONS](#). Filed May 15 2014, *A BILL TO BE ENTITLED AN ACT TO MAKE TECHNICAL CORRECTIONS TO THE GENERAL STATUTES AND THE SESSION LAWS, AS RECOMMENDED BY THE GENERAL STATUTES COMMISSION.*

Identical to [S 745](#), filed 5/14/14.

Restates GS 1A-1 (Rule 59), without any changes, to clarify a publishing error.

Amends GS 15-11.2 to add a catchline to (d).

Amends GS 42A-15 to make a technical deletion.

Amends GS 53-244.111 to update the information provided to a borrower to include contact information for the State Home Foreclosure Prevention Project of the Housing Finance Agency (was, the consumer complaint section of the Office of the Commissioner of Banks).

Amends GS 95-111.4 and GS 95-148 to make clarifying, grammatical, and formatting changes, and makes language gender neutral.

Amends GS 111-47.1 and GS 111-47.2 to update references due to codification changes and to refer to the actual effective date.

Amends GS 113-133.1 to make conforming changes related to repeals made in 2013.

Amends GS 115C-325 to correct a typo.

Amends GS 130A-294.1 to make formatting changes.

Amends GS 136-93 to correct statutory references.

Amends GS 143-151.57 to remove superfluous language.

Amends GS 143-151.77 to correct a reference.

Amends GS 150B-41 to correct a cross-reference.

Repeals GS 153A-357(d) and GS 160A-417(c), which referred to laws that have been repealed.

Clarifies the reference for the Town of Columbus Charter due to an error in numbering the Session Law Chapter in

which the charter is found.

Amends SL 2013-413, Section 60(c) to correct the reference in the effective date.

Intro. by Blust.

[GS 1A](#), [GS 15](#), [GS 42](#), [GS 53](#), [GS 95](#), [GS 111](#), [GS 113](#), [GS 115C](#), [GS 130A](#), [GS 136](#), [GS 143](#), [GS 150B](#), [GS 153A](#), [GS 160A](#)

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[Banking and Finance](#), [Courts/Judiciary](#), [Civil](#), [Civil Procedure](#), [Criminal Justice](#), [Criminal Law and Procedure](#), [Development](#), [Land Use and Housing](#), [Property and Housing](#), [Education](#), [Government](#), [APA/Rule Making](#), [State Agencies](#), [Department of Labor](#), [State Government](#), [Local Government](#), [Health and Human Services](#), [Health](#), [Public Health](#), [Social Services](#), [Transportation](#)

H 1119 (2013-2014) [CREDIT FOR SCHOOL SUPPLIES](#). Filed May 15 2014, *A BILL TO BE ENTITLED AN ACT TO PROVIDE TEACHERS WHO PURCHASE CERTAIN SCHOOL SUPPLIES AND MATERIALS AN INCOME TAX CREDIT.*

Enacts new GS 105-151.34, Teacher credit for school supplies, as the title indicates. Provides that a taxpayer who is a classroom teacher is eligible for a credit against the tax imposed by Part 2 of Article 4 of GS Chapter 105, Subchapter I equal to the cost of purchased school supplies or instructional materials or \$250, whichever is less. Includes additional provisions setting limitations on the tax credit and providing definitions for terms as used in this section. Provides that any unused portion of this credit may be carried forward for the succeeding five years.

Effective for taxable years beginning on or after January 1, 2014.

Intro. by Malone.

[GS 105](#)

[View summary](#)

[Education](#), [Government](#), [Tax](#)

PUBLIC/SENATE BILLS

S 743 (2013-2014) [NC ECON. DEV. PARTNERSHIP MODIFICATIONS](#). Filed May 14 2014, *A BILL TO BE ENTITLED AN ACT TO FACILITATE ECONOMIC DEVELOPMENT WITHIN THE STATE.*

This bill is identical to [H 1031](#), filed 5/14/14.

I. Enacts new GS 143B-431A, Department of Commerce - contracting of functions, providing that the purpose of this new section is to establish a framework whereby the Department of Commerce (Department) can support a nonprofit corporation, through financial and other means, that will render advisory, research, and recruiting recommendations concerning incentives or grants for jobs and business development and marketing as well as consultation on the development of a long-range strategic plan for economic development, through public and private means.

Authorizes the Department to contract with a NC nonprofit to perform one or more of the Department's functions, powers, duties, or obligations. Sets out the functions that the Department cannot contract for with the nonprofits, including the administration of unemployment insurance and functions set forth in GS 143B-431(a)(2). Establishes the Economic Development Accountabiltiy & Standards Committee (Committee) to provide oversight over the newly

contracted services. Provides the Committee will have seven members; sets out who will serve as the seven members. Provides that the Committee must meet at least quarterly and sets out the duties of the Committee, including receiving, reviewing, and referring complaints and requesting enforcement of the contract by the Attorney General.

Sets out requirements that must be met prior to contracting with any NC nonprofit including specific requirements concerning the makeup and diversity of the nonprofit's governing board and a requirement that any amount of state funds that can be used for the annual salary of any one employee of the nonprofit cannot exceed currently \$120,000. Sets out duties of the governing board. Requires that the nonprofit have received \$10 million from fundraising efforts to support operations and functions of the corporation. Sets out 12 mandatory contract terms, which must be included in any contract entered into under this new section, including provisions requiring the nonprofit to provide copies of the nonprofit's annual audited financial statements to specified parties, a requirement that all nonprofit assets and funds be surrendered to the Department within 30 days of the termination of the contract, and provision limiting the contract to no more than four years, with extensions allowed in specified circumstances.

Requires the Department, by September 30 of each year, to submit a report on the contracted performances to the Joint Legislative Commission on Governmental Operations, the Joint Legislative Economic Development and Global Engagement Oversight Committee, and the Fiscal Research Division. Sets out what the report must contain. Requires the contracting nonprofit to use interest earned on state funds for the same purposes as the principal funds, and applies the state's travel and personnel policies to the nonprofit's officers, employee, or member expenses. Provides that the contracted nonprofit is subject to the public information requirements of GS Chapter 132 and Chapter GS 143. States that the nonprofit's officers, employees, and members are not state employees and are not entitled to state benefits.

