

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1991

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5

HOUSE BILL 83\*

Committee Substitute Favorable With Amendments 6/4/91

Committee Substitute #2 Favorable 6/5/91

Fourth Edition Engrossed 6/7/91

Senate Finance Committee Substitute Adopted 6/11/91

Short Title: 1991 Appropriations/Reform/Revenue.

(Public)

Sponsors:

Referred to:

February 18, 1991

A BILL TO BE ENTITLED

AN ACT TO MAKE BASE BUDGET AND EXPANSION BUDGET APPROPRIATIONS FOR CURRENT OPERATIONS OF STATE DEPARTMENTS, INSTITUTIONS, AND AGENCIES; TO MAKE APPROPRIATIONS FOR CAPITAL IMPROVEMENTS FOR STATE DEPARTMENTS, INSTITUTIONS, AND AGENCIES; TO MAKE APPROPRIATIONS FOR OTHER PURPOSES; TO PROVIDE FOR BUDGET REFORM; AND TO PROVIDE FOR REVENUE RECONCILIATION.

The General Assembly of North Carolina enacts:

---INTRODUCTION

Section 1. The appropriations made in this act are for maximum amounts necessary to provide the services and accomplish the purposes described in the budget. Savings shall be effected where the total amounts appropriated are not required to perform these services and accomplish these purposes and, except as allowed by the Executive Budget Act, or this act, the savings shall revert to the appropriate fund at the end of each fiscal year.

Requested by: Senators Basnight, Plyler

---TITLE OF ACT

1           Sec. 2. This act shall be known as "The Appropriations, Budget Reform, and  
 2 Revenue Reconciliation Act of 1991." This act contains the Current Operations  
 3 Appropriations Bill, the Expansion Budget Appropriations Bill, the Capital  
 4 Improvements Appropriations Bill, the Budget Reform Bill, and the Revenue  
 5 Reconciliation Bill.

6  
 7  
 8                                   **TITLE I. - CURRENT OPERATIONS**

9  
 10       PART 1.—GENERAL FUND APPROPRIATIONS

11  
 12       —CURRENT OPERATIONS/GENERAL FUND

13           Sec. 3. Appropriations from the General Fund of the State for the  
 14 maintenance of the State departments, institutions, and agencies, and for other purposes  
 15 as enumerated are made for the biennium ending June 30, 1993, according to the  
 16 following schedule:

<u>Current Operations-General Fund</u>	<u>1991-92</u>	<u>1992-93</u>
General Assembly	\$ 17,938,648	\$ 21,171,406
Judicial Department	204,701,275	210,005,066
Department of the Governor		
01. Office of the Governor	5,085,181	5,164,624
02. Office of State Budget and Management	3,795,573	3,981,781
Lieutenant Governor's Office		541,379 552,511
Department of Secretary of State		4,254,420 4,005,938
Department of State Auditor		12,852,231 13,007,984
Department of State Treasurer		4,825,761 4,893,424
Department of Public Education	3,180,243,690	3,273,306,368
Department of Justice		49,222,973 49,303,234
Department of Administration		
01. Administration	47,434,501	50,791,738
02. State Controller	4,955,179	5,043,694

1	Department of Agriculture	38,812,322	39,340,164
2			
3	Department of Labor	7,912,145	8,118,628
4			
5	Department of Insurance	11,922,216	12,092,877
6			
7	Department of Transportation		
8	01.    Aeronautics	8,316,571	8,116,571
9	02.    Aid to Railroads	128,406	100,000
10			
11	Total Department of		
12	Transportation	8,444,977	8,216,571
13			
14	Department of Environment, Health, and		
15	Natural Resources	167,575,194	169,527,407
16			
17	Office of Administrative Hearings	1,272,359	-
18			
19	Administrative Rules Review Commission	249,502	253,456
20			
21	Department of Human Resources		
22	01.    Alcohol Drug Abuse Treatment Center -		
23	Black Mountain	3,818,978	3,894,651
24	02.    Alcohol Drug Abuse Treatment Center -		
25	Butner	3,220,812	3,291,907
26	03.    Alcohol Drug Abuse Treatment Center -		
27	Greenville	3,252,498	3,322,256
28	04.    N.C. Special Care Center	566,162	740,867
29	05.    Black Mountain Center	1,617,857	2,118,827
30	06.    DHR - Secretary	7,664,349	7,794,666
31	07.    Division of Aging	8,497,571	8,504,844
32	08.    Schools for the Deaf and		
33	Hard of Hearing	19,037,762	19,476,528
34	09.    Social Services	130,243,525	137,823,654
35	10.    Medical Assistance	522,379,259	602,098,277
36	11.    Social Services-State Aid to		
37	Non-State Agencies	5,440,669	5,440,669
38	12.    Division of Services for the		
39	Blind	11,940,736	12,097,043
40	13.    Division of Mental Health,		
41	Developmental Disabilities and		
42	Substance Abuse Services	185,096,353	186,201,187
43	14.    Dorothea Dix Hospital	34,979,050	38,060,051
44	15.    Broughton Hospital	28,991,032	31,417,835

1	16.	Cherry Hospital	30,318,690	32,300,196	
2	17.	John Umstead Hospital	30,352,135	34,473,823	
3	18.	Western Carolina Center	1,368,159	2,168,421	
4	19.	O'Berry Center	1,854,136	2,605,180	
5	20.	Murdoch Center	8,353,462	9,357,233	
6	21.	Caswell Center	5,321,035	8,176,636	
7	22.	Division of Facility Services	28,239,036	29,416,980	
8	23.	Division of Vocational			
9		Rehabilitation Services	21,678,859	21,857,361	
10	24.	Division of Youth Services	45,522,280	46,099,663	
11		Total Department of			
12		Human Resources			1,139,754,405 1,248,738,755
13					
14		Department of Correction			470,589,931 493,265,549
15					
16		Department of Economic and Community			
17		Development			
18	01.	Economic and Community			
19		Development	24,459,147	24,767,977	
20	02.	Biotechnology	7,157,547	7,157,547	
21	03.	MCNC	16,525,140	16,000,000	
22					
23		Department of Revenue			52,328,356 53,136,369
24					
25		Department of Cultural Resources			38,207,489 39,275,697
26					
27		Department of Crime Control			
28		and Public Safety			26,950,909 27,426,012
29					
30		University of North Carolina - Board			
31		of Governors			
32	01.	General Administration	13,687,444	17,285,121	
33	02.	University Institutional			
34		Program	5,405,651	5,805,651	
35	03.	Related Educational Programs	44,418,531	44,468,531	
36	04.	University of North Carolina			
37		at Chapel Hill			
38		a. Academic Affairs	129,222,504	140,702,013	
39		b. Health Affairs	99,075,483	104,972,130	
40		c. Area Health Education			
41		Centers	31,257,577	31,286,910	
42	05.	North Carolina State University			
43		at Raleigh			
44		a. Academic Affairs	168,482,944	174,857,482	

1	b. Agricultural Research		
2	Service	35,427,862	35,770,197
3	c. Agricultural Extension		
4	Service	27,490,759	28,064,099
5	06. University of North Carolina at		
6	Greensboro	54,140,779	55,122,732
7	07. University of North Carolina at		
8	Charlotte	55,192,082	55,971,497
9	08. University of North Carolina at		
10	Asheville	16,531,596	16,826,241
11	09. University of North Carolina at		
12	Wilmington	32,230,277	32,831,643
13	10. East Carolina University		
14	a. Academic Affairs	71,769,472	73,100,251
15	b. Division of Health Affairs	50,648,257	53,493,127
16	11. North Carolina Agricultural and		
17	Technical State University	35,504,057	36,476,642
18	12. Western Carolina University	34,192,276	34,916,550
19	13. Appalachian State University	52,422,646	53,331,666
20	14. Pembroke State University	15,733,902	15,943,282
21	15. Winston-Salem State University	15,611,823	16,010,714
22	16. Elizabeth City State		
23	University	14,522,105	14,739,514
24	17. Fayetteville State University	16,646,168	16,923,999
25	18. North Carolina Central		
26	University	26,233,350	26,808,026
27	19. North Carolina School of the		
28	Arts	8,254,361	8,382,728
29	20. North Carolina School of		
30	Science and Mathematics	7,162,981	7,152,941
31	21. UNC Hospitals at Chapel Hill	37,755,275	47,092,624
32	Total University of North		
33	Carolina		1,099,020,162 1,148,336,311
34			
35	Department of Community		
36	Colleges	352,774,407	359,510,097
37			
38	State Board of Elections		470,005 435,187
39			
40	Contingency and Emergency		1,125,000 1,125,000
41			
42	Reserve for Salary Adjustments		500,000 500,000
43			
44	Reserve for Lowest Paid Employees		750,000 750,000

1			
2	Reserve for Data Processing Equipment		2,500,000 1,500,000
3			
4	Reserve for State Employees Health		
5	Benefit Plan	75,200,000 99,900,000	
6			
7	Reserve for Reimbursements to		
8	Local Governments and for		
9	Shared Tax Revenues	474,606,174 474,606,174	
10			
11	Debt Service		<u>76,028,270 73,049,578</u>
12			
13			
14	GRAND TOTAL CURRENT OPERATIONS –		
15	GENERAL FUND		\$7,630,986,468 \$7,948,257,124
16			
17			

**PART 2.—CURRENT OPERATIONS/HIGHWAY FUND**

19  
 20           Sec. 4. Appropriations from the Highway Fund of the State for the  
 21 maintenance and operation of the Department of Transportation, and for other purposes  
 22 as enumerated, are made for the biennium ending June 30, 1993, according to the  
 23 following schedule:

24			
25	<u>Current Operations-Highway Fund</u>	<u>1991-92</u>	<u>1992-93</u>
26			
27	Department of Transportation		
28	01. Administration	\$ 34,009,810 \$ 34,473,967	
29	02. Division of Highways		
30	a. Administration and		
31	Operations	32,579,409 33,151,051	
32	b. State Construction		
33	(01) Primary Construction	- -	
34	(02) Secondary		
35	Construction		66,121,926 66,717,023
36	(03) Urban Construction	10,805,664 9,828,266	
37	(04) Access and Public		
38	Service Roads		2,000,000 2,000,000
39	(05) Special Appropriation		
40	for Highways		5,000 5,000
41	(06) Spot Safety		
42	Improvements		9,100,000 9,100,000
43	c. State Funds to Match Federal		
44	Highway Aid		

1	(01)	Construction	65,992,066	65,992,066	
2	(02)	Planning Survey and Highway			
3		Planning Research			2,959,649 2,959,649
4	d.	State Maintenance			
5	(01)	Primary	85,882,433	85,882,433	
6	(02)	Secondary	151,355,630	151,355,630	
7	(03)	Urban	22,714,972	22,714,972	
8	(04)	Contract Resurfacing	100,000,000	102,500,000	
9	e.	Ferry Operations	16,547,896	16,547,896	
10	03.	Division of Motor Vehicles	74,250,105	75,416,064	
11	04.	Governor's Highway Safety Program	286,279	290,617	
12	05.	State Aid to Municipalities			66,121,926 66,717,023
13	06.	State Aid for Public			
14		Transportation	5,038,766	5,046,001	
15	07.	Salary Adjustments for Highway			
16		Fund Employees	200,000	200,000	
17	08.	Reserve to Correct Occupational			
18		Safety and Health Conditions	425,000	425,000	
19	09.	Reserve to Continue DOT			
20		Merit Salary Increases	4,510,383	4,510,383	
21	10.	Debt Service	38,227,230	38,018,250	
22	11.	Reserve for State Employees			
23		Health Benefit Plan	6,200,000	8,200,000	
24					
25	Appropriations for Other State Agencies				
26	01.	Crime Control and Public			
27		Safety	82,960,977	85,402,398	
28	02.	Other Agencies			
29	a.	Department of Agriculture	2,892,001	2,790,013	
30	b.	Department of Revenue	1,921,279	1,923,941	
31	c.	Department of Environment,			
32		Health, and Natural			
33		Resources:			
34		LUST Trust Fund			5,186,720 5,586,046
35		Chemical Test Program			376,176 380,176
36	d.	Department of Correction	4,591,856	4,633,856	
37	e.	Department of Justice	240,250	240,250	
38	f.	Department of Public			
39		Education	22,930,662	22,868,826	
40					
41	GRAND TOTAL CURRENT OPERATIONS –				
42	HIGHWAY FUND				
43					\$ 916,434,065 \$ 925,876,797
44					

## 1 PART 3.—HIGHWAY TRUST FUND

2

3 Sec. 5. Appropriations are made from the Highway Trust Fund for the fiscal  
4 biennium ending June 30, 1993, according to the following schedule:5 1991-92 1992-93

6 01. Intrastate System\$ 201,279,015 \$ 203,941,317

7 02. Secondary Roads Construction46,099,293 46,878,630

8 03. Urban Loops 81,313,427 82,389,951

9 04. State Aid - Municipalities 21,099,293 21,378,630

10 05. Program Administration 15,108,972 15,311,472

11 06. Transfer to General Fund 170,000,000 170,000,000

12

13 GRAND TOTAL/HIGHWAY TRUST FUND \$ 534,900,000 \$ 539,900,000

14

15

## 16 PART 4.—BLOCK GRANT APPROPRIATIONS

17

18 Requested by: Senators Richardson, Martin of Pitt

## 19 —BLOCK GRANT PROVISIONS

20 Sec. 6. (a) Appropriations from federal block grant funds are made for the  
21 fiscal year ending June 30, 1992, according to the following schedule:

22

23 TOTAL JOB TRAINING PARTNERSHIP ACT \$

24 35,316,871

25

## 26 COMMUNITY SERVICES BLOCK GRANT

27 01. Community Action Agencies \$ 8,906,905

28

29 02. Limited Purpose Agencies 494,305

30

31 03. Department of Human Resources to  
32 administer and monitor the activities

33 of the Community Services Block Grant 484,890

34

35 TOTAL COMMUNITY SERVICES BLOCK GRANT \$

36 9,886,100

37

## 38 COMMUNITY DEVELOPMENT BLOCK GRANT

39

40 01. State Administration \$ 913,140

41

42 02. Urgent Needs/Contingency 1,987,193

43

44 03. Development Planning/Housing 1,987,193



1			
2	04.	Economic Development	7,948,772
3			
4	05.	Community Revitalization	27,820,702
5			
6	TOTAL COMMUNITY DEVELOPMENT		
7	BLOCK GRANT		
8			\$
9			
10	PREVENTIVE HEALTH BLOCK GRANT		
11			
12	01.	Emergency Medical Services	\$ 451,915
13			
14	02.	Basic Public Health Services	928,395
15			
16	03.	Hypertension Programs	590,230
17			
18	04.	Health Education/Risk Reduction Programs and	
19		Health Promotion/Local Health Departments	1,013,371
20			
21	05.	Fluoridation of Water Supplies	158,134
22			
23	06.	Rape Prevention and Rape	
24		Crisis Programs	91,269
25			
26	07.	AIDS/HIV Education, Counseling,	
27		and Testing	290,577
28			
29	08.	TB Control Program	61,787
30			
31	TOTAL PREVENTIVE HEALTH BLOCK GRANT		
32			\$
33			
34	MATERNAL AND CHILD HEALTH SERVICES		
35			
36	01.	Healthy Mother/Healthy Children	
37		Block Grants to Local Health	
38		Departments	\$ 11,788,781
39			
40	02.	High Risk Maternity Clinic Services,	
41		Perinatal Education, and Consultation	
42		to Local Health Departments	
43		and Other Health Care Providers	1,554,303
44			

1	03.	Services to Disabled Children	5,367,054	
2				
3	04.	Reimbursements for Local Health		
4		Departments for Contracted		
5		Nutritional Services	120,530	
6				
7		TOTAL MATERNAL AND CHILD		
8		HEALTH SERVICES		\$
9		18,830,668		
10				
11		SOCIAL SERVICES BLOCK GRANT		
12				
13	01.	County Departments of Social Services		\$ 42,846,858
14				
15	02.	Allocation for In-Home Services provided		
16		by County Departments of		
17		Social Services	1,184,524	
18				
19	03.	Division of Mental Health, Developmental		
20		Disabilities, and Substance Abuse	5,514,782	
21				
22	04.	Division of Services for the Blind	3,162,920	
23				
24	05.	Division of Youth Services	1,037,868	
25				
26	06.	Division of Facility Services	330,573	
27				
28	07.	Division of Aging	333,656	
29				
30	08.	Day Care Services	12,158,899	
31				
32	09.	Volunteer Services	55,086	
33				
34	10.	State Administration and State Level		
35		Contracts	3,392,468	
36				
37	11.	Voluntary Sterilization Funds	98,710	
38				
39	12.	Transfer to Maternal and Child		
40		Health Block Grant	1,670,089	
41				
42	13.	Adult Day Care Services	652,889	
43				
44	14.	County Departments of Social Services for		