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College System, one member representing K-12 public education, and an additional seven at-large members. Makes conforming and clarifying changes.

III. Enacts new GS 143B-28.1, to establish eight permanent, geographically uniform zones to, among other objectives, (1) facilitate collaborative and coordinated planning and use of resources; (2) improve cooperation among governmental and nonprofit entities at the local and regional level; and (3) establish, to the extent that it is feasible to do so, one-stop sources in each region for citizens and businesses seeking state services at a regional level. Divides the state into eight zones to create collaboration for prosperity zones. Identifies the eight zones as follows and specifies the counties included in each zone: (1) Western Region, (2) Northwest Region, (3) Southwest Region, (4) Piedmont-Triad (Central) Region, (5) North Central Region, (6) Sandhills (South Central) Region, (7) Northeast Region, and (8) Southeast Region. Requires agencies to report to the Joint Legislative Commission on Governmental Operations and the Study Commission on Collaboration for Prosperity by January 1, 2015, as to how they plan to establish the zones. Effective July 1, 2014. Effective April 1, 2015, amends GS 115C-65 to require that the state's eight education districts be composed to match the composition of the zones. Makes a conforming deletion of the current makeup of the districts. Provides that members of the Board of Education appointed by the Governor and confirmed by the General Assembly before 2015 with terms ending in 2017, 2019, and 2021 are designated as the appointees of the specified districts for the remainder of the member's term.

IV. Provides a deadline of January 1, 2015, for the Department, DENR, and DOT to physically maintain co-located liaison personnel within each zone and for the Community College System Office to designate a liaison in each zone. Also requires the State Board of Education to designate at least one representative from a local district or the Department of Public Instruction to serve as a liaison in each zone by January 1, 2015. Specifies duties of the liaisons. Requires reports from these entities to specified offices, committees, and commissions by January 1, 2015, on the establishment of the liaison and their assigned activities, and by April 1, 2015, on the liaisons' activities. Specifies additional information that must be included in the report. Effective July 1, 2014, and expires July 1, 2018.

V. Creates the eight-member Study Commission on Interagency Collaboration for Prosperity (Commission) to review reports submitted by the following departments: Commerce, DENR, DOT, the Community College System, and the State Board of Education. Provides that the Commission may study and make recommendations to the 2015 Regular Session of the General Assembly on issues related to enhancing inter-agency collaboration, consolidating programs to streamline services, requiring the establishment of inter-agency one-stop shops in each zone, and reducing barriers faced by citizens and businesses in accessing services. Provides that the Commission terminates upon the filing of its report or on July 1, 2015, whichever is later.

Intro. by Brown.

[GS 115C, GS 126, GS 143B](#)

[View summary](#)

[Development, Land Use and Housing, Community and Economic Development, Education, Government, State Agencies, Community Colleges System Office, Department of Commerce, Department of Environment and Natural Resources, Department of Transportation, State Board of Education](#)

S 745 (2013-2014) [2014 TECHNICAL CORRECTIONS](#). Filed May 14 2014, *A BILL TO BE ENTITLED AN ACT TO MAKE TECHNICAL CORRECTIONS TO THE GENERAL STATUTES AND THE SESSION LAWS, AS RECOMMENDED BY THE GENERAL STATUTES COMMISSION.*

Restates GS 1A-1 (Rule 59), without any changes, to clarify a publishing error.

Amends GS 15-11.2 to add a catchline to (d).

Amends GS 42A-15 to make a technical deletion.

Amends GS 53-244.111 to update the information provided to a borrower to include contact information for the State Home Foreclosure Prevention Project of the Housing Finance Agency (was, the consumer complaint section of the Office of the Commissioner of Banks).

Amends GS 95-111.4 and GS 95-148 to make clarifying, grammatical, and formatting changes, and makes language gender neutral.

Amends GS 111-47.1 and GS 111-47.2 to update references due to codification changes and to refer to the actual effective date.

Amends GS 113-133.1 to make conforming changes related to repeals made in 2013.

Amends GS 115C-325 to correct a typo.

Amends GS 130A-294.1 to make formatting changes.

Amends GS 136-93 to correct statutory references.

Amends GS 143-151.57 to remove superfluous language.

Amends GS 143-151.77 to correct a reference.

Amends GS 150B-41 to correct a cross-reference.

Repeals GS 153A-357(d) and GS 160A-417(c), which referred to laws that have been repealed.

Clarifies the reference for the Town of Columbus Charter due to an error in numbering the Session Law Chapter in which the charter is found.

Amends SL 2013-413, Section 60(c) to correct the reference in the effective date.

Intro. by Hartsell.

GS 1A, GS 15, GS 42, GS 53, GS 95, GS 111, GS 113, GS 115C, GS 130A, GS 136, GS 143, GS 150B, GS 153A, GS 160A

[View summary](#)

Banking and Finance, Courts/Judiciary, Civil, Civil Procedure, Criminal Justice, Criminal Law and Procedure, Education, Government, APA/Rule Making, Public Records and Open Meetings, State Agencies, Department of Labor, State Government, Local Government, Health and Human Services, Health, Public Health, Social Services, Transportation

S 748 (2013-2014) [NCVPS COURSES/NONPUBLIC SCHOOL STUDENTS](#). Filed May 14 2014, *A BILL TO BE ENTITLED AN ACT TO CODIFY THE NORTH CAROLINA VIRTUAL PUBLIC SCHOOL PROGRAM; TO PROVIDE A TUITION WAIVER FOR NONPUBLIC SCHOOL STUDENTS FOR A MAXIMUM OF TWO NORTH CAROLINA VIRTUAL PUBLIC SCHOOL COURSES PER SCHOOL YEAR; AND TO APPROPRIATE FUNDS TO IMPLEMENT THIS ACT, AS RECOMMENDED BY THE JOINT LEGISLATIVE PROGRAM EVALUATION OVERSIGHT COMMITTEE.*

Identical to [H 1039](#), filed 5/14/14.

Repeals subsections (a) through (k) of Section 7.22 of SL 2011-145, as amended, regarding North Carolina Virtual Public Schools (NCVPS) and Section 8.9(b) of SL 2013-360, regarding implementing an allotment formula for NCVPS.

Codifies the North Carolina Virtual Public School Program (NCVPS) adding a new Part 11, *North Carolina Virtual Public School Program*, to Article 16 of GS Chapter 115C. Defines the following terms as they apply in this Part: (1) Average Daily Membership (ADM), (2) NCVPS, (3) nonpublic school student, and (4) out-of-state.

Directs the Department of Public Instruction (DPI) to administer the NCVPS program under this Part. Declares that NCVPS is responsible for (1) ensuring access to e-learning course offerings for students in rural and low-wealth county local school administrative units; (2) providing e-learning instructional opportunities for courses required as part of the standard course of study for graduation and for Advanced Placement (AP) offerings not otherwise available to students; (3) establishing course quality standards for e-learning that meet standards set by the State Board of Education (SBE); (4) eliminating course duplication by consolidating e-learning opportunities but provides that consolidation doesn't apply to e-learning opportunities only offered to students enrolled in a single school; and (5) aligning all courses offered through NCVPS with the North Carolina Standard Course of Study.

Directs NCVPS to use available funds to offer NCVPS courses at no cost to all North Carolina's students enrolled in public schools, Department of Defense schools, and schools operated by the Bureau of Indian Affairs. Additionally directs NCVPS to implement a plan, approved by SBE, to generate revenue from the sale of courses to out-of-state educational entities. Provides that revenue collected under this section be used to offset instructional costs to local school administrative units and charter schools under GS 115C-238.76(d)(3).

Assigns responsibility to the SBE to implement an allotment formula for NCVPS and delineates the elements of the allotment formula to be developed and implemented by the SBE. Directs the SBE to make adjustments to other allotments, including reducing each local administrative unit's or charter school's classroom teacher allotment on the basis of ADM in grades six through 12, in order to support the state-level operations and administration of NCVPS.

Requires that the teacher allotment reduction to support operations and administration of NCVPS be adjusted annually based upon percentage growth in NCVPS enrollment to ensure that services are expanded to support increased enrollment in NCVPS courses. Requires that at least \$2 million be maintained in an NCVPS enrollment reserve fund (reserve fund). Directs the SBE to reduce each local unit's or charter school's classroom teacher allotment, or other allotment based on ADM in grades six through 12 by an amount that is the difference between \$2 million and the balance of the NCVPS enrollment reserve.

Provides that the funds in the enrollment reserve do not revert and directs that they be used to cover the NCVPS instructional costs of students enrolled in (1) traditional public schools or charter schools with enrollments above the projected NCVPS enrollment, (2) nonpublic schools under GS 115C-238.77(b), (3) Department of Defense schools, and (4) schools operated by the Bureau of Indian Affairs.

Provides that only the following funds can be used to cover the instructional costs of NCVPS: (1) funds provided through the NCVPS Allotment Formula; (2) funds provided through the NCVPS enrollment reserve; (3) funds from the sale of courses to out-of-state educational entities; (4) local funds, including funds from private sources; (5) federal funds; (6) the Special State Reserve Funds for Children and Youth with Disabilities; and (7) the ADM Contingency Reserve.

Directs the SBE to establish a separate per student tuition rate for out-of-state students and nonpublic school students and specifies that the tuition rates be adjusted upward by an amount determined by the SBE from the in-state student fee structure, as established under GS 115C-238.76(a)(3). Directs the SBE to consider input from the NCVPS Advisory Board and the Office of the Governor's eLearning Commission in establishing student tuition rates.

Waives tuition for nonpublic school students for a maximum of two courses each school year. Requires nonpublic school students taking more than two NCVPS courses in a school year to pay tuition for the the additional courses at the rates for nonpublic school students established by the SBE under this section. Provides that the tuition waiver is not available to a nonpublic school student if the course or a substantially similar course is offered at the school attended by the student in the current or prior school year or the student attends a nonpublic school that delivers instruction only in an online format. Directs DPI to require a parent seeking to enroll a nonpublic student and requesting a waiver to demonstrate that the student is eligible for a waiver.

Directs the SBE to establish the NCVPS Advisory Board. Provides general guidelines as to the purpose and tasks of the Advisory Board. Provides that the membership of the Board is to consist of key stakeholders, appointed by the SBE, from across the state and with expertise in online learning from a variety of fields.

Requires DPI to submit an annual report on the operation of NCVPS to the SBE no later than December 1 of each year. Provides guidelines as to the methodology to be used in gathering data for the report and the content to be covered in the report.

Amends GS 115C-551 and 115C-559, making conforming changes regarding eligibility for a tuition waiver for a maximum of two courses offered by the NCVPS. Enacts new GS 115C-565.1 to provide that a homeschooled student is eligible for the tuition waiver for a maximum of two courses offered via the NCVPS.

Appropriates \$2,655,000 in recurring funds from the General fund to DPI for the 2014-15 fiscal year for increased enrollment in the NCVPS by nonpublic school students and to cover the instructional costs for up to two NCVPS courses per nonpublic school student for the school year, as provided in this act.

Directs the allotment reduction to support state-level operations and administration of the NCVPS required by GS 115C-238.76(b), as enacted by this act, is to be at least \$2,866,923, as was effective for the 2011-12 fiscal year.

Effective July 1, 2014, and applies beginning with the 2014-15 school year.

Intro. by Hartsell, Clark.

APPROP, GS 115C

[View summary](#)

**Education, Elementary and Secondary Education,
Government, Budget/Appropriations, State Agencies,
Department of Public Instruction**

S 759 (2013-2014) **UNEMPLOYMENT INSURANCE LAW CHANGES**. Filed May 14 2014, *A BILL TO BE ENTITLED AN ACT TO AMEND THE UNEMPLOYMENT INSURANCE LAWS, AS RECOMMENDED BY THE JOINT LEGISLATIVE OVERSIGHT COMMITTEE ON UNEMPLOYMENT INSURANCE.*

Identical to [H 1069](#), filed 5/14/14.

I.