1	Child Abuse/Prevention and		
2	Permanency Planning	394,841	
3			
4	15. Allocation to Division of Maternal and		
5	Child Health for Grants-in-Aid to Prevention		
6	Programs	439,261	
7			
8	16. Transfer to Preventive Health		
9	Block Grant for Emergency Medical Services		
10	and Basic Public Health Services	486,258	
11			
12	17. Allocation to Preventive Health Block		
13	Grant for AIDS Education	290,577	
14			
15	18. Allocation to Department of Administration		
16	for North Carolina Fund for Children	45,270	
17			
18	19. Allocation to the Division of Economic		
19	Opportunity for Head Start,		
20	Elderly and Handicapped Services	197,421	
21			
22	TOTAL SOCIAL SERVICES BLOCK GRANT		\$
23	74,292,950		
24			
25	LOW INCOME ENERGY BLOCK GRANT		
26			
27	01. Energy Assistance Programs	\$ 18,407,453	
28			
29	02. Crisis Intervention	4,441,897	
30			
31	03. Administration	1,981,400	
32			
33	04. Weatherization Program	1,737,187	
34			
35	05. Indian Affairs	27,222	
36			
37	06. Transfer to Preventive Health Block Grant		
38	for Emergency Medical Services Program	209,116	
39			
40	07. Transfer to Social Services		
41	Block Grant for Adult		
42	Day Care Services	417,648	
43			
44	08. Transfer to Social Services Block		

1	Grant for State Administration		
2	& Contract Service	192,748	
3			
4	09. Transfer to Maternal and Child Health		
5	Block Grant in the Division of		
6	Maternal and Child Health		
7	for Healthy Mothers and Children	1,696,362	
8			
9	10. Transfer to SSBG for allocation to the		
10	Department of Administration for		
11	the North Carolina Fund for Children	45,270	
12			
13	TOTAL LOW INCOME ENERGY BLOCK GRANT		\$
14	29,156,303		
15			
16	ALCOHOL AND DRUG ABUSE AND MENTAL HEALTH		
17	SERVICES BLOCK GRANT		
18			
19	01. Allocate funds to the four regional		
20	offices on a per capita basis		
21	for mental health services	\$ 1,866,556	
22			
23	02. Programs for the Chronically		
24	Mentally Ill	3,336,748	
25			
26	03. Continuation of child mental health		
27	nonresidential services in		
28	accordance with the Child Mental		
29	Health Plan	315,013	
30			
31	04. Continuation of child mental health		
32	residential services including group		
33	homes, specialized foster care,		
34	therapeutic homes, professional		
35	parenting programs, and respite care,		
36	with an emphasis on children under		
37	the age of 12	359,703	
38			
39	05. Continuation and expansion of community-		
40	based alcohol and drug services		
41	including prevention, early		
42	intervention, treatment, rehabilitation,		
43	nonhospital medical detoxification,		
44	and training	6,121,682	

1			
2	06.	Continuation and expansion of services	
3		to female substance abusers,	
4		including specialized services at	
5		the ADATCS	2,652,698
6			
7	07.	Continuation and expansion of services to	
8		IV drug abusers, including increased	
9		capacity for drug screens and IV	
10		services at the ADATCS	3,518,950
11			
12	08.	Services to adolescents, including	
13		continuation and expansion of services	
14		in accordance with the Youth Substance	
15		Abuse Plan	3,140,864
16			
17	09.	Funding to support the provision of	
18		Treatment Alternatives to Street	
19		Crimes (TASC) programs for adults	
20		and four demonstration projects with	
21		local jails	462,104
22			
23	10.	Continuing of funding for detoxification	
24		services in the Eastern Region	1,048,110
25			
26	11.	Administration	1,085,098
27			
28	TOTAL ALCOHOL, DRUG ABUSE AND		
29	MENTAL HEALTH SERVICES		
30	BLOCK GRANT		
31			\$
32			23,907,526
33	MENTAL HEALTH SERVICES FOR THE HOMELESS		
34	BLOCK GRANT		
35			
36	01.	Specialized Community Services for the	
37		Chronically Mentally Ill	\$ 420,000
38	02.	Community-Based Services for Chronically	
39		Mentally Ill Youth	97,656
40	03.	Administration	13,344
41			
42	TOTAL MENTAL HEALTH SERVICES FOR THE		
43	HOMELESS BLOCK GRANT		
44			\$
			531,000

1  
2 **COMMUNITY YOUTH ACTIVITY PROGRAM BLOCK GRANT**

- 3  
4     01.   Development of Community-Based Substance  
5           Abuse Prevention Programs  
6           for Youth \$   92,091

7  
8 **TOTAL COMMUNITY YOUTH ACTIVITY PROGRAM**  
9 **BLOCK GRANT** \$  
10 92,091

11  
12 **CHILD CARE AND DEVELOPMENT BLOCK GRANT**

- 13  
14     01.   Child Day Care Services         14,752,146  
15  
16     02.   Head Start Wrap-Around         3,337,000  
17  
18     03.   Revolving Loans/Grants         500,000  
19  
20     04.   County Day Care Coordinators     467,167  
21  
22     05.   Staff/Child Ratio Reduction     208,300  
23  
24     06.   Study of Day Care Salaries       100,000  
25  
26     07.   Child Care Worker Credentials     100,000  
27  
28     08.   Resource and Referral Programs   650,000  
29  
30     09.   Facility Services Administration   202,054

31  
32 **TOTAL CHILD CARE AND DEVELOPMENT**  
33 **BLOCK GRANT** \$  
34 20,316,667

35  
36           (b) Decreases in Federal Fund Availability

37           If federal funds are reduced below the amounts specified above after the  
38 effective date of this act, then every program, in each of the federal block grants listed  
39 above, shall be reduced by the same percentage as the reduction in federal funds.

40           (c) Increases in Federal Fund Availability

41           Any block grant funds appropriated by the United States Congress in addition  
42 to the funds specified in this act shall be expended as follows:

- 43           (1)   For the Community Development Block Grant or for the Preventive  
44                Health Block Grant – each program category under the Community

1 Development Block Grant or the Preventive Health Block Grant, as  
2 applicable, shall be increased by the same percentage as the increase in  
3 federal funds.

4 (2) For the Maternal and Child Health Services Block Grant – these  
5 additional funds shall be allocated to local health departments to assist  
6 in the reduction of infant mortality.

7 (3) For other block grants – these additional funds may be budgeted by the  
8 appropriate department, with the approval of the Office of State  
9 Budget and Management, provided the resultant increases are in  
10 accordance with federal block grant requirements and are within the  
11 scope of the block grant plan approved by the General Assembly. All  
12 these budgeted increases shall be reported to the Joint Legislative  
13 Commission on Governmental Operations and to the Director of the  
14 Fiscal Research Division.

15 This subsection shall not apply to Job Training Partnership Act funds.

16 (d) Education Setaside of JTPA Funds

17 The Department of Economic and Community Development shall certify to  
18 the Joint Legislative Commission on Governmental Operations and to the Fiscal  
19 Research Division of the Legislative Services Office when Job Training Partnership Act  
20 funds have been distributed to each agency, the total amount distributed to each agency,  
21 and the total amount of eight percent (8%) Education Setaside funds received.  
22  
23

## 24 PART 5.—GENERAL PROVISIONS

25

26 Requested by: Senators Basnight, Plyler

### 27 —SPECIAL FUNDS, FEDERAL FUNDS, AND DEPARTMENTAL 28 RECEIPTS/AUTHORIZATION FOR EXPENDITURES

29 Sec. 7. There is appropriated out of the cash balances, federal receipts, and  
30 departmental receipts available to each department, sufficient amounts to carry on  
31 authorized activities included under each department's operations. All these cash  
32 balances, federal receipts, and departmental receipts shall be expended and reported in  
33 accordance with provisions of the Executive Budget Act, except as otherwise provided  
34 by statute. The Director of the Budget shall develop necessary budget controls,  
35 regulations, and systems to ensure that these funds and other State funds subject to the  
36 Executive Budget Act, may not be spent in a manner which would cause a deficit in  
37 expenditures.

38 Pursuant to G.S. 143-34.2, State departments, agencies, institutions, boards,  
39 or commissions may make application for, receive, or disburse any form of non-State  
40 aid. All non-State monies received shall be deposited with the State Treasurer unless  
41 otherwise provided by State law. These funds shall be expended in accordance with the  
42 terms and conditions of the fund award that are not contrary to the laws of North  
43 Carolina.  
44

1 Requested by: Senators Basnight, Plyler

2 ---INSURANCE AND FIDELITY BONDS

3           Sec. 8. All insurance and all official fidelity and surety bonds authorized for  
4 the several departments, institutions, and agencies shall be effected and placed by the  
5 Insurance Department, and the cost of placement shall be paid by the affected  
6 department, institution, or agency with the approval of the Insurance Commissioner.

7

8 Requested by: Senators Basnight, Plyler

9 ---CONTINGENCY AND EMERGENCY FUND ALLOCATION

10           Sec. 9. Of the funds appropriated in this Title to the Contingency and  
11 Emergency Fund, \$900,000 for the 1991-92 fiscal year and \$900,000 for the 1992-93  
12 fiscal year shall be designated for emergency allocations, which are for the purposes  
13 outlined in G.S. 143-23(a1). \$225,000 for the 1991-92 fiscal year and \$225,000 for the  
14 1992-93 fiscal year shall be designated for other allocations from the Contingency and  
15 Emergency Fund.

16

17 Requested by: Senators Basnight, Plyler

18 ---BUDGETING OF PILOT PROGRAMS

19           Sec. 10. (a) Any program designated by the General Assembly as experimental,  
20 model, or pilot shall be shown as a separate budget item and shall be considered as an  
21 expansion item until a succeeding General Assembly reapproves it.

22           Any new program funded in whole or in part through a special  
23 appropriations bill shall be designated as an experimental, model, or pilot program.

24           (b) The Governor shall submit to the General Assembly with his proposed  
25 budget a report of which items in the proposed budget are subject to the provisions of  
26 this section.

27

28 Requested by: Senators Basnight, Plyler

29 ---AUTHORIZED TRANSFERS

30           Sec. 11. The Director of the Budget may transfer to General Fund budget  
31 codes from the General Fund salary adjustment appropriation, and may transfer to  
32 Highway Fund budget codes from the Highway Fund salary adjustment appropriation,  
33 amounts required to support approved salary adjustments made necessary by difficulties  
34 in recruiting and holding qualified employees in State government. The funds may be  
35 transferred only when the use of salary reserve funds in individual operating budgets is  
36 not feasible.

37

38 Requested by: Senators Basnight, Plyler

39 ---EXPENDITURES OF FUNDS IN RESERVES LIMITED

40           Sec. 12. All funds appropriated by this act into reserves may be expended  
41 only for the purposes for which the reserves were established.

42

43 Requested by: Senator Martin of Pitt

44 ---NONPROFITS MAY RELINQUISH FUNDS



1           Sec. 13. G.S. 143-6.1 reads as rewritten:

2   "**§ 143-6.1. Information from private organizations receiving State funds.**

3       Every private person, corporation, organization, and institution which receives, uses  
4 or expends any State funds shall use or expend such funds only for the purposes for  
5 which such State funds were appropriated by the General Assembly or collected by the  
6 State.

7       Each private person, corporation, organization, and institution which uses or  
8 expends State funds in the amount of twenty-five thousand dollars (\$25,000) or more  
9 annually, except when the funds are compensation for goods or services, shall file  
10 annually with the State Auditor and with the Joint Legislative Commission on  
11 Governmental Operations a financial statement in such form and on such schedule as  
12 shall be prescribed by the State Auditor, and shall furnish to the State Auditor for audit  
13 all books, records and other information as shall be necessary for the State Auditor to  
14 account fully for the use and expenditure of State funds. Each such private person,  
15 corporation, organization, and institution shall furnish such additional financial or  
16 budgetary information as shall be requested by the State Auditor or by the Joint  
17 ~~Committee~~ Legislative Commission on Governmental Operations. The State shall not  
18 disburse State funds appropriated by the General Assembly or collected by the State for  
19 use by any private person, corporation, organization, or institution unless that person,  
20 corporation, organization, or institution has provided all the reports and financial  
21 information required by this section. All financial statements furnished to the State  
22 Auditor or to the Joint Legislative Commission on Governmental Operations pursuant  
23 to this section, and any audits or other reports prepared by the State Auditor, shall be  
24 public records.

25       The receipt, use or expenditure of State funds by a private person, corporation,  
26 organization, and institution shall not, in and of itself, make or constitute such person,  
27 corporation, organization, or institution a State agency."

28  
29 Requested by: Senator Martin of Pitt

30 —STATE MONEY RECIPIENTS/CONFLICT OF INTEREST POLICY

31       Sec. 14. Each private, nonprofit entity eligible to receive State funds, either  
32 by General Assembly appropriation, or by grant, loan, or other allocation from a State  
33 agency, before funds may be disbursed to the entity, shall file with the disbursing  
34 agency a notarized copy of that entity's policy addressing conflicts of interest that may  
35 arise involving the entity's management employees and the members of its board of  
36 directors or other governing body. The policy shall address situations where any of  
37 these individuals may directly or indirectly benefit, except as the entity's employees or  
38 members of the board or other governing body, from the entity's disbursing of State  
39 funds, and shall include actions to be taken by the entity or the individual, or both, to  
40 avoid conflicts of interest and the appearance of impropriety.

41  
42  
43 PART 6.—STATE BOARD OF ELECTIONS  
44

1 Requested by: Senator Martin of Guilford

2 ---CHANGE THE DATE OF THE PRESIDENTIAL PRIMARY TO THE DATE OF  
3 THE REGULAR STATEWIDE PRIMARY, AND ELIMINATE REIMBURSEMENT  
4 TO THE COUNTIES OF THE EXPENSE OF HOLDING A SEPARATE PRIMARY

5 Sec. 15. (a) G.S. 163-213.2 reads as rewritten:

6 **"§ 163-213.2. Primary to be held; date; qualifications and registration of voters.**

7 On the ~~second Tuesday in March, 1988,~~ Tuesday after the first Monday in May,  
8 1992, and every four years thereafter, the voters of this State shall be given an  
9 opportunity to express their preference for the person to be the presidential candidate of  
10 their political party.

11 Any person otherwise qualified who will become qualified by age to vote in the  
12 general election held in the same year of the presidential preference primary shall be  
13 entitled to register and vote in the presidential preference primary. Such persons may  
14 register not earlier than 60 days nor later than the 21st day prior to the said primary. In  
15 addition, persons who will become qualified by age to register and vote in the general  
16 election for which the primary is held, who do not register during the special period may  
17 register to vote after such period as if they were qualified on the basis of age, but until  
18 they are qualified by age to vote, they may vote only in primary elections."

19 (b) G.S. 163-213.3 reads as rewritten:

20 **"§ 163-213.3. Conduct of election.**

21 The presidential preference primary election shall be conducted and canvassed by  
22 the same authority and in the manner provided by law for the conduct and canvassing of  
23 the primary election for the office of Governor and all other offices enumerated in G.S.  
24 163-187 and under the same provisions stipulated in G.S. ~~163-188, 163-188.~~ except that  
25 the earliest date by which absentee ballots shall be available shall be 35 days prior to the  
26 date of the primary. The State Board of Elections shall have authority to promulgate  
27 reasonable rules and regulations, not inconsistent with provisions contained herein,  
28 pursuant to the administration of this Article."

29 (c) G.S. 163-213.4 reads as rewritten:

30 **"§ 163-213.4. Nomination by State Board of Elections.**

31 The State Board of Elections shall convene in Raleigh on the first Tuesday in  
32 ~~January~~ February preceding the presidential preference primary election. At the meeting  
33 required by this section, the State Board of Elections shall nominate as presidential  
34 primary candidates all candidates affiliated with a political party, recognized pursuant to  
35 the provisions of Article 9 of Chapter 163 of the General Statutes, who have become  
36 eligible to receive payments from the Presidential Primary Matching Payment Account,  
37 as provided in section 9033 of the U.S. Internal Revenue Code of 1954, as amended.  
38 Immediately upon completion of these requirements, the Board shall release to the news  
39 media all such nominees selected. Provided, however, nothing shall prohibit the partial  
40 selection of nominees prior to the meeting required by this section, if all provisions  
41 herein have been complied with."

42 (d) G.S. 163-213.11 is repealed.