Amends GS 96-4(x) to provide that for purposes of Chapter 96 (Employment Security), confidential information means any unemployment compensation information in the records of the Division of Employment Security (DES) pertaining to administering the Employment Security Law that is required to keep confidential under 20 CFR Part 603. Provides that confidential information is exempt from the public records disclosure requirements and may be disclosed only as allowed in the subsection. Adds that the Division may disclose final decisions of appeals proceedings and the records of the hearings that led to the final decision. Makes a conforming change to GS 132-1.1. Requires the Division to immediately take any action needed to implement the above requirements. Requires the Division to report by September 1, 2014, to the Joint Legislative Oversight Committee on Unemployment Insurance on implementation status.

II.

Amends SL 2013-224, Section 21 updating a Session Law reference regarding the Board of Review for UI. Also provides that the Governor must appoint the members of the Board of Review by January 1, 2014 (was, September 1, 2013).

Provides that a decision issued by the Assistant Secretary of Commerce for DES or by designee in an appeal by a party to a decision of an appeals referee or hearing office is validated and given legal effect as if the Board of Review

had issued it. Effective for all decisions rendered on or after November 1, 2011.

Amends GS 96-4(b), concerning the appointment of the Board of Review members. Providing that the three person board will have one member appointed by the Governor, one by the Speaker of the House, and one by the President Pro Tempore of the Senate (previously, all the members were appointed by the Governor). Sets out appointment requirements and processes. Provides for staggered four-year terms and adding that a term begins on July 1 of the of appointment and ends on June 30 of the fourth year. Provides the expiration date of the terms for different members according to who appointed them.

Makes conforming changes.

III.

Amends GS 20-7(b2) to give the DMV authority to disclose social security numbers to the Department of Commerce (Commerce) for the purpose of verifying employer and claimant identity. Changes the end date of the 12 month period used to calculate "total insured wages" for calculating contribution rates to June 30 (was, July 31). Applies to contributions payable for calendar quarters beginning on or after January 1, 2014.

Amends the actively seeking work requirement as found in GS 96-14.9(e), requiring individuals to make at least five job contacts (was, two) with potential employers each week to fulfill the work seeking requirement. Effective July 1, 2014, applying to claims for benefits on or after that date.

Amends GS 96-15(h), making clarifying and technical changes regarding judicial review of hearing decisions of the Board of Review. Effective July 1, 2014 applying to decisions made on or after that date.

Amends GS 96-3, 96-4(j), and 96-9.15(f) regarding the DES, deleting and/or replacing the language that referred to the Employment Security Section and the Employment Insurance Section with DES.

IV.

Enacts new GS 1-359(b) to provide that when DES wins a civil action against an employer to collect unpaid employment taxes, DES can attach/garnish the employer's credit card receipts in recovering the unpaid taxes. Direct receipt of those funds by DES represents a sufficient discharge for the amount paid by the credit card company.

Amends GS 96-10(b)(1) regarding collections of contributions providing that any judgment that is excutable and allowed by GS 96-10 will be subject to attachment and garnishment for payment of unpaid taxes as provided in GS 1-359(b).

V.

Repeals GS 96-14.4, Duration of benefits for individual claimant.

Amends GS 96-14.3, changing the title to "Duration of benefits" (was, Minimum and maximum duration of benefits). Deletes any language referencing minimum or maximum number of weeks and establishes that the maximum number of weeks will now serve as the number of weeks an individual will receive benefits for according to the seasonally adjusted unemployment rate. Provides that the total benefits paid to an individual is calculated by multiplying the individual's weekly benefit by the number of weeks allowed under GS 14.3(a).

Amends GS 96-14.12(b) to provide that the duration of benefits for an individual who is unemployed based on services provided to a corporation in which the individual held 5% or more outstanding of voting stock will be limited to six weeks (previously, it was the lesser of six weeks or the weeks determined under now repealed GS 94-14.4).

Amends GS 96-16(f), updating statutory references, replacing GS 96-14.4 with GS 96-14.3.

Part V effective July 1, 2014, applying to claims for benefits made on or after July 1, 2014.

VI.

Amends GS 96-14.9, concerning weekly certification of eligibility for benefits, requiring individuals to present valid photo identification when requested to report to the DES. Also sets out what is considered to be a valid photo Id.

Intro. by Rucho, Clark.

GS 96

[View summary](#)

Employment and Retirement, Health and Human Services, Social Services, Public Assistance

S 773 (2013-2014) **IMPLEMENT GSC RECOMMENDATIONS**. Filed May 15 2014, *A BILL TO BE ENTITLED AN ACT TO IMPLEMENT THE RECOMMENDATIONS OF THE GENERAL STATUTES COMMISSION TO MODIFY THE SLAYER STATUTE DUE TO THE NEED TO ACCOUNT FOR PROPERTY HELD IN A JOINT TENANCY IN UNEQUAL SHARES, TO CLARIFY THE PROVISIONS FOR FILING CERTIFIED COPIES OF PROBATED WILLS IN OTHER COUNTIES WHERE A DECEDENT HAS REAL PROPERTY, TO DELETE THE STATUTORY FORMS FOR JUDGMENT DEBTORS CLAIMING EXEMPTIONS UNDER G.S. 1C-1601 BECAUSE THE ADMINISTRATIVE OFFICE OF THE COURTS ALREADY HAS WIDELY USED FORMS FOR THAT PURPOSE, AND TO RESOLVE AN APPARENT CONFLICT BETWEEN RULE 8 OF THE NORTH CAROLINA RULES OF CIVIL PROCEDURE, DEALING WITH THE CONTENT OF PLEADINGS, AND G.S. 7A-243, DEALING WITH THE PROPER TRIAL COURT DIVISION, AS RECOMMENDED BY THE GENERAL STATUTES COMMISSION.*

I. Amends GS 31A-6 to provide that where the slayer and decedent hold property with right of survivorship as joint tenants, joint owners, joint obligees, or otherwise, (1) the decedent's share passes immediately upon death to the decedent's estate, and (2) the slayer's share is held by the slayer for life and upon death, the share passes to the decedent's estate. Provides that when three or more persons hold property with right of survivorship as joint tenants, joint owners, joint obligees, or otherwise, (1) the decedent's share is converted at the time of the decedent's death to that of tenant in common and passes to their estate (was, the portion of the decedent's share which would have accrued to the slayer as a result of the death passes to the decedent's estate), (2) the remaining individuals continue to hold their shares with right of survivorship, and (3) if the slayer is the final survivor, when the slayer dies, their share (including those passed to the slayer as the final survivor) passes to the decedent's estate (was, one half of the property held by the slayer passed to the decedent's estate immediately when the slayer became the final survivor and the remaining interest passed upon the slayer's death). Makes other clarifying and organizational changes. Provides that nothing in the statute prohibits partitioning the property or severing the joint tenancy. Effective October 1, 2014, and applies to property subject to Article 3 as to decedents dying on or after that date.