43  
44

1 PART 7.—OFFICE OF STATE AUDITOR

2  
3 Requested by: Senator Martin of Guilford

4 —DEPARTMENT OF REVENUE PERFORMANCE AUDIT

5 Sec. 16. The State Auditor shall conduct an operations performance audit of  
6 the Department of Revenue with particular attention to auditing the efficiency of  
7 information systems and the effectiveness of tax collection systems. The State Auditor  
8 shall report the results of the audit to the General Assembly on or before May 1, 1992.

9  
10  
11 PART 8.—DEPARTMENT OF ADMINISTRATION

12  
13 Requested by: Senator Martin of Guilford

14 —BOARD OF SCIENCE AND TECHNOLOGY LIMITATION

15 Sec. 17. All funds appropriated in the 1991-92 fiscal year and the 1992-93  
16 fiscal year for research grants for the Board of Science and Technology shall be used  
17 only for research grants and shall not be transferred to any other objects of expenditure.

18  
19 Requested by: Senator Martin of Guilford

20 —OFFICE OF STATE PERSONNEL DECENTRALIZATION

21 Sec. 18. (a) Effective January 1, 1993, the Office of State Personnel shall  
22 have decentralized the classification and salary administration functions of all State  
23 departments with more than 500 permanent full-time employees, subject to criteria and  
24 standards set by the State Personnel Commission. The Commission may suspend  
25 decentralization when agencies violate State Personnel Commission criteria and  
26 standards.

27 The Office of State Personnel shall report annually to the Joint Legislative  
28 Commission on Governmental Operations and the Fiscal Research Division by  
29 December 1 of each year, beginning on December 1, 1991, on its progress towards this  
30 decentralization.

31 (b) The Office of State Personnel shall present its plan for decentralization of  
32 the classification and salary administration functions to the State Personnel Study  
33 Commission or its successor. The State Personnel Study Commission shall consider  
34 those statutory changes as may facilitate decentralization and report its  
35 recommendations to the General Assembly by April 1, 1992.

36  
37 Requested by: Senator Martin of Guilford

38 —COUNCIL OF GOVERNMENT FUNDS

39 Sec. 19. (a) Of the funds appropriated in this Title to the Department of  
40 Administration, \$480,160 for the 1991-92 fiscal year and \$480,160 for the 1992-93  
41 fiscal year shall only be used as provided by this section. Each regional council of  
42 government or lead regional organization is allocated up to \$26,675 each fiscal year,  
43 with the actual amount calculated as provided in subsection (b) of this section.

1 (b) The funds shall be allocated as follows: A share of the maximum \$26,675  
2 each fiscal year shall be allocated to each county and smaller city based on the most  
3 recent annual estimate of the Office of State Budget and Management of the population  
4 of that county (less the population of any larger city within that county) or smaller city,  
5 divided by the sum of the total population of the region (less the population of larger  
6 cities within that region) and the total population of the region living in smaller cities.  
7 Those funds shall be paid to the regional council of government for the region in which  
8 that city or county is located upon receipt by the Department of Administration of a  
9 resolution of the governing board of the county or city requesting release of the funds.  
10 If any city or county does not so request payment of funds by June 30 of a State fiscal  
11 year, that share of the allocation for that fiscal year shall revert to the General Fund.

12 (c) A regional council of government may use funds appropriated by this section  
13 only to assist local governments in grant applications, economic development,  
14 community development, support of local industrial development activities, and other  
15 activities as deemed appropriate by the member governments.

16 (d) Funds appropriated by this section may not be used for payment of dues or  
17 assessments by the member governments, and may not supplant funds appropriated by  
18 the member governments.

19 (e) As used in this section "Larger City" means an incorporated city with a  
20 population of 50,000 or over. "Smaller City" means any other incorporated city.

21  
22 Requested by: Senator Martin of Guilford

23 —ALLOCATION OF RAPE CRISIS CENTER FUNDS

24 Sec. 20. All funds for the Rape Crisis Centers appropriated to the  
25 Department of Administration, the North Carolina Council for Women, for the 1991-92  
26 fiscal year and the 1992-93 fiscal year shall be available to Rape Crisis Centers  
27 providing direct services to victims of sexual assault and rape prevention services.  
28 Funds shall be awarded according to criteria established by the Department of  
29 Administration. In reviewing grant applications, the Department shall consider the  
30 impact of discontinued federal funding on those centers that received funding through  
31 Section 41 of Chapter 1086 of the 1987 Session Laws, Regular Session 1988. Grants  
32 shall be awarded by September 1 each fiscal year and the funds disbursed on a quarterly  
33 basis.

34  
35 Requested by: Senator Martin of Guilford

36 —DOMESTIC VIOLENCE CENTER FUNDS

37 Sec. 21. The funds appropriated to the Department of Administration, the  
38 North Carolina Council for Women, for fiscal years 1991-92 and 1992-93 for domestic  
39 violence centers, shall be allocated equally among all of the 61 domestic violence  
40 centers in operation on July 1, 1989, that offered services including a hotline,  
41 transportation services, community education programs, daytime services, and call  
42 forwarding during the night. For the 1991-92 fiscal year and for the 1992-93 fiscal  
43 year, each grant shall be \$17,100. Grants shall be awarded based on criteria established  
44 by the Department of Administration and disbursed on a quarterly basis. The North

1 Carolina Coalition Against Domestic Violence, Incorporated, is eligible for a grant of  
2 \$10,000 under this section.

3  
4 Requested by: Senator Martin of Guilford

5 ---APPALACHIAN REGIONAL FUNDS SUBGRANTS

6 Sec. 22. Of the federal funds received by the Department of Administration  
7 for the fiscal biennium 1991-93 under the Appalachian Regional Commission  
8 Consolidated Technical Assistance Grant, the Department shall subgrant no less than  
9 fifty percent (50%) to eligible applicants whose service area or jurisdiction is wholly or  
10 partially located within counties of the Appalachian Region.

11  
12 Requested by: Senator Martin of Guilford

13 ---MOTOR FLEET MANAGEMENT/RETURN OF GENERAL FUND  
14 INVESTMENT

15 Sec. 23. On April 1, 1992, the Department of Administration shall credit to  
16 the Office of State Treasurer, Nontax Revenues, the sum of \$2,000,000 and on June 15,  
17 1992, the sum of \$1,500,000, unless the Department chooses to make a total payment of  
18 \$3,500,000 on April 1, 1992. These funds represent a partial return to the General Fund  
19 of its investment of \$5,100,000 in capital funds for the upgrading of the State motor  
20 fleet appropriated in Section 57 of Chapter 757 of the 1985 Session Laws.

21  
22 Requested by: Senator Martin of Guilford

23 ---MOTOR FLEET MANAGEMENT CHANGES/EFFICIENCY  
24 MEASURES/COMMUTING AND SPECIAL USE VEHICLE RESTRICTIONS

25 Sec. 24. G.S. 143-341(8)i. reads as rewritten:

26 "i. To establish and operate a central motor pool and such  
27 subsidiary related facilities as the Secretary may deem  
28 necessary, and to that end:

- 29 1. To establish and operate central facilities for the  
30 maintenance, repair, and storage of state-owned  
31 passenger motor vehicles for the use of State agencies; to  
32 utilize any available State facilities for that purpose; and  
33 to establish such subsidiary facilities as the Secretary  
34 may deem necessary.
- 35 2. To acquire passenger motor vehicles by transfer from  
36 other State agencies and by purchase. All motor vehicles  
37 transferred to or purchased by the Department shall  
38 become part of a central motor pool.
- 39 3. To require on a schedule determined by the Department  
40 all State agencies to transfer ownership, custody or  
41 control of any or all passenger motor vehicles within the  
42 ownership, custody or control of that agency to the  
43 Department, except those motor vehicles under the  
44 ownership, custody or control of the Highway Patrol or

1 the State Bureau of Investigation which are used  
2 primarily for law-enforcement purposes, and except  
3 those motor vehicles under the ownership, custody or  
4 control of the Department of Crime Control and Public  
5 Safety for Butner Public Safety which are used primarily  
6 for law-enforcement, fire, or emergency purposes.

7 4. To maintain, store, repair, dispose of, and replace state-  
8 owned motor vehicles under the control of the  
9 Department. The Department shall ensure that State-  
10 owned vehicles are not normally replaced until they have  
11 been driven for 90,000 miles or more.

12 5. Upon proper requisition, proper showing of need for use  
13 on State business only, and proper showing of proof that  
14 all persons who will be driving the motor vehicle have  
15 valid drivers' licenses, to assign suitable transportation,  
16 either on a temporary or permanent basis, to any State  
17 employee or agency. An agency assigned a motor  
18 vehicle may not allow a person to operate that motor  
19 vehicle unless that person displays to the agency and  
20 allows the agency to copy that person's valid driver's  
21 license. Notwithstanding G.S. 20-30(6), persons or  
22 agencies requesting assignment of motor vehicles may  
23 photostat or otherwise reproduce drivers' licenses for  
24 purposes of complying with this subpart.

25 As used in this subpart, 'suitable transportation'  
26 means the standard vehicle in the State motor fleet,  
27 unless special towing provisions are required by the  
28 employee or agency. The Department may not assign  
29 any employee or agency a motor vehicle that is not  
30 suitable. The Department shall not assign 'special use'  
31 vehicles, such as four-wheel drive vehicles or law  
32 enforcement vehicles, to any agency or individual  
33 except upon written justification, verified by historical  
34 data, and accepted by the Secretary.

35 6. To allocate and charge against each State agency to  
36 which transportation is furnished, on a basis of mileage  
37 or of rental, its proportionate part of the cost of  
38 maintenance and operation of the motor pool.

39 The amount allocated and charged by the Department of  
40 Administration to State agencies to which transportation  
41 is furnished shall be at least as follows:

42 I. Pursuit vehicles and full size ~~4-wheel~~four-wheel  
43 drive vehicles – \$.24/mile.

- 1 II. Vans and compact ~~4-wheel~~four-wheel drive  
2 vehicles – \$.22/mile.
- 3 III. All other vehicles – \$.20/mile.
- 4 7. To adopt, with the approval of the Governor, reasonable  
5 rules for the efficient and economical operation,  
6 maintenance, repair, and ~~replacement~~replacement, as  
7 limited in paragraph 4. of this subdivision, of all state-  
8 owned motor vehicles under the control of the  
9 Department, and to enforce those rules; and to adopt,  
10 with the approval of the Governor, reasonable rules  
11 regulating the use of private motor vehicles upon State  
12 business by the officers and employees of State agencies,  
13 and to enforce those rules. The Department, with the  
14 approval of the Governor, may delegate to the respective  
15 heads of the agencies to which motor vehicles are  
16 permanently assigned by the Department the duty of  
17 enforcing the rules adopted by the Department pursuant  
18 to this paragraph. Any person who violates a rule  
19 adopted by the Department and approved by the  
20 Governor is guilty of a misdemeanor, and upon  
21 conviction is punishable in the discretion of the court.
- 22 7a. To adopt with the approval of the Governor and to  
23 enforce rules and to coordinate State policy regarding (i)  
24 the permanent assignment of state-owned passenger  
25 motor vehicles and (ii) the use of and reimbursement for  
26 those vehicles for ~~commuting~~the limited commuting  
27 permitted by this subdivision. For the purpose of this  
28 subdivision 7a, 'state-owned passenger motor vehicle'  
29 includes any state-owned passenger motor vehicle,  
30 whether or not owned, maintained or controlled by the  
31 Department of Administration, and regardless of the  
32 source of the funds used to purchase it. Notwithstanding  
33 the provisions of G.S. 20-190 or any other provisions of  
34 law, all state-owned passenger motor vehicles are subject  
35 to the provisions of this subdivision 7a; no permanent  
36 assignment shall be made and no one shall be exempt  
37 from payment of reimbursement for commuting or from  
38 the other provisions of this subdivision 7a except as  
39 provided by this subdivision 7a. Commuting, as defined  
40 and regulated by this subdivision, is limited to those  
41 specific cases in which the Secretary has received and  
42 accepted written justification, verified by historical data.  
43 The Department shall not assign any state-owned motor  
44 vehicle that may be used for commuting other than those

1 authorized by the procedure prescribed in this  
2 subdivision.

3 A State-owned passenger motor vehicle shall not be  
4 permanently assigned to an individual who is likely to  
5 drive it on official business at a rate of less than ~~12,600~~  
6 ~~miles per year~~ 3,150 miles per quarter unless (i) the  
7 individual's duties are routinely related to public safety  
8 or (ii) the individual's duties are likely to expose him  
9 routinely to life-threatening situations. A State-owned  
10 passenger motor vehicle shall also not be permanently  
11 assigned to an agency that is likely to drive it on  
12 official business at a rate of less than ~~12,600 miles per~~  
13 ~~year~~ 3,150 miles per quarter unless the agency can  
14 justify to the Division of Motor Fleet Management the  
15 need for permanent assignment because of the unique  
16 use of the vehicle. The Department of Administration  
17 shall verify, on a quarterly basis, that each motor  
18 vehicle has been driven at the minimum allowable rate.  
19 If it has not and if the department by whom the  
20 individual to which the car is assigned is employed or  
21 the agency to which the car is assigned cannot justify  
22 the lower mileage for the quarter in view of the  
23 minimum annual rate, the permanent assignment shall  
24 be revoked immediately.

25 Every individual who uses a State-owned passenger motor  
26 vehicle, pickup truck, or van to drive between his official  
27 work station and his home, shall reimburse the State for  
28 these trips at a rate computed by the Department. This  
29 rate shall approximate the benefit derived from the use of  
30 the vehicle as prescribed by federal law. Reimbursement  
31 shall be for 20 days per month regardless of how many  
32 days the individual uses the vehicle to commute during  
33 the month. Reimbursement shall be made by payroll  
34 deduction. Funds derived from reimbursement on  
35 vehicles owned by the Motor Fleet Management  
36 Division shall be deposited to the credit of the Division;  
37 funds derived from reimbursements on vehicles initially  
38 purchased with appropriations from the Highway Fund  
39 and not owned by the Division shall be deposited in a  
40 Special Depository Account in the Department of  
41 Transportation, which shall revert to the Highway Fund;  
42 funds derived from reimbursement on all other vehicles  
43 shall be deposited in a Special Depository Account in the  
44 Department of Administration which shall revert to the



1 General Fund. Commuting, for purposes of this  
2 paragraph, does not include those individuals whose  
3 office is in their home, as determined by the Department  
4 of Administration, Division of Motor Fleet Management.  
5 Also, this paragraph does not apply to the following  
6 vehicles: (i) clearly marked police and fire vehicles, (ii)  
7 delivery trucks with seating only for the driver, (iii)  
8 flatbed trucks, (iv) cargo carriers with over a 14,000  
9 pound capacity, (v) school and passenger buses with  
10 over 20 person capacities, (vi) ambulances, (vii) hearses,  
11 (viii) bucket trucks, (ix) cranes and derricks, (x) forklifts,  
12 (xi) cement mixers, (xii) dump trucks, (xiii) garbage  
13 trucks, (xiv) specialized utility repair trucks (except vans  
14 and pickup trucks), (xv) tractors, (xvi) unmarked law-  
15 enforcement vehicles that are used in undercover work  
16 and are operated by full-time, fully sworn law-  
17 enforcement officers whose primary duties include  
18 carrying a firearm, executing search warrants, and  
19 making arrests, and (xvii) any other vehicle exempted  
20 under Section 274(d) of the Internal Revenue Code of  
21 1954, and Federal Internal Revenue Services regulations  
22 based thereon. The Department of Administration,  
23 Division of Motor Fleet Management, shall report  
24 quarterly to the Joint Legislative Commission on  
25 Governmental Operations and to the Fiscal Research  
26 Division of the Legislative Services Office on  
27 individuals who use State-owned passenger motor  
28 vehicles, pickup trucks, or vans between their official  
29 work stations and their homes, who are not required to  
30 reimburse the State for these trips.

31 The Department of Administration shall revoke the  
32 assignment or require the Department owning the vehicle  
33 to revoke the assignment of a State-owned passenger  
34 motor vehicle, pick-up truck or van to any individual  
35 who:

36 I. Uses the vehicle for other than official  
37 business except in accordance with the  
38 commuting rules;

39 II. Fails to supply required reports to the  
40 Department of Administration, or supplies  
41 incomplete reports, or supplies reports in a form  
42 unacceptable to the Department of  
43 Administration and does not cure the deficiency  
44 within 30 days of receiving a request to do so;

- 1 III. Knowingly and willfully supplies false  
2 information to the Department of Administration  
3 on applications for permanent assignments,  
4 commuting reimbursement forms, or other  
5 required reports or forms;  
6 IV. Does not personally sign all reports on forms  
7 submitted for vehicles permanently assigned to  
8 him and does not cure the deficiency within 30  
9 days of receiving a request to do so;  
10 V. Abuses the vehicle; or  
11 VI. Violates other rules or policy promulgated by the  
12 Department of Administration not in conflict with  
13 this act.