II. Amends GS 28A-2A-13 to clarify that if a probated will devises real property outside of the county where the will was probated, a copy of the will and a certificate of probate of will, certified by the clerk of superior court of the county where the will was probated, may be filed in the office of the clerk of the superior court of any other county in the state where the property is located. Makes additional clarifying changes. Makes conforming changes to GS 31-39(c). Effective October 1, 2014, and applies to estates of decedents dying before, on, or after that date.

III. Amends GS 1C-1603 to delete the statutory form for judgment debtors who are claiming exemptions and instead requires the Administrative Office of the Courts to provide a form for the notice and sets out information that the notice must include. Makes additional clarifying changes and makes language gender neutral. Effective October 1, 2014. Provides that debtor's statements filed before that date are not affected.

IV. Effective October 1, 2014, amends GS 1A-1 [Rule 8(a)], to require that a pleading which sets forth a claim for relief state, in negligence actions and in claims for punitive damages in any civil action where the matter in controversy exceeds \$10,000, that the relief demanded is for damages incurred in excess of \$10,000 and state the proper trial court division under GS 7A-243. Provides that if the amount in controversy is between \$10,000 and \$25,000, the pleading may state either trial division. Effective July 1, 2015, amends the same rule to no longer allow stating either trial division when the amount in controversy is between \$10,000 and \$25,000.

Intro. by Hartsell.[GS 1A, GS 1C, GS 28A, GS 31, GS 31A](#)[View summary](#)[Courts/Judiciary, Civil, Civil Law, Civil Procedure, Court System, Development, Land Use and Housing, Property and Housing](#)

S 786 (2013-2014) [ENERGY MODERNIZATION ACT](#). Filed May 15 2014, *A BILL TO BE ENTITLED AN ACT TO (1) EXTEND THE DEADLINE FOR DEVELOPMENT OF A MODERN REGULATORY PROGRAM FOR THE MANAGEMENT OF OIL AND GAS EXPLORATION, DEVELOPMENT, AND PRODUCTION IN THE STATE AND THE USE OF HORIZONTAL DRILLING AND HYDRAULIC FRACTURING TREATMENTS FOR THAT PURPOSE; (2) ENACT OR MODIFY CERTAIN EXEMPTIONS FROM REQUIREMENTS OF THE ADMINISTRATIVE PROCEDURE ACT APPLICABLE TO RULES FOR THE MANAGEMENT OF OIL AND GAS EXPLORATION, DEVELOPMENT, AND PRODUCTION IN THE STATE AND THE USE OF HORIZONTAL DRILLING AND HYDRAULIC FRACTURING TREATMENTS FOR THAT PURPOSE; (3) CREATE THE NORTH CAROLINA OIL AND GAS COMMISSION AND RECONSTITUTE THE NORTH CAROLINA MINING COMMISSION; (4) AMEND MISCELLANEOUS STATUTES GOVERNING OIL AND GAS EXPLORATION, DEVELOPMENT, AND PRODUCTION ACTIVITIES; (5) ESTABLISH A SEVERANCE TAX APPLICABLE TO OIL AND GAS EXPLORATION, DEVELOPMENT, AND PRODUCTION ACTIVITIES; (6) AMEND MISCELLANEOUS STATUTES UNRELATED TO OIL AND GAS EXPLORATION, DEVELOPMENT, AND PRODUCTION ACTIVITIES; AND (7) DIRECT STUDIES ON VARIOUS ISSUES, AS RECOMMENDED BY THE JOINT LEGISLATIVE COMMISSION ON ENERGY POLICY.*

Part I Extension of Rule Development Deadline

Amends Section 2(m) of S.L. 2012-143 extending the rule development deadline to January 1, 2015 (was October 1, 2014) for the development of a regulatory program for the management of oil and gas.

Part II Exemption from Administrative Procedure Act

Establishes that all rules adopted pursuant to Section 2(m) of SL 2012-143 will be subject to legislative review during the next regular session of the General Assembly that begins after the date the Rules Review Commission (RRC) approved the rule or during the regular session that is in session when the RRC approved the rule (currently, rules adopted by the RRC could only be subject to legislative review if they were adopted 25 days prior to the start of a legislative session).

Provides that any member of the General Assembly can introduce a bill to disapprove any rule adopted by the RRC within the first 30 calendar days of any regular session (was, 30 legislative days). Provides that rules adopted by the RRC during a legislative session can be disapproved by bill within 30 calendar days from the date the RRC approved the rules pursuant to Section 2(m) of SL 2012-143.

Sets out guidelines that establish when rules for the management of oil and gas can become effective when a disapproval bill has been filed in connection with a rule or a suite of rules. Provides that rules would become effective the earlier of (1) the 31st calendar day of a regular session that begins after the date the RRC approved the rule if a bill that specifically disapproves the rule has not been introduced in either chamber of the General Assembly by that date or (2) when a bill that specifically disapproves the rule is introduced in either chamber of the General Assembly before the 31st calendar day of that session, the rule becomes effective on the earlier of either the day an unfavorable final action on the bill is taken, or the 61st calendar day of the session if by that date a bill that specifically disapproves the rule has not been ratified, or (3) the day the General Assembly adjourns without ratifying a disapproval bill.

Establishes procedure for when rules are approved by the RRC when there is a legislative session.

Requires the RRC to review any permanent rule adopted pursuant to Section 2(m) of SL 2012-143 and submitted to it by the end of the month, by the last day of the next month.

Provides that GS 150B-19.3 does not apply to rules adopted by the Mining and Energy Commission (MEC), the Environmental Management Commission, or the Commission for Public Health when those rules are for the management of oil and gas exploration, development, and production.

Provides that rules for the management of oil and gas exploration and development are exempt from a fiscal note requirement found in GS 150B-19.1(f) of the APA. Provides that the exemption of the fiscal note requirement sunsets on December 31, 2017.