14 A new requisition shall not be honored until the Secretary of the  
15 Department of Administration is assured that the  
16 violation for which a vehicle was previously revoked  
17 will not recur.

18 The Department of Administration, with the approval of the  
19 Governor, may delegate, or conditionally delegate, to the  
20 respective heads of agencies which own passenger motor  
21 vehicles or to which passenger motor vehicles are  
22 permanently assigned by the Department, the duty of  
23 enforcing all or part of the rules adopted by the  
24 Department of Administration pursuant to this  
25 subdivision 7a. The Department of Administration, with  
26 the approval of the Governor, may revoke this delegation  
27 of authority.

28 Prior to adopting rules under this paragraph, the Secretary of  
29 Administration may consult with the Advisory Budget  
30 Commission.

- 31 8. To adopt and administer rules for the control of all state-owned  
32 passenger motor vehicles and to require State agencies to keep all  
33 records and make all reports regarding motor vehicle use as the  
34 Secretary deems necessary.  
35 9. To acquire motor vehicle liability insurance on all State-owned motor  
36 vehicles under the control of the Department.  
37 10. To contract with the appropriate State prison authorities for the  
38 furnishing, upon such conditions as may be agreed upon from time to  
39 time between such State prison authorities and the Secretary, of prison  
40 labor for use in connection with the operation of a central motor pool  
41 and related activities.  
42 11. To report annually to the General Assembly on any rules adopted,  
43 amended or repealed under paragraphs 3, 7, or 7a of this subdivision."  
44

1  
2 PART 9.—DEPARTMENT OF STATE TREASURER

3  
4 Requested by: Senator Martin of Guilford

5 —LOCAL GOVERNMENTS FUND COST OF LOCAL GOVERNMENT  
6 COMMISSION

7 Sec. 25. G.S. 105-213 reads as rewritten:

8 **"§ 105-213. Appropriation to counties and municipalities; use of appropriation.**

9 (a) There is annually appropriated from the General Fund to counties and  
10 municipalities the amount of revenue collected under this Article during the preceding  
11 fiscal year, plus an amount equal to forty percent (40%) of the tax collected on accounts  
12 receivable during the preceding fiscal year and less an amount equal to the costs during  
13 the preceding fiscal year of:

- 14 (1) Refunds made during the fiscal year of taxes levied under this Article.
- 15 (2) The Department of Revenue to collect and administer the taxes levied  
16 under this Article.
- 17 (3) The Department of Revenue in performing the duties imposed by  
18 Article 15 of this Chapter.
- 19 (4) The Property Tax Commission.
- 20 (5) The Institute of Government in operating a training program in  
21 property tax appraisal and assessment.
- 22 (6) The personnel and operations provided by the Department of State  
23 Treasurer for the Local Government Commission.

24 The appropriation shall be distributed by August 30 of each year. The appropriation  
25 shall be included in the Current Operations Appropriations Act.

26 To distribute the appropriation, the Secretary of Revenue shall keep a separate  
27 record by counties of the taxes collected under this Article and shall certify to the State  
28 Controller and to the State Treasurer the amount to be distributed to each county and  
29 municipality in the State. The State Controller shall then issue a warrant on the State  
30 Treasurer to each county and municipality in the amount certified.

31 The Secretary shall allocate the amount appropriated under this Article to the  
32 counties according to the county in which the taxes were collected. The Secretary shall  
33 then increase the amount allocable to each county by a sum equal to forty percent (40%)  
34 of the amount of tax on accounts receivable allocated to the county on the basis of  
35 collections. The amounts so allocated to each county shall in turn be divided between  
36 the county and the municipalities in the county in proportion to the total amount of ad  
37 valorem taxes levied by each during the fiscal year preceding the distribution. For the  
38 purpose of computing the distribution of the intangibles tax to any county and the  
39 municipalities located in the county for any year with respect to which the property  
40 valuation of a public service company is the subject of an appeal pursuant to the  
41 provisions of the Machinery Act, or to applicable provisions of federal law, and the  
42 Department of Revenue is restrained by operation of law or by a court of competent  
43 jurisdiction from certifying such valuation to the county and municipalities therein, the  
44 Department shall use the last property valuation of such public service company which

1 has been so certified in order to determine the ad valorem tax levies applicable to such  
2 public service company in the county and the municipalities therein.

3 The chairman of each board of county commissioners and the mayor of each  
4 municipality shall report to the Secretary of Revenue information requested by the  
5 Secretary to enable the Secretary to distribute the amount appropriated by this section.  
6 If a county or municipality fails to make a requested report within the time allowed, the  
7 Secretary may disregard the county or municipality in distributing the amount  
8 appropriated by this section. The amount distributed to each county and municipality  
9 shall be used by the county or municipality in proportion to property tax levies made by  
10 it for the various funds and activities of the county or municipality, unless the county or  
11 municipality has pledged the amount to be distributed to it under this section in payment  
12 of a loan agreement with the North Carolina Solid Waste Management Capital Projects  
13 Financing Agency. A county or municipality that has pledged amounts distributed  
14 under this section in payment of a loan agreement with the Agency may apply the  
15 amount the loan agreement requires.

16 (b) For purposes of this section, the term 'municipality' includes any urban  
17 service district defined by the governing board of a consolidated city-county, and the  
18 amounts due thereby shall be distributed to the government of the consolidated city-  
19 county."  
20

21  
22 PART 10.—DEPARTMENT OF REVENUE  
23

24 Requested by: Senator Martin of Guilford

25 —NO GAS TAX ON GAS FOR STATE VEHICLES

26 Sec. 26. (a) Article 36 of Chapter 105 of the General Statutes is amended by  
27 adding a new section to read:

28 "**§ 105-449A. Exemption of motor fuel used in State vehicles.**

29 (a) Motor fuel purchased by the State for use in State-owned motor vehicles for  
30 State business is exempt from the excise tax levied by this Article if an invoice for the  
31 fuel stating the agency to whom the fuel was delivered, the price per gallon of the fuel  
32 excluding the tax, and the kind and quantity of fuel sold is furnished to the Secretary of  
33 Revenue. A person who holds a State contract for the sale of motor fuel to be used in  
34 State-owned motor vehicles for State business shall invoice motor fuel sold to the State  
35 for this purpose at the prevailing contract price, excluding the tax, and a person who  
36 does not hold a State contract for the sale of motor fuel to be used in State-owned motor  
37 vehicles for State business but who sells motor fuel for this purpose in quantities not  
38 sufficient to require a State contract shall invoice motor fuel sold to the State at the  
39 lowest informal bid price, excluding the tax.

40 (b) A person authorized to sell motor fuel to the State who paid the tax levied by  
41 this Article on fuel sold to the State for use in State-owned motor vehicles for State  
42 business may obtain a refund of the tax paid on the fuel upon filing an application for  
43 refund with the Secretary of Revenue and attaching an invoice, containing the  
44 information required in subsection (a) of this section, to the refund application. Upon

1 receipt of a proper application and invoice, the Secretary shall refund the amount of tax  
2 paid.

3 (c) A person who makes a false invoice or application for refund under this  
4 section shall be guilty of a misdemeanor, punishable by a fine of up to five hundred  
5 dollars (\$500.00), imprisonment for up to two years, or both."

6 (b) This section becomes effective July 1, 1991, and applies to sales made on  
7 or after that date.

8  
9  
10 PART 11.—OFFICE OF THE GOVERNOR

11  
12 Requested by: Senators Basnight, Plyler

13 —RESERVE FOR LOCAL TAX REIMBURSEMENTS

14 Sec. 27. (a) There is created in the Office of State Budget and Management a  
15 special reserve to be known as the Reserve for Reimbursements to Local Governments  
16 and Shared Tax Revenues. Funds in the reserve shall be distributed to local  
17 governments as provided by statute.

18 (b) G.S. 105-113.82 reads as rewritten:

19 **"§ 105-113.82. Appropriation of amount equal to part of beer and wine taxes.**

20 (a) Amount, Method. – An amount equal to the following percentages of the net  
21 amount of excise taxes collected, during the period that ~~begins the preceding October 1~~  
22 ~~and ends September 30, began October 1, 1989, and ended September 30, 1990,~~ on the  
23 sale of malt beverages and wine, less the amount of the net proceeds credited to the  
24 Department of Agriculture under G.S. 105-113.81A, is annually appropriated from the  
25 General Fund to the counties and cities in which the retail sale of these beverages is  
26 authorized:

- 27 (1) Of the tax on malt beverages levied under G.S. 105-113.80(a), twenty-  
28 three and three-fourths percent (23 3/4%);  
29 (2) Of the tax on unfortified wine levied under G.S. 105-113.80(b), sixty-  
30 two percent (62%); and  
31 (3) Of the tax on fortified wine levied under G.S. 105-113.80(b), twenty-  
32 two percent (22%).

33 If malt beverages, unfortified wine, or fortified wine may be licensed to be sold at  
34 retail in both a county and a city located in the county, both the county and city shall  
35 receive a portion of the amount appropriated, that portion to be determined on the basis  
36 of population. If one of these beverages may be licensed to be sold at retail in a city  
37 located in a county in which the sale of the beverage is otherwise prohibited, only the  
38 city shall receive a portion of the amount appropriated, that portion to be determined on  
39 the basis of population. The amount of the appropriation to be distributed under  
40 subdivisions (1), (2), and (3) shall be computed separately.

41 (b) Reduction in Appropriation. – Where the sale of malt beverages, unfortified  
42 wine, or fortified wine is prohibited in a defined area of a city or county in which the  
43 sale of the beverage is authorized, the amount that would otherwise be appropriated to  
44 the city or county on the basis of population under subsection (a) shall be reduced in the

1 same ratio that the area of the defined area bears to the total area of the city or county,  
2 unless the defined area is a city. If the defined area in a county is a city, the reduction in  
3 the amount that would otherwise be appropriated to the county under subsection (a)  
4 shall be based on population instead of area.

5 (c) Exception. – Notwithstanding subsection (a), in a county in which ABC stores  
6 have been established by petition, the amount appropriated shall be distributed as  
7 though the entire county had approved the retail sale of a beverage whose retail sale is  
8 authorized in part of the county.

9 (d) Time. – The appropriation shall be distributed to cities and counties within 60  
10 days after September 30 of each year.

11 (e) Population Estimates. – To determine the population of a city or county for  
12 purposes of the distribution required by this section, the Secretary shall use the most  
13 recent annual estimate of population certified by the State Budget Officer.

14 (f) City Defined. – As used in this section, the term 'city' means a city as defined  
15 in G.S. 153A-1(1) or an urban service district defined by the governing body of a  
16 consolidated city-county.

17 (g) Use of Funds. – Funds appropriated to a county or city under this section may  
18 be used for any public purpose.

19 (h) Act. – The appropriation made by this section shall be included in the Current  
20 Operations Appropriations Act."

21 (c) G.S. 105-116(d) reads as rewritten:

22 "(d) Appropriation. There is annually appropriated from the General Fund to each  
23 municipality an amount that equals three and nine hundredths percent (3.09%) of the  
24 taxable gross receipts derived, from ~~April 1 of the preceding fiscal year to the following~~  
25 ~~March 31, April 1, 1990, to March 31, 1991,~~ by an electric power company and a  
26 natural gas company from sales within the municipality of the commodities and services  
27 described in subsection (a). The Secretary of Revenue shall transfer the amount  
28 appropriated to a municipality in quarterly installments on or before September 15,  
29 December 15, March 15, and June 15 ~~based on in proportion to the~~ taxable gross  
30 receipts derived within the municipality during the preceding calendar quarter. If a  
31 company's report does not state the company's taxable gross receipts derived within a  
32 municipality, the Secretary of Revenue shall determine a practical method of allocating  
33 part of the company's taxable gross receipts to the municipality. Before transferring the  
34 amount appropriated by this subsection, the Secretary of Revenue shall certify the  
35 amount to be transferred distributed to the State Controller. The appropriation made by  
36 this subsection shall be included in the Current Operations Appropriations Act.

37 As used in this subsection, the term 'municipality' includes an urban service district  
38 defined by the governing board of a consolidated city-county. The amount due an urban  
39 service district shall be distributed to the governing board of the consolidated city-  
40 county."

41 (d) G.S. 105-120(c) reads as rewritten:

42 "(c) Appropriation. There is annually appropriated from the General Fund to each  
43 municipality an amount that equals three and nine hundredths percent (3.09%) of the  
44 taxable gross receipts derived, from ~~April 1 of the preceding fiscal year to the following~~

1 ~~March 31, April 1, 1990, to March 31, 1991,~~ from local telecommunications service  
2 provided within the municipality. The Secretary of Revenue shall transfer the amount  
3 appropriated to a municipality in quarterly installments on or before September 15,  
4 December 15, March 15, and June 15 ~~based on~~ in proportion to the taxable gross  
5 receipts derived within the municipality during the preceding calendar quarter. If a  
6 company's report does not state the company's taxable gross receipts derived within a  
7 municipality, the Secretary of Revenue shall determine a practical method of allocating  
8 part of the company's taxable gross receipts to the municipality. Before transferring the  
9 amount appropriated by this subsection, the Secretary of Revenue shall certify the  
10 amount to be transferred to the State Controller. The appropriation made by this  
11 subsection shall be included in the Current Operations Appropriations Act.

12 As used in this subsection, the term 'municipality' includes an urban service district  
13 defined by the governing board of a consolidated city-county. The amount due an urban  
14 service district shall be distributed to the governing board of the consolidated city-  
15 county."

16 (e) G.S. 105-164.44C reads as rewritten:

17 **"§ 105-164.44C. Reimbursement for sales taxes on food stamp foods and**  
18 **supplemental foods.**

19 ~~As soon as practicable after July 1 of each year, the Secretary shall determine from~~  
20 ~~available information~~ There is annually appropriated to each county and the cities in the  
21 county an amount equal to the amount of local sales taxes that would have been  
22 collected in each the county during the preceding 1989-90 fiscal year on foods  
23 purchased with food stamp coupons or supplemental food instruments in the county,  
24 had these foods not been exempt from tax under G.S. 105-164.13(38). The Secretary  
25 shall then distribute the amounts determined to be due each county between the county  
26 and the cities located in the county in accordance with the method by which local sales  
27 and use taxes are distributed in that county. In order to pay for the reimbursement under  
28 this section and the cost to the Department of Revenue for administering the  
29 reimbursement, the Secretary of Revenue shall draw from the Local Government Tax  
30 Reimbursement Reserve an amount equal to the amount of the reimbursement and the  
31 cost of administration."

32 (f) G.S. 105-198 reads as rewritten:

33 **"§ 105-198. Intangible personal property.**

34 The intangible personal properties enumerated and defined in this Article are  
35 classified under authority of Section 2(2), Article V of the North Carolina Constitution.  
36 The taxes are levied for the purposes stated in this ~~Article~~ Subchapter."

37 (g) G.S. 105-213 reads as rewritten:

38 **"§ 105-213. Appropriation to counties and municipalities; use of appropriation.**

39 (a) There is annually appropriated from the General Fund to counties and  
40 municipalities the net amount of revenue collected under this Article during the  
41 ~~preceding 1989-90~~ fiscal year, plus an amount equal to forty percent (40%) of the tax  
42 collected on accounts receivable during the ~~preceding 1989-90~~ fiscal year and less an  
43 amount equal to the costs during the preceding fiscal year of:

44 (1) Refunds made during the fiscal year of taxes levied under this Article.

- 1           (2)    The Department of Revenue to collect and administer the taxes levied  
2           under this Article.  
3           (3)    The Department of Revenue in performing the duties imposed by  
4           Article 15 of this Chapter.  
5           (4)    The Property Tax Commission.  
6           (5)    The Institute of Government in operating a training program in  
7           property tax appraisal and assessment.

8   The appropriation shall be distributed by August 30 of each year. The appropriation  
9   shall be included in the Current Operations Appropriations Act.