Part III Create Oil and Gas Commission and Reconstitute Mining Commission

Amends Part 6A of Article 7 of GS Chapter 143B, modifying GS 143B-293.1 and GS 143B-293.2 to create the North Carolina Oil and Gas Commission (Commission) while abolishing the North Carolina Mining and Energy Commission (MEC). Deletes authority of the Commission to adopt rules to require the operation of wells with efficient gas oil ratios and to fix such ratios. Establishes authority for the Commission to classify wells for taxing purposes. Amends reporting frequency. Sets out new membership selection criteria, providing that the Commission will consist of nine members. Directs the Commission to submit an annual written report to the Joint Legislative Commission on Energy Policy and the Environmental Review Commission regarding its operation. Sets out guidelines for staggered terms of members appointed to the Commission.

Makes conforming changes to GS 143B-293.4, 143B-293.5, and 143B-293.6.

Establishes that all terms of the members serving on the Mining and Energy Commission will expire on July 31, 2015, with the nine members of the Commission being duly appointed no later than August 1, 2015.

Reenacts Part 6 of Article 7 of GS Chapter 143B, reinstating the North Carolina Mining Commission (Mining Commission). Establishes that the Mining Commission will be comprised of seven members (previously repealed commission had nine members). Sets out new member selection criteria. Makes conforming changes to term expiration. Provides that a meeting can be called at the written request of four members (was, five members). The new members of the Mining Commission must be appointed no later than August 1, 2015.

Part III effective July 31, 2015

Part IV Miscellaneous Statutory Amendments related to Shale Gas Exploration, Development, and Production

Makes conforming changes to GS 113-391(a2) and GS 143b-293.1(b).

Enacts new GS 113-391A, Trade secret and confidential information determination; protection; retention; disclosure to emergency personnel, establishing that confidential information should be immediately accessible to first responders and medical personnel in cases of emergencies for the protection of public health, safety, and the environment.

Provides that information obtained pursuant to Article 27 of GS Chapter 113 is available to the public unless the release of that information, as deemed by the MEC, will divulge methods or processes entitled to protection as confidential information pursuant to GS 132-1.2.

Includes exceptions to disclosure prohibitions, providing that confidential information can be disclosed to officers and employees of any federal or state agency when disclosure is necessary to carry out the proper function of the agency or department. Provides that confidential information will be disclosed to the Division of Emergency Management of DPS. Disclosure of confidential information is also allowed to a treating health care provider and specified Fire Chiefs, when it is determined that the information is necessary to address an emergency or administer first-aid. Includes regulations for such allowable disclosures and penalties for unlawful disclosure of confidential information. Provides for appeals of Commission decisions concerning trade secret/confidential information to be heard by the Business Court, who has exclusive jurisdiction over the matter. Outlines procedures and regulations for the appeal.

Amends GS 113-391(b1), to establish that the State Geologist will serve as the custodian of trade secret information as defined or designated in GS 66-152(3) or GS 132-1.2, with a duty to keep such information securely maintained pursuant to GS 132-7.

Repeals GS 113-391(a)(6), concerning the Commission's involvement in an owner's request for surveys of alleged unlawfully drilled wells.

Repeals GS 113-392(c), concerning requirements that wells be drilled in the center of a drilling unit.

Amends GS 113-395(a), changing the fee structure for drilling wells, providing that a fee of \$3,000 will be assessed for the first well drilled on a pad and a fee of \$1,500 for each additional well drilled on the same pad (previously, a \$3,000 fee was assessed for each well drilled).

Adds new subsection GS 113-420(b2) requiring oil and gas developers to issue a 30 day written notice to owners of subsurface oil and gas resources before the Initiation of exploration, development, or production activities. Includes what, at a minimum, the notice must include.

Amends GS 113-421, concerning an oil and gas operator's presumptive liability for water contamination, providing that the liability extends to water supplies located within a ½ mile radius of any wellhead (was, within 5,000 feet of a wellhead). Makes conforming changes.

Adds new GS 113-421(e), a joint and several liability clause, providing that actions for recovery of cleanup costs, damages, or civil penalties can be brought against any person having control over the activities that contributed to the damage or other violations, and that such persons would be jointly and severally liable. Provides that ultimate liability can be determined by common-law principles.

Amends GA 113-423(f), concerning pre-drilling testing of water supplies at least 30 days before initial drilling activities, providing that the required testing must be of all water supplies located within ½ mile radius of a proposed wellhead (was, required testing of water supplies within 5,000 feet of proposed wellhead). Establishes that a surface owner can elect to have an independent third-party, certified by DENR's Wastewater/groundwater Laboratory Certification program sample wells in lieu of sampling conducted by the oil and gas operator (previously, surface owners could only choose to have DENR perform the sampling in place of the operator). Requires developers and operators to provide results of any testing conducted within 30 days of sampling to DENR. Allows developers and operators to share testing results with other operators and developers.

Enacts new GS 113-415A, Local ordinances prohibiting oil and gas exploration, development, and production activities invalid; petition to preempt local ordinance, placing limitation on the regulatory power of local governments, thus invalidating local ordinances that prohibit or have the effect of prohibiting oil and gas exploration, development, and production activities. Prohibition includes ordinances that would impose taxes, fees, or those that regulate health, environment, or land use with an outcome of prohibiting oil and gas exploration, development, and production activities. Sets out four specific classes of local ordinances that are prohibited. Includes further provisions discussing when local government development would interrupt oil and gas exploration activities, providing that the operator can petition the MEC to review the matter. Then requires the MEC to hold a public hearing within 60 days after receipt of the petition. Sets out requirements for public notice. Allows any interested person to appear at the hearing to offer testimony. Provides that written comment about the petition in question will be accepted for 20 days after the hearing. Establishes that local zoning or land-use ordinances from local governments are presumed to be valid and enforceable. Sets out limitations for this presumption. Provides process by which the MEC can preempt local ordinances, which must be done by making a finding of fact to the contrary. Provides that preemption only occurs after the MEC makes a finding of four specific facts. Sets out the required fact findings, including that they are local ordinances that prohibit or have the effect of prohibiting oil and gas exploration, development, and production activities and local citizens and officials have had opportunity to participate in the permitting process. Sets out rules for appeals from MEC finding, which can only occur through a written appeal under GS Chapter 150B, Article 4. Provides further appeals procedures and regulations.