10   The appropriation shall be allocated among the counties in proportion to the amount  
11 of taxes collected under this Article in each county during the preceding fiscal year. To  
12 distribute the appropriation, the ~~The~~ Secretary of Revenue shall keep a separate record  
13 by counties of the taxes collected under this Article ~~and shall certify to the State~~  
14 ~~Controller and to the State Treasurer the amount to be distributed to each county and~~  
15 ~~municipality in the State. The State Controller shall then issue a warrant on the State~~  
16 ~~Treasurer to each county and municipality in the amount certified.~~ Article. The  
17 Secretary shall allocate the amount appropriated under this ~~Article~~ section to the  
18 counties according to the county in which the taxes were collected. ~~The Secretary shall~~  
19 ~~then increase the amount allocable to each county by a sum equal to forty percent (40%)~~  
20 ~~of the amount of tax on accounts receivable allocated to the county on the basis of~~  
21 ~~collections.~~ The amounts so allocated to each county shall in turn be divided ~~allocated~~  
22 between the county and the municipalities in the county in proportion to the total  
23 amount of ad valorem taxes levied by each during the fiscal year preceding the  
24 distribution. After making these allocations, the Secretary of Revenue shall certify to  
25 the State Controller and to the State Treasurer the amount to be distributed to each  
26 county and municipality in the State. The State Controller shall then issue a warrant on  
27 the State Treasurer to each county and municipality in the amount certified. The  
28 amount based on forty percent (40%) of the tax collected on accounts receivable shall  
29 be drawn from the Local Government Tax Reimbursement Reserve and the amount  
30 based on the net amount of revenue collected under this Article shall be drawn from the  
31 Local Government Tax Sharing Reserve.

32   For the purpose of computing the distribution of the intangibles tax to any county  
33 and the municipalities located in the county for any year with respect to which the  
34 property valuation of a public service company is the subject of an appeal pursuant to  
35 the provisions of the Machinery Act, or to applicable provisions of federal law, and the  
36 Department of Revenue is restrained by operation of law or by a court of competent  
37 jurisdiction from certifying such valuation to the county and municipalities therein, the  
38 Department shall use the last property valuation of such public service company which  
39 has been so certified in order to determine the ad valorem tax levies applicable to such  
40 public service company in the county and the municipalities therein.

41   The chairman of each board of county commissioners and the mayor of each  
42 municipality shall report to the Secretary of Revenue information requested by the  
43 Secretary to enable the Secretary to ~~distribute~~ allocate the amount appropriated by this  
44 section. If a county or municipality fails to make a requested report within the time



1 allowed, the Secretary may disregard the county or municipality in ~~distributing~~  
2 allocating the amount appropriated by this section. The amount distributed to each  
3 county and municipality shall be used by the county or municipality in proportion to  
4 property tax levies made by it for the various funds and activities of the county or  
5 municipality, unless the county or municipality has pledged the amount to be distributed  
6 to it under this section in payment of a loan agreement with the North Carolina Solid  
7 Waste Management Capital Projects Financing Agency. A county or municipality that  
8 has pledged amounts distributed under this section in payment of a loan agreement with  
9 the Agency may apply the amount the loan agreement requires.

10 (b) For purposes of this section, the term 'municipality' includes any urban  
11 service district defined by the governing board of a consolidated city-county, and the  
12 amounts due thereby shall be distributed to the government of the consolidated city-  
13 county."

14 (h) G.S. 105-213.1 reads as rewritten:

15 "**§ 105-213.1. Additional appropriation to counties and municipalities.**

16 (a) Appropriation. – As soon as practicable after July 1 of 1986, the Secretary of  
17 Revenue shall allocate for distribution to each county and the municipalities located in  
18 the county the amount allocated to that county from taxes levied under G.S. 105-199,  
19 105-200, and 105-205 for the last taxable year in which these taxes were levied, plus or  
20 minus a sum that equals the product of this amount and the percentage by which State  
21 disposable personal income has increased or decreased during the most recent 12-month  
22 period for which State personal income data has been compiled by the Bureau of  
23 Economic Analysis of the United States Department of Commerce.

24 Thereafter, by August 30 of ~~each year, 1987, 1988, 1989, and 1990,~~ the Secretary  
25 shall allocate to each county the amount of funds allocated to the county under this  
26 section the preceding year, plus or minus a sum that equals the product of this amount  
27 and the percentage by which State disposable personal income has increased or  
28 decreased during the most recent 12-month period for which State personal income data  
29 has been compiled by the Bureau of Economic Analysis of the United States  
30 Department of Commerce.

31 Thereafter, by August 30 of each year, the Secretary shall allocate to each county the  
32 amount of funds allocated to the county under this section in 1990.

33 Amounts allocated to a county under this section shall in turn be divided and  
34 distributed between the county and the municipalities located in the county in  
35 accordance with the method of allocating intangible tax revenue between a county and  
36 the municipalities located in the county provided in G.S. 105-213.

37 (b) Restrictions on Use. – Amounts distributed to a county or a municipality  
38 under this section are subject to the same restrictions as amounts distributed under G.S.  
39 105-213.

40 (c) Municipality Defined. – As used in this section, the term 'municipality' has  
41 the same meaning as in G.S. 105-213.

42 (d) Source. – Funds distributed under this section shall be drawn from the Local  
43 Government Tax Reimbursement Reserve."

44 (i) G.S. 105-277A(b) reads as rewritten:

1       "(b) First Per Capita Distribution. – As soon as practicable after January 1 of  
2 1989, the Secretary shall distribute to each taxing unit the unit's per capita share of the  
3 sum of fifteen million seven hundred forty-five thousand dollars (\$15,745,000).  
4 Thereafter, as soon as practicable after January 1 of ~~each year 1990 and 1991~~, the  
5 Secretary shall distribute to each taxing unit the unit's per capita share of an amount  
6 equal to the sum distributed to all taxing units the previous year under this subsection  
7 plus or minus the product of the sum distributed the previous year and the percentage by  
8 which State personal income has increased or decreased during the most recent 12-  
9 month period for which State personal income data has been compiled by the Bureau of  
10 Economic Analysis of the United States Department of Commerce.

11       Thereafter, as soon as practicable after January 1 of each year the Secretary shall  
12 distribute to each taxing unit the unit's per capita share of the sum that this subsection  
13 provided was to be distributed to all taxing units in 1991.

14       To make the per capita distributions required by this subsection, the Secretary shall  
15 first allocate the sum to be distributed among the counties on a per capita basis. The  
16 Secretary shall then compute a per capita distributable amount for each county by  
17 dividing the amount allocated to a county by the total population of the county, plus the  
18 population of any incorporated towns and cities located in the county. Each taxing unit  
19 in a county, including the county itself, shall receive the product of the population of the  
20 taxing unit and the per capita distributable amount for that county.

21       A city or county that receives funds under this subsection and that collects taxes for  
22 another taxing unit shall distribute part of the taxes received by it to the taxing unit for  
23 which it collects tax. The distribution shall be made on the basis of the proportionate  
24 amount of ad valorem taxes levied, for the most recent fiscal year beginning July 1, by  
25 the city or county and by all the taxing units for which the city or county collects tax.  
26 This distribution shall be made as soon as practicable after a city or county receives  
27 funds from the State under this section."

28       (j) G.S. 105-277A(f) reads as rewritten:

29       "(f) Source of Funds. —~~The Secretary of Revenue shall~~ To pay for the distribution  
30 required by this section and the cost of making the distribution as follows:

31       (1) ~~For the distribution made in 1989, the Secretary shall draw an amount~~  
32 ~~equal to the amount distributed and the cost of making the distribution~~  
33 ~~first from the Inventory Tax Reimbursement Fund created in Section~~  
34 ~~15.1 of the School Facilities Finance Act of 1987, until it is exhausted,~~  
35 ~~and then the remainder of that amount from collections received by the~~  
36 ~~Department under Division I of Article 4 of this Chapter.~~

37       (2) ~~For distributions made in subsequent years,~~  
38 distribution, the Secretary shall draw from the Local Government Tax Reimbursement  
39 Reserve ~~for the distribution required by this section~~ an amount equal to the amount  
40 distributed and the cost of making the distribution."

41       (k) G.S. 105-277.1A reads as rewritten:

42       "**§ 105-277.1A. Property classified for taxation at reduced valuation; duties of tax**  
43 **collectors; reimbursement of localities for portion of tax lost.**

1 (a) On September ~~4 of each year, 1, 1990,~~ the tax collector of each county and  
2 the tax collector of each city shall furnish to the Secretary of Revenue a list containing  
3 the name and address of each person who has qualified in that year for the exemption  
4 provided in G.S. 105-277.1. The list shall also contain for each name the total amount  
5 of property exempted, the tax rate the property is subject to, and the product obtained by  
6 multiplying those two numbers by each other. The lists shall be accompanied by an  
7 affidavit attesting to the accuracy of the list, and shall all be on a form prescribed by the  
8 Secretary of Revenue.

9 (b) In addition to the list required by subsection (a) of this section, the county or  
10 city may provide a supplemental list on December 1.

11 (c) The Secretary of Revenue may, for cause, grant an extension for the  
12 submission of the list required by this section.

13 (d) ~~After receiving a certified list under subsections (a) through (c) of this~~  
14 ~~section, Before May 31, 1991, the Secretary of Revenue shall, within 60 days, pay shall~~  
15 distribute to the county or city fifty percent (50%) of the total for the entire list of the  
16 product obtained by multiplying the tax exemption for each taxpayer times the  
17 applicable tax rate. Each year thereafter, on or before May 31, the Secretary of Revenue  
18 shall pay to each county and city that was entitled to receive a distribution under this  
19 section in 1991 the amount it was entitled to receive in 1991.

20 (e) Any funds received by any county or city pursuant to this section because the  
21 county or city was collecting taxes for another unit of government or special district  
22 shall be credited to the funds of that other unit or district in accordance with regulations  
23 issued by the Local Government Commission.

24 (f) In order to pay for the reimbursement under this section and the cost to the  
25 Department of Revenue ~~for~~ of administering the reimbursement, the Secretary of  
26 Revenue shall draw from the Local Government Tax Reimbursement Reserve an  
27 amount equal to the reimbursement and the cost of administration."

28 (l) This section becomes effective July 1, 1991, and expires June 30, 1993.

29  
30 Requested by: Senators Basnight, Plyler

31 ---COMPUTER RESERVE FUND

32 Sec. 28. (a) The funds appropriated in this Title to the Office of State Budget  
33 and Management for a Computer Reserve shall be used by the Office of State Budget  
34 and Management to address critical computer needs when no alternative source of funds  
35 are available. Critical computer needs for which Computer Reserve funds may be used  
36 pursuant to this section are defined as those needs that involve one or more of the  
37 following factors:

38 (1) An explicit provision in federal or State law or rule, or a federal grant-  
39 in-aid condition, that can only be satisfied through investment in  
40 additional data processing equipment or software;

41 (2) A failure or breakdown of existing equipment that substantially  
42 degrades current operations, when repair of existing equipment is  
43 uneconomical;

1           (3) A direct relationship between the proposed acquisition to ongoing  
2 maintenance or continued operation of existing minicomputers,  
3 minicomputer networks, mainframes, or mainframe networks, which  
4 renders the proposed acquisition essential to the existing system.

5           The Office of State Budget and Management shall submit a report showing  
6 disbursements from or encumbrances upon the Computer Reserve and the reasons for  
7 the disbursement or encumbrance to the Joint Legislative Commission on Governmental  
8 Operations, the Fiscal Research Division, and the Information Technology Commission  
9 at the conclusion of each quarter of each fiscal year of the 1991-93 fiscal biennium.

10           At the end of each fiscal year, unexpended funds in the Computer Reserve  
11 shall revert to the General Fund.

12           (b) Notwithstanding the provisions of G.S. 143-16.3, and G.S. 143-23(a1),  
13 State departments may use funds from any source available to them and may transfer  
14 funds from other line items in their budgets to purchase additional data processing  
15 equipment and software that meet the critical needs factors defined in subsection (a) of  
16 this section.

17  
18  
19 **PART 12.—OFFICE OF THE STATE CONTROLLER**

20  
21 Requested by: Senator Martin of Guilford

22 **—STATE INFORMATION PROCESSING SYSTEMS' AMENDED RATE**  
23 **SCHEDULE.**

24           Sec. 29. The Office of the State Controller shall adopt an amended rate  
25 schedule that will reduce rates for the 1991-93 fiscal biennium to agencies for data  
26 processing and data processing related services by five percent (5%) below what the  
27 same agencies were charged for the 1990-91 fiscal year.

28           The rates set by this amended rate schedule shall not be increased during the  
29 1991-93 fiscal biennium.

30  
31  
32 **PART 13.—PUBLIC SCHOOLS**

33  
34 Requested by: Senator Ward

35 **—CONSOLIDATE SCHOOL ADMINISTRATOR ALLOTMENTS**

36           Sec. 30. The State Board of Education shall consolidate the allotment of  
37 assistant and associate superintendents and supervisors and shall convert the allotment  
38 from a position allotment to a dollar allotment.

39  
40 Requested by: Senator Ward

41 **—DRIVER TRAINING PROGRAM**

42           Sec. 31. (a) G.S. 20-88.1 reads as rewritten:

43 **"§ 20-88.1. Driver ~~training and safety~~ education.**

1 (a) In accordance with criteria and standards approved by the State Board of  
2 Education, the State Superintendent of Public Instruction shall organize and administer  
3 a program of driver education to be offered at the public high schools of this State for  
4 all ~~persons of provisional license age. This program shall be made available to all~~  
5 ~~physically and mentally qualified persons of provisional license age, including public~~  
6 ~~school students, nonpublic school students and out-of-school youths under 18 years of~~  
7 ~~age who (i) are older than 14 years and six months, (ii) are approved by the principal of~~  
8 ~~the school, pursuant to rules adopted by the State Board of Education, (iii) are enrolled~~  
9 ~~in a public or private high school within the State, and (iv) have not previously enrolled~~  
10 ~~in the program.~~ The State Board of Education shall use for such purpose all funds  
11 appropriated to it for said purpose, and may use all other funds that become available  
12 for its use for said purpose. The ~~drivers' driver~~ education program established pursuant  
13 to this section shall include instructions on the rights and privileges of the handicapped  
14 and the signs and symbols used to assist the handicapped relative to motor vehicles,  
15 including the 'international symbol of accessibility' and other symbols and devices as  
16 provided in Article 2A of this Chapter. In addition, this program shall include at least  
17 six hours of instruction on the offense of driving while impaired and related subjects.

18 (b) The State Board of Education shall adopt a salary ~~schedule range~~ for ~~Driver's~~  
19 ~~Education Training Instructors. driver education instructors who are public school~~  
20 ~~employees and who do not hold teacher certificates.~~

21 Driver education instructors who are public school employees and who hold teacher  
22 certificates shall be paid on the teacher salary schedule. A day of employment for  
23 driver education instructors who hold teacher certificates shall be the same number of  
24 hours required of all regular classroom teachers as established by the local board of  
25 education. No educational degree requirement may be a criterion used in setting  
26 salaries. The State Board of Education shall report the salary schedule and criteria  
27 developed for a drivers' education program to the 1983 General Assembly, Second  
28 Session 1984.

29 (b1) The State Board of Education shall adopt rules to permit local boards of  
30 education to enter contracts with public or private entities to provide a program of driver  
31 education at public high schools. All driver education instructors shall meet the  
32 requirements established by the State Board of Education; provided, however, driver  
33 education instructors shall not be required to hold teacher certificates.

34 (c) All expenses incurred by the State in carrying out the provisions of this  
35 section shall be paid out of the ~~General Highway Fund.~~"

36 (b) G.S. 115C-215 reads as rewritten:

37 **"§ 115C-215. Instruction in driver training and safety education.**

38 There shall be organized and administered under the general supervision of the  
39 Superintendent of Public Instruction a program of driver training and safety education in  
40 the public schools of this State, said courses to be noncredit courses taught by  
41 instructors ~~approved by the Department of Public Instruction. who meet the~~  
42 requirements established by the State Board of Education. Instructors shall not be  
43 required to hold teacher certificates."