Enacts new sections GS 113-395A, 113-395B, 113-395C, and 113-395D, which requires all natural gas compressor stations associated with oil and gas drilling operations to be located inside a baffled building. Also prohibits injection of wastes produced in connection with oil and gas drilling operations to the subsurface or groundwaters by means of wells. Requires DENR to conduct an environmental compliance review of each applicant for a new permit for oil and

gas activities. Sets out what the review must include and evaluate, including compliance history for a five year period before application and compliance with applicable laws for the protection of the environment. Sets out further review processes and requirements. Provides that no liability for trespass would arise from activities conducted for the purpose of seismic or geophysical data collection if a person has a landowner's written consent to enter for such activities or does not physically enter the private land. Physical entry, without written consent to conduct such activities would constitute a Class 1 misdemeanor. Provides for civil liability for people that are collecting such information and physical or property damage results.

Amends GS 87-98.4, to exempt persons engaged in activities involving the construction, repair, or abandonment of a well used for the exploration or development of oil or gas from the water well contractor certification requirements under GS Chapter 87.

Part V Establish Severance Tax

Repeals GS 113-387 and GS 113-388, the current severance tax system, under which no tax is currently collected.

Enacts new GS Chapter 105, Article 51, Severance Tax, providing for a new severance tax structure on the removal of energy minerals from the soil and water of NC. Sets out and defines terms to be used in this Article, including energy mineral which is defined to include all forms of natural gas, oil, and related condensates.

Tax structure is created and imposed on all energy minerals when sold. Energy minerals are categorized as condensates, gas, or oil. Oil and condensates will be taxed at the same rate with gas and marginal gas receiving two different rates, and taxed on the delivered to market value of the gas. Includes provisions detailing how to calculate delivered to market value as well as recordkeeping requirements and deductions allowable to the delivered to market value. Also provides that on-site use of energy minerals are exempt from the severance tax up to a yearly delivered to market value of \$1,200.

Sets out a graduated tax structure for energy mineral beginning in 2015 with 2% (oil and condensates), .4% (marginal gas), and .9%(gas), culminates in 2023 with the following rates 5% (oil and condensates), .8% (marginal gas), and a scale based on delivered to market value price per mcf(gas).

Sets out procedures and regulations for payment of the tax, including that the producer of the gas is liable for the tax and tax is due when the specified returns are due. Defines producer as the entity that extracts the mineral from the soil or water. Provides for suspension of permits for any producer that fails to file a return or make a payment for severance taxes. Also requires producer to file a bond or irrevocable letter of credit if the producer does not file a return.

Provides that local governments are not authorized to impose any additional taxes on the severance of energy minerals.

Also exempts the value of real property attributable to the presence of energy minerals from taxation when no permit for drilling in the property has been issued. Provides that local governments property tax revenues cannot exceed 8% of what the property tax revenues were for the prior fiscal year.

Part VI Studies

Directs the Local Government Division to study how other states are valuing energy minerals for property taxation and to establish guidelines for counties to ensure consistent and fair taxation. Findings must be reported to the Joint Legislative Commission on Energy Policy by January 1, 2015.

Directs the Department of Commerce, with DENR, the NC Ports Authority, and the Department of Administration, to study the desirability and feasibility of siting and constructing a liquefied natural gas export terminal in NC.

Findings and recommendation are to be reported to the Joint Legislative Commission on Energy Policy and Environmental Review Commission by January 1, 2015.

Directs the DOT to study statewide traffic, safety, and transportation issues surrounding energy-related traffic and road use, including the consideration of fees, road use agreements, and performance bonding or other surety

mechanisms. DOT is to reports its findings and recommendations to the Joint Legislative Commission on Energy Policy and the Joint Legislative Transportation Oversight Committee by January 1, 2015.

Directs the State Board of Community Colleges to study the desirability and feasibility of developing programs to prepare students in regards to employment in oil and gas drilling, gathering, and field operations industry, especially in Community Colleges located in areas where shale gas resources are of great potential. Findings and recommendations are due to the Joint Legislative Commission on Energy Policy and the Joint Legislative Education Oversight Committee by January 1, 2015.

Directs DENR to (1) examine MEC's rules relating to oil and gas exploration as well as all rules DENR determines will affect the regulation of compulsory pooling in NC, (2) study, in conjunction with other specified agencies, the issue of amending current dormant mineral statutes about extinguishment and other protection issues related to split estates, and (3) issue recommendations for legislative action related to compulsory pooling and dormant mineral statutes with findings reported to the Joint Legislative Commission on Energy Policy and the Environmental Review Commission by October 1, 2015.

Directs the MEC and DENR to study the development of midstream infrastructure in NC. Sets out what infrastructure should be studied. MEC will report the findings to the Joint Legislative Commission on Energy Policy March 1, 2015.

Directs the State Energy Office to study and make legislative recommendation on a comprehensive long-range energy policy to achieve maximum effective use of present and future sources of energy. Sets out specific factors the study should include. Findings are to be reported to the Joint Legislative Commission on Energy Policy by January 1, 2015.

Directs the Division of Purchase and Contract, with DPI, to allow any fuel option to be considered for the award of a school bus contract. Also directs the agencies to study the infrastructure necessary to support school bus fleets operating on natural gas. Findings are to be reported to the Joint Legislative Commission on Energy Policy by January 1, 2015.

Part VII Miscellaneous Provisions Unrelated to Shale Gas

Repeals GS 114.4.2D, a provision that required the Energy Policy Council to use an attorney assigned by the AG's office. Amends GS 113b-11(e), to allow the council to have legal support provided by DENR.

Amends GS 105-449.130 to adopt the gas gallon equivalent for compressed natural gas and the diesel gas equivalent for liquid natural gas for the purposes of motor fuel taxation. Equivalentents are 5.66 pounds of compressed gas and 6.06 pounds of liquefied natural gas. Makes conforming changes.

Part VIII Severability and Effective Date

Provides a severability clause.

Intro. by Rucho, Newton, Brock.