44 (c) G.S. 115C-216 reads as rewritten:

1 **"§ 115C-216. Boards of education required to provide courses in operation of**  
2 **motor vehicles.**

3 (a) ~~Course of Training and Instruction Required in Public High Schools. – The~~  
4 ~~State Board of Education and local boards of education are hereby required to provide~~  
5 ~~as a part of the program of the public high schools in this State a course of training and~~  
6 ~~instruction in the operation of motor vehicles and to make such courses available for all~~  
7 ~~persons of provisional license age, including public school students, nonpublic school~~  
8 ~~students and out-of-school youths under 18 years of age whose physical and mental~~  
9 ~~qualifications meet license requirements, in conformance with course requirements and~~  
10 ~~funds made available under the provisions of G.S. 20-88.1 or as hereinafter provided or~~  
11 ~~both vehicles, in accordance with G.S. 20-88.1.~~

12 (b) ~~Inclusion of Expense in Budget. – The local boards of education of every~~  
13 ~~local school administrative unit are hereby authorized to include as an item of~~  
14 ~~instructional service and as a part of the current expense fund of the budget of the~~  
15 ~~several high schools under their supervision, the expense necessary to install and~~  
16 ~~maintain such a course of training and instructing eligible persons in such schools in the~~  
17 ~~operation of motor vehicles.~~

18 (c) ~~Appropriations. – The boards of county commissioners in the several counties~~  
19 ~~of the State and the governing bodies of all municipalities having power to appropriate~~  
20 ~~and raise money by taxation and otherwise are hereby authorized to appropriate funds~~  
21 ~~necessary to pay the expenses necessary to install and maintain in any public high~~  
22 ~~school under their supervision a course of training and instruction for eligible students~~  
23 ~~in such schools in the operation of motor vehicles, whether or not the county board of~~  
24 ~~education or administrative unit shall have included the cost of the same in its budget~~  
25 ~~request when submitted for approval.~~

26 (d) ~~How Moneys Appropriated May Be Provided. – The board of county~~  
27 ~~commissioners and the governing bodies of all municipalities having power to~~  
28 ~~appropriate money and to levy taxes and raise money are hereby authorized to allocate~~  
29 ~~and expend the moneys appropriated pursuant to this section or other acts of the General~~  
30 ~~Assembly and the moneys provided by taxation, by sale or rental of any real or personal~~  
31 ~~property owned by such county or other taxing unit, or by use of any surplus funds on~~  
32 ~~hand or acquired from any source, for the purpose of funding any such course of~~  
33 ~~instruction and training in any public high school. The special approval of the General~~  
34 ~~Assembly is hereby given for the levying of taxes for such purpose and for providing~~  
35 ~~funds for such purpose by the other means herein mentioned.~~

36 (e) ~~Content of Course; What Persons Eligible. – The words "a course of training~~  
37 ~~and instruction for eligible persons in the operation of motor vehicles" as applied to this~~  
38 ~~section means such course of instruction in the operation of motor vehicles prescribed~~  
39 ~~or approved by the Department of Public Instruction, provided that every such course~~  
40 ~~shall include actual operation of motor vehicles by the persons eligible for same, under~~  
41 ~~the supervision of a qualified instructor. Only such persons older than 14 years and six~~  
42 ~~months, who are approved by the principal of the school, shall be eligible for such~~  
43 ~~course of instruction, subject to rules and regulations prescribed by the Department of~~  
44 ~~Public Instruction.~~

1       ~~(f) Acts Ratified and Confirmed. The acts of all boards of county~~  
2 ~~commissioners and the governing bodies of all municipalities, the acts of all local~~  
3 ~~boards of education, and the acts of the State Board of Education heretofore done in~~  
4 ~~connection with providing courses of training and instruction in the operation of motor~~  
5 ~~vehicles in this State, including the appropriation and expenditure of funds for such~~  
6 ~~purpose, are hereby ratified and confirmed."~~

7       (d) The State Board of Education shall convert the allotments of funds for  
8 months of employment for driver education instructors and for loan car fees to dollar  
9 allotments. Dollar allotments shall not exceed funds appropriated by the General  
10 Assembly for this purpose.

11  
12 Requested by: Senator Ward

13 —COMMUNITY SCHOOLS FUNDS

14       Sec. 32. The State Board of Education shall allocate community schools  
15 funds on a per county school administrative unit basis.

16  
17 Requested by: Senator Ward

18 —DROPOUT PREVENTION/IN-SCHOOL SUSPENSION

19       Sec. 33. Of the funds appropriated to the Department of Public Education for  
20 aid to local school administrative units for the Dropout Prevention/In-School  
21 Suspension Program, the sum of \$200,000 for each fiscal year of the 1991-93 fiscal  
22 biennium may be used to fund eight pilot public/private educational compacts to bring  
23 together on an ongoing basis representatives from public education, community  
24 colleges, higher education, and business and industry to determine how to improve  
25 attendance, prevent dropping out of school, increase academic performance, and  
26 increase participation in higher education and the work force by at-risk students. The  
27 funds may also be used to fund eight parental involvement pilot programs, and to  
28 provide for operating costs, workshops, and committee meetings for the State  
29 Department of Public Instruction's dropout prevention staff.

30       The State Board of Education may adopt rules governing the use of these  
31 funds. These funds are to be part of the continuation budget in the next fiscal biennium.

32  
33 Requested by: Senator Ward

34 —DROPOUT PREVENTION COORDINATORS

35       Sec. 34. Of the funds appropriated to the Department of Public Education for  
36 aid to local school administrative units for dropout prevention, the State Board of  
37 Education shall allocate to the Department of Public Instruction up to \$225,000 for the  
38 1991-92 fiscal year and up to \$225,000 for the 1992-93 fiscal year for the three dropout  
39 prevention coordinators. The State Superintendent shall assign the dropout prevention  
40 coordinators to designated areas within the State and shall develop job descriptions for  
41 them. These funds are to be part of the continuation budget in the next biennium.

42  
43 Requested by: Senator Ward

44 —PROJECT TEACH FUNDS

1           Sec. 35. Of the funds appropriated to the Department of Public Education for  
2 the 1991-93 fiscal biennium for aid to local school administrative units, the State Board  
3 of Education shall allocate to the Department of Public Instruction \$73,000 for the  
4 1991-92 fiscal year and \$73,000 for the 1992-93 fiscal year to be used to:

5           (1) Maintain the Project Teach Initiative in the Robeson, Pitt,  
6 Cumberland, Warren, Halifax, Guilford, Vance, Northampton, Anson  
7 and Bertie County Schools, and the Durham, High Point, and  
8 Greensboro City Schools.

9           (2) Expand the project in at least two school systems to focus on parents  
10 of students in the seventh grade so as to involve parents in the  
11 coaching and support of promising minority young people.

12 These funds are to be part of the continuation budget in the next fiscal biennium.

13  
14 Requested by: Senator Ward

15 —ADVANCED TRAINING FOR FOREIGN LANGUAGE TEACHERS

16           Sec. 36. Of the funds appropriated to the Department of Public Education for  
17 aid to local school administrative units, the State Board of Education may allocate to the  
18 Department of Public Instruction \$300,000 each year of the 1991-93 biennium for two  
19 positions, support expenses, and workshops to provide intensive advanced training for  
20 teachers who teach foreign languages.

21  
22 Requested by: Senator Cooper

23 —FUNDING FOR CITY SCHOOL SYSTEMS

24           Sec. 37. (a) If two or more local school administrative units are consolidated  
25 and merged into one unit, the allotments of the following positions shall not be less than  
26 those same allotments to the separate units for the first and second full fiscal years of  
27 the consolidation and merger and shall be used for the continuation of the positions and  
28 programs, except as specifically authorized by the State Board of Education: (i)  
29 superintendents, (ii) associate and assistant superintendents, (iii) supervisors, and (iv)  
30 maintenance supervisors.

31           (b) Effective July 1, 1991, Chapter 115C of the General Statutes is amended by  
32 adding a new section to read:

33 **"§ 115C-68.1. Merger of units by the board of county commissioners.**

34           (a) The board of commissioners of a county in which two or more local school  
35 administrative units are located, but all are located wholly within the county, may adopt  
36 a plan for the consolidation and merger of the units into a single countywide unit.

37           The plan adopted under this subsection shall require that the county adopting the  
38 plan provide local funding per average daily membership to the resulting local school  
39 administrative unit for subsequent years of at least the highest level of any local school  
40 administrative unit in the county during the preceding five fiscal years before the  
41 merger.

42           The board of commissioners shall forward a copy of the plan it adopts to the boards  
43 of education of all local school administrative units located within the county,  
44 immediately upon adoption.



1       (b) The boards of commissioners of two counties in which one local school  
2 administrative unit is located in both counties may jointly adopt plans for each of their  
3 counties, including a plan of consolidation and merger for such unit that is located in  
4 more than one county. The results of such consolidation and merger shall be that there  
5 is only one countywide local school administrative unit in each county, or that the  
6 entirety of the unit located within two counties is merged and consolidated with the  
7 county unit of one of the two counties. Such plans shall also merge and consolidate any  
8 other city school administrative unit located wholly within one of the two counties.  
9 Within the two-county area, all the plans shall take effect on the same day.

10       The plans jointly adopted under this subsection shall require that the counties jointly  
11 adopting the plans provide local funding per average daily membership to the resulting  
12 local school administrative units for subsequent fiscal years of at least the highest level  
13 of any local school administrative unit in both of the counties during the preceding five  
14 fiscal years before the merger.

15       The boards of commissioners of each of the two counties shall forward copies of the  
16 plans they adopt to the boards of education of all local school administrative units  
17 located within the county, immediately upon adoption.

18       (c) The plans under this section shall be prepared and approved in accordance  
19 with G.S. 115C-67 as provided by general law, or G.S. 115C-68 as provided by general  
20 law, as applicable, except that the county and city boards of education shall not  
21 participate by preparing, entering into, submitting, or agreeing to a plan, and the plan  
22 shall not be contingent upon approval of the voters.

23       (d) For the purpose of this section, local funding per average daily membership  
24 means the budgeted local expense per average daily membership. The State Board of  
25 Education shall establish guidelines for the computation of this amount and the amount  
26 shall be set out in the plan for consolidation and merger.

27       (e) If the State Board of Education fails to approve a plan submitted to it under  
28 this section, such failure to approve does not preclude the approval of the plan by the  
29 General Assembly by local act."

30       (c) Effective July 1, 1991, Chapter 115C of the General Statutes is amended  
31 by adding a new section to read:

32 **"§ 115C-68.2. Merger of units by the local boards of education.**

33       If a city board of education notifies the State Board of Education that it is dissolving  
34 itself, the State Board of Education shall adopt a plan of consolidation and merger of  
35 that city school administrative unit with the county school administrative unit in the  
36 county in which the city unit is located; provided, however, if a city school  
37 administrative unit located in more than one county notifies the State Board of  
38 Education that it is dissolving itself, the State Board shall adopt a plan that divides the  
39 city unit along the county line and consolidates and merges the part of the city unit in  
40 each county with the county unit in that county and the plans shall take effect on the  
41 same day. The plans shall be prepared and approved in accordance with G.S. 115C-67  
42 as provided by general law, and G.S. 115C-68 as provided by general law, as  
43 applicable, except that the county and city boards of education and the boards of

1 commissioners shall not participate by preparing, entering into, submitting, or agreeing  
2 to a plan, and the plan shall not be contingent upon approval by the voters."

3 (d) No liability for any supplemental school tax levied under local act or G.S.  
4 115C-501 to G.S. 115C-511 that attached prior to the date on which a levy is  
5 discontinued pursuant to a plan for merger for local school administrative units under  
6 G.S. 115C-68.1 or G.S. 115C-68.2 is discharged as a result of the repeal, and no right to  
7 a refund of tax that accrued prior to the effective date on which a levy is discontinued  
8 may be denied as a result of the repeal.

9 This subsection becomes effective July 1, 1991.

10  
11 Requested by: Senator Ward

12 ---ALLOCATION OF FUNDS FOR MERGED CAREER LADDER PILOT  
13 PROJECTS

14 Sec. 38. Any career ladder pilot project in a school unit that has resulted  
15 from a merger of school units subsequent to July 1, 1991, may be modified by the local  
16 school board, upon the recommendation of the State Superintendent of Public  
17 Instruction and with the approval of the State Board of Education. For the fiscal year of  
18 the merger through the 1993-94 fiscal year, the merged unit shall receive (i) the amount  
19 of funds that was previously allocated to the particular pilot project by the State Board  
20 of Education and (ii) the amount of funds it is entitled to receive pursuant to G.S. 115C-  
21 238.4(c)(1), for the portion of the merged unit that did not participate in the pilot  
22 project.

23  
24 Requested by: Senators Ward, Johnson

25 ---ADDITIONAL FUNDS FOR TEACHERS

26 Sec. 39. If additional funds become available for the 1991-93 fiscal  
27 biennium, the General Assembly may use these funds to restore funds cut from the base  
28 budget for teachers for the 1991-93 fiscal biennium.

29  
30 Requested by: Senators Ward, Martin of Guilford

31 ---ADDITIONAL FUNDS FOR COUNSELORS

32 Sec. 40. If additional funds become available for the 1991-93 fiscal  
33 biennium, the General Assembly may use these funds to restore funds cut from the base  
34 budget for counselors for the 1991-93 fiscal biennium.

35  
36 Requested by: Senator Ward

37 ---REMOVE LIMITATION ON UNIFORM EDUCATION REPORTING SYSTEM  
38 FINES

39 Sec. 41. G.S. 115C-438 reads as rewritten:

40 "**§ 115C-438. Provision for disbursement of State money.**

41 The deposit of money in the State treasury to the credit of local school  
42 administrative units shall be made in monthly installments, and additionally as  
43 necessary, at such time and in such a manner as may be most convenient for the  
44 operation of the public school system. Before an installment is credited, the school

1 finance officer shall certify to the State Board of Education the expenditures to be made  
2 by the local school administrative unit from the State Public School Fund during the  
3 month. This certification shall be filed on or before the fifth day following the end of  
4 the month preceding the period in which the expenditures will be made. The State  
5 Board of Education shall determine whether the moneys requisitioned are due the local  
6 school administrative unit, and upon determining the amount due, shall cause the  
7 requisite amount to be credited to the local school administrative unit. Upon receiving  
8 notice from the State Treasurer of the amount placed to the credit of the local school  
9 administrative unit, the finance officer may issue State warrants up to the amount so  
10 certified.

11 The State Board of Education may withhold money for payment of salaries for  
12 administrative officers of local school administrative units if any report required to be  
13 filed with State school authorities is more than 30 days overdue. The State Board of  
14 Education shall withhold money for payment of salaries for the superintendent, finance  
15 officer, and all other administrative officers charged with providing payroll information  
16 pursuant to G.S. 115C-12(18), if the local school administrative unit fails to provide the  
17 payroll information to the State Board in a timely fashion and substantially in  
18 accordance with the standards set by the State Board; ~~provided, however, the maximum~~  
19 ~~amount withheld from any local school administrative unit shall be twenty five~~  
20 ~~thousand dollars (\$25,000).~~ Board.

21 Money in the State Public School Fund and State bond moneys shall be released  
22 only on warrants drawn on the State Treasurer, signed by such local official as may be  
23 required by the State Board of Education."  
24

25 Requested by: Senator Ward

26 ~~—~~PAYMENT OF TEACHERS IN YEAR-ROUND SCHOOLS

27 Sec. 42. (a) G.S. 115C-302(a) reads as rewritten:

28 "(a) Teachers shall be paid promptly when their salaries are due provided the legal  
29 requirements for their employment and service have been met. All teachers employed  
30 by any local school administrative unit who are to be paid from local funds shall be paid  
31 promptly as provided by law and as state-allotted teachers are paid.

32 Teachers paid State funds shall be paid as follows:

- 33 (1) Academic Teachers. – Regular state-allotted teachers shall be  
34 employed for a period of 10 calendar months. Salary payments to  
35 regular state-allotted teachers shall be made monthly at the end of each  
36 calendar month of service: Provided, that teachers employed for a  
37 period of 10 calendar months in year-round schools shall be paid in 12  
38 equal installments: ~~Provided, Provided further,~~ that any individual  
39 teacher who is not employed in a year-round school may be paid in 12  
40 monthly installments if the teacher so requests on or before the first  
41 day of the school year. Such request shall be filed in the local school  
42 administrative unit which employs the teacher. The payment of the  
43 annual salary in 12 installments instead of 10 shall not increase or  
44 decrease said annual salary nor in any other way alter the contract

1 made between the teacher and the said local school administrative unit;  
2 nor shall such payment apply to any teacher who is employed for a  
3 period of less than 10 months. Included within the 10 calendar months  
4 employment shall be annual vacation leave at the same rate provided  
5 for State employees, computed at one twelfth (1/12) of the annual rate  
6 for State employees for each calendar month of employment; which  
7 shall be provided by each local board of education at a time when  
8 students are not scheduled to be in regular attendance. Included within  
9 the 10 calendar months employment each local board of education  
10 shall designate the same or an equivalent number of legal holidays  
11 occurring within the period of employment for academic teachers as  
12 those designated by the State Personnel Commission for State  
13 employees; on a day that employees are required to report for a  
14 workday but pupils are not required to attend school due to inclement  
15 weather, a teacher may elect not to report due to hazardous travel  
16 conditions and to take one of his annual vacation days or to make up  
17 the day at a time agreed upon by the employee and his immediate  
18 supervisor or principal. Within policy adopted by the State Board of  
19 Education, each local board of education shall develop rules and  
20 regulations designating what additional portion of the 10 calendar  
21 months not devoted to classroom teaching, holidays, or annual leave  
22 shall apply to service rendered before the opening of the school term,  
23 during the school term, and after the school term and to fix and  
24 regulate the duties of state-allotted teachers during said period, but in  
25 no event shall the total number of workdays exceed 200 days. Local  
26 boards of education shall consult with the employed public school  
27 personnel in the development of the 10-calendar-months schedule.