[GS 87](#), [GS 105](#), [GS 113](#), [GS 143B](#), [GS 153A](#), [GS 160A](#)

[View summary](#)

Environment, Energy, Environment/Natural Resources, Government, APA/Rule Making, State Agencies, Department of Public Instruction, Department of Commerce, Department of Environment and Natural Resources, Department of Transportation, Tax, Local Government

S 789 (2013-2014) [FUNDS FOR GEOGRAPHICALLY SPARSE LEAS](#). Filed May 15 2014, *A BILL TO BE ENTITLED AN ACT TO APPROPRIATE ADDITIONAL FUNDS FOR CERTAIN SMALL COUNTY SCHOOL ADMINISTRATIVE UNITS.*

Amends Section 8.4 of SL 2013-360, as amended by Section 3.11 of SL 2013-363 regarding small school system supplemental funding. Creates a new subsection (f1) in Section 8.4 of SL 2013-360, as amended, to provide an additional allotment of \$500,000 for the 2014-15 fiscal year for an eligible county school administrative unit with an Average Daily Membership (ADM) per square mile of less than two. Makes a conforming change to Section 8.4(d).

Appropriates \$1 million in recurring funds for the 2014-15 fiscal year from the General Fund to the Department of Public Instruction to implement the requirements of this act.

Makes this act effective July 1, 2014.

Intro. by Cook.

[APPROP, UNCODIFIED](#)

[View summary](#)

[Education, Elementary and Secondary Education, Government, Budget/Appropriations](#)

S 790 (2013-2014) [MAINTAIN CAPE HATTERAS EMC EXEMPT STATUS](#). Filed May 15 2014, *A BILL TO BE ENTITLED AN ACT TO MAINTAIN THE EXEMPTION ON SALES OF ELECTRICITY BY CAPE HATTERAS ELECTRICAL MEMBERSHIP CORPORATION FROM SALES TAX RECOGNIZED IN 1965.*

Repeals Section 4.5 of SL 2013-316, which, effective July 1, 2014, would have made Cape Hatteras Electrical Membership Corporation subject to taxes, other than property tax, to the same extent as other electrical membership corporations.

Intro. by Cook.

[UNCODIFIED](#)

[View summary](#)

[Government, Tax, Public Enterprises and Utilities](#)

S 791 (2013-2014) [OUTER BANKS LAND MANAGEMENT ACT](#). Filed May 15 2014, *A BILL TO BE ENTITLED AN ACT TO AUTHORIZE THE PURCHASE OF CERTAIN FEDERALLY OWNED REAL PROPERTY FOR THE PURPOSE OF ACQUIRING SUITABLE PROPERTY TO COMPLETE OREGON INLET STATE PARK; TO AUTHORIZE THE CONDEMNATION OF FEDERALLY OWNED REAL PROPERTY NECESSARY TO MANAGE EXISTING AND FUTURE TRANSPORTATION CORRIDORS ON THE OUTER BANKS; AND TO AUTHORIZE THE GOVERNOR TO WAIVE CERTAIN PERMITTING REQUIREMENTS DURING A GUBERNATORIALLY OR LEGISLATIVELY DECLARED STATE OF EMERGENCY.*

I. Enacts new Part 4 of Article 36 of GS Chapter 143 to establish the interest bearing Outer Banks Land Management Fund (Fund) in the Department of Administration. Specifies the allowable uses of the funds in the Fund, including purchasing land for inclusion in a state park on or near Oregon Inlet, and paying the costs of dredging to keep the Oregon Inlet navigation channel navigable and safe. Authorizes land that is purchased to be added to the State Parks System.

Allows the Department of Administration (DOA) to use private counsel for legal challenges related to the purchase, condemnation, exchange, or use of property on the Outer Banks, without obtaining permission from the Attorney General. Requires DOA to report to specified entities within 30 days of engaging private counsel.

Appropriates \$15 million from the General Fund to the Fund for 2014-15.

Requires DOA, on behalf of the State, to enter into an agreement to purchase federally owned property described in the act (1) with money from the Fund, (2) in exchange for state owned property, or (3) with a combination of the two.

Limits the state property that may be exchanged to property adjacent to federally owned property or within 100 miles of such property. Provides further details on the purchase agreement. Requires a report to the Joint Legislative Commission on Governmental Operations within 30 days after an agreement is entered into. If the described property is acquired, then the Department of Environment and Natural Resources (DENR) is authorized to add Oregon Inlet State Park, consisting of the acquired property and any other property owned by the state within that area, to the State Parks System.

II. Requires DOA, on July 1, 2015, to commence condemnation proceedings on all federally owned property that is needed to manage existing and future transportation corridors on the Outer Banks. Requires the Department of Transportation (DOT), by November 30, 2014, to identify federally owned property necessary to construct, or manage, existing and future transportation corridors on the Outer Banks and report the information to the chairs of the Joint Legislative Transportation Oversight Committee, DOA Secretary, and the Fiscal Research Division.

III. Amends GS 116A-19.30 to allow the Governor, during a gubernatorially or legislatively declared state of emergency, to issue an executive order waiving required documents or permits under the Environmental Policy Act, Sedimentation Pollution Control Act of 1973, and the Coastal Area Management, for the repair, protection, safety, enhancement, or replacement of a part of the highway system that provides the sole road access to a city or unincorporated inhabited area bordering the ocean or any coastal sound where bridge or road conditions as a result of the events leading to the declaration of the state of emergency pose a risk to public health, safety, or welfare. Sets out relevant definitions and requirements for the executive order. Makes conforming changes to GS 113A-12, GS 113A-52.01, and GS 113A-103.

IV. Provides that neither the Governor nor the Council of State are required to approve any conveyance, exchange, or condemnation made under this act, nor will they be required to consult with or report to the Joint Legislative Commission on Governmental Operations before the conveyance, exchange, or condemnation.

Intro. by Cook.

[APPROP, GS 113A, GS 143, GS 166A](#)

[View summary](#)

[Development, Land Use and Housing, Property and Housing, Environment, Environment/Natural Resources, Government, State Agencies, Department of Administration, Department of Environment and Natural Resources, Department of Transportation, State Government, State Property, Transportation](#)

ACTIONS ON BILLS

No public actions on bills

No local actions on bills

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