- 28 (2) Occupational Education Teachers. – State-allotted months of  
29 employment to local boards of education as provided by the State  
30 Board of Education shall be used for the employment of teachers of  
31 occupational education for a term of employment as determined by the  
32 local boards of education. Salary payments to these occupational  
33 education teachers shall be made monthly at the end of each calendar  
34 month of service: Provided, that local boards shall not reduce the term  
35 of employment for any vocational agriculture teacher personnel  
36 position that was 12 calendar months for the 1982-83 school year for  
37 any school year thereafter: Provided further, that teachers employed  
38 for a term of 10 calendar months in year-round schools shall be paid in  
39 12 equal installments: ~~Provided, Provided further,~~ that any individual  
40 teacher employed for a term of 10 calendar months who is not  
41 employed in a year-round school may be paid in 12 monthly  
42 installments if the teacher so requests on or before the first day of the  
43 school year. Such request shall be filed in the administrative unit  
44 which employs the teacher. The payment of the annual salary in 12

1 installments instead of 10 shall not increase or decrease said annual  
2 salary nor in any other way alter the contract made between the teacher  
3 and the said administrative unit. Included within their term of  
4 employment shall be the same rate of annual vacation leave and legal  
5 holidays provided under the same conditions as set out in subdivision  
6 (1) above, but in no event shall the total workdays for a 10-month  
7 employee exceed 200 days in a 10-month schedule and the workweek  
8 shall constitute five days for all occupational teachers regardless of the  
9 employment period.

10 Occupational education teachers who are employed for 11 or 12  
11 months may, with prior approval of the principal, work on annual  
12 leave days designated in the school calendar and take those annual  
13 leave days during the 11th or 12th month of employment.

14 No deductions shall be made from salaries of teachers of vocational  
15 agriculture and home economics whose salaries are paid in part from  
16 State and federal vocational funds while in attendance upon  
17 community, county and State meetings called for the specific purpose  
18 of promoting the agricultural interests of North Carolina, when such  
19 attendance is approved by the superintendent of the administrative unit  
20 and the State Director of Vocational Education.

21 (3) Notwithstanding any provisions of this section to the contrary no  
22 person shall be entitled to pay for any vacation day not earned by that  
23 person. The first 10 days of annual vacation leave earned by a teacher  
24 during any fiscal year period shall be scheduled to be used in the  
25 school calendar adopted by the respective local boards of education.  
26 Vacation days shall not be used for extending the term of employment  
27 of individuals. Teachers may accumulate annual vacation leave days as  
28 follows: annual leave may be accumulated without any applicable  
29 maximum until June 30 of each year. On June 30 of each year, any  
30 teachers with more than 30 days of accumulated leave shall have the  
31 excess accumulation cancelled so that only 30 days are carried forward  
32 to July 1 of the same year. All vacation leave taken by the teacher will  
33 be upon the authorization of his immediate supervisor and under  
34 policies established by the local board of education. An employee  
35 shall be paid in a lump sum for accumulated annual leave not to  
36 exceed a maximum of 240 hours when separated from service due to  
37 resignation, dismissal, reduction in force, death, or service retirement.  
38 If the last day of terminal leave falls on the last workday in the month,  
39 payment shall be made for the remaining nonworkdays in that month.  
40 Employees retiring on disability retirement may exhaust annual leave  
41 rather than be paid in a lump sum. The provisions of this subdivision  
42 shall be accomplished without additional State and local funds being  
43 appropriated for this purpose. The State Board of Education shall  
44 adopt rules and regulations for the administration of this subdivision.

- 1 (4) Each local board of education shall sustain any loss by reason of an  
2 overpayment to any teacher paid from State funds.
- 3 (5) All of the foregoing provisions of this section shall be subject to the  
4 requirement that at least fifty dollars (\$50.00), or other minimum  
5 amount required by federal social security laws, of the compensation  
6 of each school employee covered by the Teachers' and State  
7 Employees' Retirement System or otherwise eligible for social security  
8 coverage shall be paid in each of the four quarters of the calendar year.
- 9 (6) The State Board of Education, in fixing the State standard salary  
10 schedule of teachers as authorized by law, shall provide that teachers  
11 who entered the armed or auxiliary forces of the United States after  
12 September 16, 1940, and who left their positions for such service shall  
13 be allowed experience increments for the period of such service as  
14 though the same had not been interrupted thereby, in the event such  
15 persons return to the position of teachers, principals and  
16 superintendents in the public schools of the State after having been  
17 honorably discharged from the armed or auxiliary forces of the United  
18 States."
- 19 (b) G.S. 115C-316(a) reads as rewritten:
- 20 "(a) School officials and other employees shall be paid promptly when their  
21 salaries are due provided the legal requirements for their employment and service have  
22 been met. All school officials and other employees employed by any local school  
23 administrative unit who are to be paid from local funds shall be paid promptly as  
24 provided by law and as state-allotted school officials and other employees are paid.  
25 Public school employees paid from State funds shall be paid as follows:
- 26 (1) Employees Other than Superintendents, Supervisors and Classified  
27 Principals on an Annual Basis. – Salary payments to employees other  
28 than superintendents, supervisors, and classified principals employed  
29 on an annual basis shall be made monthly at the end of each calendar  
30 month of service. Included within their term of employment shall be  
31 annual vacation leave at the same rate provided for State employees,  
32 computed at one-twelfth (1/12) of the annual rate for state employees  
33 for each calendar month of employment. On a day that employees are  
34 required to report for a workday but pupils are not required to attend  
35 school due to inclement weather, an employee may elect not to report  
36 due to hazardous travel conditions and to take one of his annual  
37 vacation days or to make up the day at a time agreed upon by the  
38 employee and his immediate supervisor or principal. Included within  
39 their term of employment each local board of education shall designate  
40 the same or an equivalent number of legal holidays as those designated  
41 by the State Personnel Commission for State employees.
- 42 (2) School Employees Paid on an Hourly or Other Basis. – Salary  
43 payments to employees other than those covered in G.S. 115C-  
44 272(b)(1), 115C-285(a)(1) and (2), 115C-302(a)(1) and (2), and 115C-

1 316(a)(1) shall be made at a time determined by each local board of  
2 education. Expenditures for the salary of these employees from State  
3 funds shall be within allocations made by the State Board of Education  
4 and in accordance with rules and regulations approved by the State  
5 Board of Education concerning allocations of State funds: Provided,  
6 that school employees employed for a term of 10 calendar months in  
7 year-round schools shall be paid in 12 equal installments: ~~Provided,~~  
8 Provided further, that any individual school employee employed for a  
9 term of 10 calendar months who is not employed in a year-round  
10 school may be paid in 12 monthly installments if the employee so  
11 requests on or before the first day of the school year. Such request  
12 shall be filed in the administrative unit which employs the employee.  
13 The payment of the annual salary in 12 installments instead of 10 shall  
14 not increase or decrease said annual salary nor in any other way alter  
15 the contract between the employee and the said administrative unit.  
16 Included within the term of employment shall be provided for full-time  
17 employees annual vacation leave at the same rate provided for State  
18 employees, computed at one-twelfth (1/12) of the annual rate for State  
19 employees for each calendar month of employment, to be taken under  
20 policies determined by each local board of education. On a day that  
21 employees are required to report for a workday but pupils are not  
22 required to attend school due to inclement weather, an employee may  
23 elect not to report due to hazardous travel conditions and to take one of  
24 his annual vacation days or to make up the day at a time agreed upon  
25 by the employee and his immediate supervisor or principal. Included  
26 within their term of employment, each local board of education shall  
27 designate the same or an equivalent number of legal holidays  
28 occurring within the period of employment as those designated by the  
29 State Personnel Commission for State employees.

- 30 (3) Notwithstanding any provisions of this section to the contrary no  
31 person shall be entitled to pay for any vacation day not earned by that  
32 person. The first 10 days of annual leave earned by a 10- or 11-month  
33 employee during any fiscal year period shall be scheduled to be used  
34 in the school calendar adopted by the respective local boards of  
35 education. Vacation days shall not be used for extending the term of  
36 employment of individuals. Ten- or 11-month employees may  
37 accumulate annual vacation leave days as follows: annual leave may  
38 be accumulated without any applicable maximum until June 30 of each  
39 year. On June 30 of each year, any of these employees with more than  
40 30 days of accumulated leave shall have the excess accumulation  
41 cancelled so that only 30 days are carried forward to July 1 of the same  
42 year. All vacation leave taken by these employees will be upon the  
43 authorization of their immediate supervisor and under policies  
44 established by the local board of education. An employee shall be paid

1 in a lump sum for accumulated annual leave not to exceed a maximum  
2 of 240 hours when separated from service due to resignation,  
3 dismissal, reduction in force, death or service retirement. If the last  
4 day of terminal leave falls on the last workday in the month, payment  
5 shall be made for the remaining nonworkdays in that month.  
6 Employees retiring on disability retirement may exhaust annual leave  
7 rather than be paid in a lump sum. The provisions of this subdivision  
8 shall be accomplished without additional State and local funds being  
9 appropriated for this purpose. The State Board of Education shall  
10 adopt rules and regulations for the administration of this subdivision.

11 (4) Twelve-month school employees other than superintendents,  
12 supervisors and classified principals paid on an hourly or other basis  
13 whether paid from State or from local funds may accumulate annual  
14 vacation leave days as follows: annual leave may be accumulated  
15 without any applicable maximum until June 30 of each year. On June  
16 30 of each year, any employee with more than 30 days of accumulated  
17 leave shall have the excess accumulation cancelled so that only 30  
18 days are carried forward to July 1 of the same year. All vacation leave  
19 taken by the employee will be upon the authorization of his immediate  
20 supervisor and under policies established by the local board of  
21 education. An employee shall be paid in a lump sum for accumulated  
22 annual leave not to exceed a maximum of 240 hours when separated  
23 from service due to resignation, dismissal, reduction in force, death, or  
24 service retirement. If the last day of terminal leave falls on the last  
25 workday in the month, payment shall be made for the remaining  
26 nonworkdays in that month. Employees retiring on disability  
27 retirement may exhaust annual leave rather than be paid in a lump  
28 sum. The provisions of this subdivision shall be accomplished without  
29 additional State and local funds being appropriated for this purpose.  
30 The State Board of Education shall adopt rules and regulations for the  
31 administration of this subdivision.

32 (5) All of the foregoing provisions of this section shall be subject to the  
33 requirement that at least fifty dollars (\$50.00), or other minimum  
34 amount required by federal social security laws, of the compensation  
35 of each school employee covered by the Teachers' and State  
36 Employees' Retirement System or otherwise eligible for social security  
37 coverage shall be paid in each of the four quarters of the calendar year.

38 (6) Each local board of education shall sustain any loss by reason of an  
39 overpayment to any school official or other employee paid from State  
40 funds."

41  
42 Requested by: Senator Ward

43 ---APPROPRIATION OF FUNDS FROM STATE LITERARY FUND



1           Sec. 42.1. There is appropriated from the State Literary Fund to the  
2 Department of Public Education the sum of \$2,500,000 for the 1991-92 fiscal year for  
3 aid to local school administrative units.  
4

5  
6 PART 14.—COMMUNITY COLLEGES  
7

8 Requested by: Senator Ward

9 —MAINTENANCE OF PLANT

10           Sec. 43. (a) Notwithstanding any provision of law to the contrary, any  
11 community college that has an out-of-county student head count served on the main  
12 campus of the college in excess of fifty percent (50%) of the total student head count as  
13 defined by the State Board of Community Colleges shall be provided funds for the  
14 purpose of "operations of plant". These funds shall not exceed eighty-five percent  
15 (85%) of the funds allocated to these colleges during the 1990-91 fiscal year for this  
16 purpose.

17           (b) This section becomes effective July 1, 1992.  
18

19 Requested by: Senator Ward

20 —BUDGET FLEXIBILITY

21           Sec. 44. The State Board of Community Colleges shall establish budget  
22 guidelines that grant to the individual institutions maximum budget flexibility to  
23 accomplish the budget reductions assigned to them by the State Board for the 1991-93  
24 fiscal biennium. These guidelines shall allow transfers of all operating funds, except  
25 from literacy funds and the Human Resources Development Program, between line  
26 items and program areas. These guidelines shall also require that, to the extent possible,  
27 reductions shall be taken in administrative costs rather than from instructional costs.

28           The State Board is not required to make budget reduction allocations on a pro  
29 rata basis and may specify various programs for reduction.

30           The State Board shall require each college to submit a plan assuring a  
31 balanced educational program that meets statewide priorities.

32           The State Board shall report to the Regular 1992 Session of the 1991 General  
33 Assembly on these guidelines and on the implementation of these guidelines by each  
34 institution.  
35

36 Requested by: Senator Ward

37 —OPERATING APPROPRIATIONS/NOT USED FOR RECREATION  
38 EXTENSION

39           Sec. 45. Funds appropriated for the 1991-93 fiscal biennium to the  
40 Department of Community Colleges as operating expenses for allocation to the  
41 institutions comprising the Community College System shall not be used to support  
42 recreation extension courses. The financing of these courses by any institution shall be  
43 on a self-supporting basis, and membership hours produced from these activities shall

1 not be counted when computing full-time equivalent students for use in budget-funding  
2 formulas at the State level.

3

4 Requested by: Senator Ward

5 —FULL-TIME EQUIVALENT TEACHING POSITIONS/COMMUNITY  
6 COLLEGES

7 Sec. 46. For the purpose of determining the community college system-wide  
8 number of full-time equivalent (FTE) teaching positions each year, the total curriculum  
9 full-time equivalent student enrollment shall be divided by 22 for the 1991-92 fiscal  
10 year and by 22 for the 1992-93 fiscal year; the occupational extension full-time  
11 equivalent student enrollment shall be divided by 23 for the 1991-92 fiscal year and by  
12 23 for the 1992-93 fiscal year.

13

14 Requested by: Senator Ward

15 —TUITION/PUBLIC SCHOOL STUDENTS TAKING COMMUNITY COLLEGE  
16 COURSES

17 Sec. 47. G.S. 115D-5(b) reads as rewritten:

18 "(b) In order to make instruction as accessible as possible to all citizens, the  
19 teaching of curricular courses and of noncurricular extension courses at convenient  
20 locations away from institution campuses as well as on campuses is authorized and shall  
21 be encouraged. A pro rata portion of the established regular tuition rate charged a full-  
22 time student shall be charged a part-time student taking any curriculum course. In lieu  
23 of any tuition charge, the State Board of Community Colleges shall establish a uniform  
24 registration fee, or a schedule of uniform registration fees, to be charged students  
25 enrolling in extension courses for which instruction is financed primarily from State  
26 funds; provided, however, that the State Board of Community Colleges may provide by  
27 general and uniform regulations for waiver of tuition and registration fees for persons  
28 not enrolled in elementary or secondary schools taking courses leading to a high school  
29 diploma or equivalent certificate, for training courses for volunteer firemen, local fire  
30 department personnel, volunteer rescue and lifesaving department personnel, local  
31 rescue and lifesaving department personnel, Radio Emergency Associated Citizens  
32 Team (REACT) members when the REACT team is under contract to a county as an  
33 emergency response agency, local law-enforcement officers, patients in State alcoholic  
34 rehabilitation centers, all full-time custodial employees of the Department of Correction,  
35 employees of the Department of Correction's Division of Adult Probation and Parole  
36 and employees of the Division of Youth Services of the Department of Human  
37 Resources required to be certified pursuant to Chapter 17C of the General Statutes and  
38 the rules of the Criminal Justice and Training Standards Commission, trainees enrolled  
39 in courses conducted under the New and Expanding Industry Program, clients of  
40 sheltered workshops, clients of adult developmental activity programs, students in  
41 Human Resources Development Programs, juveniles of any age committed to the  
42 Division of Youth Services of the Department of Human Resources by a court of  
43 competent jurisdiction, and prison inmates. Provided further, tuition shall be waived for  
44 senior citizens attending institutions operating pursuant to this Chapter as set forth in

1 Chapter 115B of the General Statutes, Tuition Waiver for Senior Citizens. Provided  
2 further, tuition shall also be waived for all courses taken by high school students at  
3 community colleges in accordance with G.S. 115D-20(4) and this section."  
4

5 Requested by: Senator Ward

6 ---BOOKS AND EQUIPMENT APPROPRIATIONS/REVERT AFTER ONE YEAR

7 Sec. 48. Appropriations to the Department of Community Colleges for  
8 equipment and library books are made for each year of the fiscal biennium. All  
9 unencumbered appropriations shall revert to the General Fund 12 months after the close  
10 of each fiscal year for which they were appropriated. Encumbered balances outstanding  
11 at the end of each period shall be handled in accordance with existing State Budget  
12 policies. The Department shall be able to identify to the Office of State Budget and  
13 Management which appropriations will revert at the end of the 12 months after the close  
14 of each fiscal year.

15  
16 Requested by: Senator Ward

17 ---" TECH PREP" IMPLEMENTATION

18 Sec. 49. Of the funds available to the Department of Public Education for  
19 vocational education, \$50,000 for the 1991-92 fiscal year and \$50,000 for the 1992-93  
20 fiscal year, shall be allocated to the North Carolina Tech Prep Leadership Development  
21 Center at Richmond Community College for assistance to local education agencies and  
22 community colleges in planning and implementing "Tech Prep" across the State. The  
23 Department of Community Colleges shall allocate \$50,000 each year from funds  
24 available to it for the 1991-92 fiscal year and for the 1992-93 fiscal year for the North  
25 Carolina "Tech Prep" Leadership Development Center at Richmond Community  
26 College.

27  
28  
29 PART 15.—COLLEGES AND UNIVERSITIES

30  
31 Requested by: Senator Ward

32 ---TEACHING HOSPITAL REIMBURSEMENT

33 Sec. 50. Reimbursement to Pitt County Memorial Hospital for  
34 uncompensated care provided to non-Pitt County residents admitted by East Carolina  
35 Medical School faculty shall be limited to the unreimbursed portion of actual costs as  
36 determined in the Medicare Cost Report.

37  
38 Requested by: Senator Ward

39 ---SMALL BUSINESS PROGRAMS

40 Sec. 51. The Board of Governors of The University of North Carolina shall  
41 make whatever changes are necessary in the administrative structures of the economic  
42 development programs in The University of North Carolina to ensure that adequate  
43 State appropriations from these programs can be used to match federal funding for small  
44 business development programs.

1 The Board of Governors of The University of North Carolina and the State  
2 Board of Community Colleges shall develop, to the extent necessary, a consolidated  
3 administrative structure for their Small Business Assistance Programs to increase the  
4 State funds available to match federal funding for small business development  
5 programs.

6  
7 Requested by: Senator Ward

8 ---AID TO PRIVATE COLLEGES/LEGISLATIVE TUITION GRANT  
9 LIMITATIONS

10 Sec. 52. (a) The amount of a tuition grant awarded to a student enrolled in a  
11 degree program at a site away from the main campus of the approved private institution,  
12 as defined in G.S. 116-22(1), may be no more than the result of the ratio of the cost per  
13 credit hour for off-campus instruction at that site to the cost per credit hour for regular,  
14 full-time on-campus instruction, multiplied by the maximum grant award, or the  
15 maximum grant award allowable under Section 53(b) of this act, whichever is less.

16 (b) No Legislative Tuition Grant funds may be expended for a program at an off-  
17 campus site of a private institution, as defined in G.S. 116-22(1), established after May  
18 15, 1987, unless (i) the private institution offering the program has previously notified  
19 and secured agreement from other private institutions operating degree programs in the  
20 county in which the off-campus program is located or operating in the counties adjacent  
21 to that county or (ii) the degree program is neither available nor planned in the county  
22 with the off-campus site or in the counties adjacent to that county.

23 An "off-campus program" is any program offered for degree credit away from  
24 the institution's main, permanent campus.

25 (c) Any member of the armed services as defined in G.S. 116-143.3(a), abiding  
26 in this State incident to active military duty, who does not qualify as a resident for  
27 tuition purposes as defined under G.S. 116-143.1, is eligible for a Legislative Tuition  
28 Grant pursuant to this section if the member is enrolled as a full-time student. The  
29 member's Legislative Tuition Grant may not exceed the cost of tuition less any tuition  
30 assistance paid by the member's employer.

31  
32 Requested by: Senator Ward

33 ---AID TO PRIVATE COLLEGES/PROCEDURE

34 Sec. 53. (a) Funds appropriated in this Title to the Board of Governors of The  
35 University of North Carolina for aid to private colleges shall be disbursed in accordance  
36 with the provisions of G.S. 116-19, 116-21, and 116-22. These funds shall provide up  
37 to \$450.00 per full-time equivalent North Carolina undergraduate student enrolled at a  
38 private institution as of October 1 each year.

39 These funds shall be placed in a separate, identifiable account in each eligible  
40 institution's budget or chart of accounts. All funds in this account shall be provided as  
41 scholarship funds for needy North Carolina students during the fiscal year. Each  
42 student awarded a scholarship from this account shall be notified of the source of the  
43 funds and of the amount of the award. Funds not utilized under G.S. 116-19 shall be  
44 made available for the tuition grant program as defined in subsection (b) of this section.

1 (b) In addition to any funds appropriated pursuant to G.S. 116-19 and in addition  
2 to all other financial assistance made available to private educational institutions located  
3 within the State, or to students attending these institutions, there is granted to each full-  
4 time North Carolina undergraduate student attending an approved institution as defined  
5 in G.S. 116-22, a sum, not to exceed \$1,150 per academic year, which shall be  
6 distributed to the student as hereinafter provided.

7 The tuition grants provided for in this section shall be administered by the  
8 State Education Assistance Authority pursuant to rules adopted by the State Education  
9 Assistance Authority not inconsistent with this section. The State Education Assistance  
10 Authority may not approve any grant until it receives proper certification from an  
11 approved institution that the student applying for the grant is an eligible student. Upon  
12 receipt of the certification, the State Education Assistance Authority shall remit at such  
13 times as it shall prescribe the grant to the approved institution on behalf, and to the  
14 credit, of the student.

15 In the event a student on whose behalf a grant has been paid is not enrolled  
16 and carrying a minimum academic load as of October 1 of the first academic term or on  
17 the tenth classroom day following the beginning of the second school term for which the  
18 grant was paid, the institution shall refund the full amount of the grant to the State  
19 Education Assistance Authority. Each approved institution shall be subject to  
20 examination by the State Auditor for the purpose of determining whether the institution  
21 has properly certified eligibility and enrollment of students and credited grants paid on  
22 the behalf of the students.

23 In the event there are not sufficient funds to provide each eligible student  
24 with a full grant:

- 25 (1) The Board of Governors of The University of North Carolina, with the  
26 approval of the Office of State Budget and Management, may transfer  
27 available funds to meet the needs of the programs provided by  
28 subsections (a) and (b) of this section; and
- 29 (2) Each eligible student shall receive a pro rata share of funds then  
30 available for the remainder of the academic year within the fiscal  
31 period covered by the current appropriation.

32 Any remaining funds shall revert to the General Fund.

33 (c) Expenditures made pursuant to this section may be used only for secular  
34 educational purposes at nonprofit institutions of higher learning.

35  
36 Requested by: Senator Ward

37 —WAKE FOREST AND DUKE MEDICAL SCHOOL ASSISTANCE/FUNDING  
38 FORMULAE

39 Sec. 54. Funds appropriated in this act to the Board of Governors of The  
40 University of North Carolina for continuation of financial assistance to the medical  
41 schools of Duke University and Wake Forest University shall be disbursed on  
42 certifications of the respective schools of medicine that show the number of North  
43 Carolina residents as first-year, second-year, third-year, and fourth-year students in the  
44 medical school as of November 1, 1991, and November 1, 1992. Disbursement to

1 Wake Forest University shall be made in the amount of \$8,000 for each medical student  
2 who is a North Carolina resident, \$1,000 of which shall be placed by the school in a  
3 fund to be used to provide financial aid to needy North Carolina students who are  
4 enrolled in the medical school. The maximum aid given to any student from this fund  
5 in a given year may not exceed the amount of the difference in tuition and academic  
6 fees charged by the school and those charged at the School of Medicine at the  
7 University of North Carolina at Chapel Hill.

8 Disbursement to Duke University shall be made in the amount of \$5,000 for  
9 each medical student who is a North Carolina resident, \$500.00 of which shall be placed  
10 by the school in a fund to be used to provide student financial aid to financially needy  
11 North Carolina students who are enrolled in the medical school. No individual student  
12 may be awarded assistance from this fund in excess of \$2,000 each year. In addition to  
13 this basic disbursement for each year of the biennium, a disbursement of \$1,000 shall be  
14 made for each medical student who is a North Carolina resident in the first-year,  
15 second-year, third-year, and fourth-year classes to the extent that enrollment of each of  
16 those classes exceeds 30 North Carolina students.

17 The Board of Governors shall establish the criteria for determining the  
18 eligibility for financial aid of needy North Carolina students who are enrolled in the  
19 medical schools and shall review the grants or awards to eligible students. The Board of  
20 Governors shall adopt rules for determining which students are residents of North  
21 Carolina for the purposes of these programs. The Board of Governors shall also make  
22 any regulations as necessary to ensure that these funds are used directly for instruction  
23 in the medical programs of the schools and not for religious or other nonpublic  
24 purposes. The Board of Governors shall encourage the two schools to orient students  
25 towards personal health care in North Carolina giving special emphasis to family and  
26 community medicine.

27  
28 Requested by: Senator Ward

29 —UNIVERSITY OF NORTH CAROLINA HOSPITALS AT CHAPEL  
30 HILL/NURSING

31 Sec. 55. Notwithstanding the provisions of G.S. 126-4(1), G.S. 126-4(2),  
32 and Section 9 of Chapter 738 of the 1987 Session Laws, as amended by Section 100(a)  
33 of the 1987 Session Laws, and as further amended by Section 54 of Chapter 500 of the  
34 1989 Session Laws, the Current Operations Appropriations Act of 1989, the Board of  
35 Directors of the University of North Carolina Hospitals at Chapel Hill shall establish  
36 policies and rules governing the study and implementation of competitive position  
37 classification and compensation plans for registered and licensed practical nurse  
38 positions that have been approved by the Board of Directors. These plans shall provide  
39 for minimum, maximum, and intermediate rates of pay, and may include provisions for  
40 range revisions and shift premium pay and for salary adjustments to address internal  
41 inequities, job performance, and market conditions. The Office of State Personnel shall  
42 review the classification and compensation plans on an annual basis, and all changes in  
43 compensation plans for these registered and licensed practical nursing positions shall be  
44 submitted to the Office of State Personnel upon implementation.

1

2 Requested by: Senators Ward, Conder

3 —COMMUNITY SERVICES REDUCTIONS LIMITATION/SMALL BUSINESS  
4 AND TECHNOLOGY DEVELOPMENT CENTERS5 Sec. 56. None of the reductions made by this act in the community services  
6 budgets for economic development activities of The University of North Carolina shall  
7 be taken in the Small Business and Technology Development Centers programs.

8

9 Requested by: Senators Ward, Conder

10 —COMMUNITY SERVICES REDUCTIONS LIMITATION/INSTITUTE OF  
11 GOVERNMENT PROGRAMS12 Sec. 57. None of the reductions made by this act in the community services  
13 budgets of The University of North Carolina shall be taken in the programs of the  
14 Institute of Government at Chapel Hill.

15

16

17 PART 16.—DEPARTMENT OF TRANSPORTATION

18

19 Requested by: Senator Goldston

20 —MOWING ROAD SHOULDERS

21 Sec. 58. The Board of Transportation shall review its policy of requiring  
22 private contractors to mow the State highway system. The Board shall look at the  
23 comparative costs between mowing with State forces versus private contractors. The  
24 Board shall explore the costs of returning mowing work, especially of secondary roads,  
25 to the 14 Highway Divisions. This study shall also consider the savings derived from  
26 reducing the width of the shoulder to be mowed. A report of the Board's findings shall  
27 be submitted to the House Appropriations Subcommittee on Transportation, the Senate  
28 Appropriations Committee on Natural and Economic Resources, and to the Fiscal  
29 Research Division 30 days prior to the scheduled convening date of the 1992 Session of  
30 the General Assembly.

31

32 Requested by: Senator Goldston

33 —DOT PERSONNEL ACTIONS REPORTED

34 Sec. 59. The Department of Transportation shall submit a list of personnel  
35 actions every six months to the Joint Legislative Highway Oversight Committee and to  
36 the Fiscal Research Division. This list shall include positions reallocated, reclassified,  
37 abolished, and created. The report shall give the status of the Department's salary  
38 reserves and how they were used during the reporting period.

39

40 Requested by: Senator Goldston

41 —PLAN TO REDUCE LABOR VARIANCE

42 Sec. 60. The Department of Transportation shall submit to the House  
43 Appropriations Subcommittee on Transportation and the Senate Appropriations  
44 Committee on Natural and Economic Resources during the 1992 Session of the General

1 Assembly, a plan to reduce labor variance in highway planning and design from the  
2 current nineteen and two-tenths percent (19.2%) to the pre-Trust Fund 1985 level of ten  
3 and six-tenths percent (10.6%). The Plan shall list all activities that are charged to labor  
4 variance and the reasons why the work has not been assigned to job orders.

5  
6 Requested by: Senator Goldston

7 —PERFORMANCE AUDIT COMPARING COST OF ENGINEERING SERVICES  
8 BETWEEN DEPARTMENT OF TRANSPORTATION AND PRIVATE  
9 ENGINEERING FIRMS

10 Sec. 61. The State Auditor shall conduct a performance audit comparing the  
11 cost, quality, and timeliness of engineering services provided by outside consultants  
12 versus Department of Transportation personnel. This audit shall include an analysis of  
13 overhead costs, labor variance, the impact of newly hired employees on Department of  
14 Transportation efficiency and the cost of supervising consultants. The State Auditor  
15 shall report his findings, by April 1, 1992, to the Chairmen of the Senate and House  
16 Appropriations Committees, the Chairmen of the House Appropriations Subcommittee  
17 on Transportation, and the Chairman of the Senate Appropriations Committee on  
18 Natural and Economic Resources.

19  
20 Requested by: Senator Goldston

21 —REDUCTION OF HIGHWAY TRUST FUND REVENUE USED FOR  
22 ADMINISTRATIVE EXPENSES

23 Sec. 62. G.S. 136-176(b) reads as rewritten:

24 "(b) Funds in the Trust Fund are annually appropriated to the Department of  
25 Transportation to be allocated and used as provided in this subsection. A sum, not to  
26 exceed ~~five percent (5%)~~ four and one-half percent (4-1/2%) of the amount of revenue  
27 deposited in the Trust Fund under subdivisions (a)(1), (2), and (3) of this section, may  
28 be used each fiscal year by the Department for expenses to administer the Trust Fund.  
29 The rest of the funds in the Trust Fund shall be allocated and used as follows:

- 30 (1) Sixty-one and ninety-five hundredths percent (61.95%) to plan, design,  
31 and construct the projects of the Intrastate System described in G.S.  
32 136-179.  
33 (2) Twenty-five and five hundredths percent (25.05%) to plan, design, and  
34 construct the urban loops described in G.S. 136-180.  
35 (3) Six and one-half percent (6.5%) to supplement the appropriation to  
36 cities for city streets under G.S. 136-181.  
37 (4) Six and one-half percent (6.5%) for secondary road construction as  
38 provided in G.S. 136-182."  
39

40 Requested by: Senator Goldston

41 —BRANCH AGENT TRANSACTION RATE

42 Sec. 63. The Division of Motor Vehicles of the Department of Transportation  
43 shall compensate a contractor with whom it has a contract under G.S. 20-63(h) at the



1 rate of ninety-two cents (92¢) for each transaction performed in accordance with the  
2 requirements set by the Division. A transaction is any of the following activities:

- 3 (1) Issuance of a registration plate, a registration card, a registration  
4 renewal sticker, or a certificate of title.
- 5 (2) Issuance of a handicapped placard or handicapped identification card.
- 6 (3) Acceptance of an application for a personalized registration plate.
- 7 (4) Acceptance of a surrendered registration plate, registration card, or  
8 registration renewal sticker, or acceptance of an affidavit stating why a  
9 person cannot surrender a registration plate, registration card, or  
10 registration renewal sticker.
- 11 (5) Cancellation of a title because the vehicle has been junked.
- 12 (6) Acceptance of an application for, or issuance of, a refund for a fee or a  
13 tax, other than the highway use tax.
- 14 (7) Receipt of the civil penalty imposed by G.S. 20-309 for a lapse in  
15 financial responsibility or receipt of the restoration fee imposed by that  
16 statute.
- 17 (8) Acceptance of a notice of failure to maintain financial responsibility  
18 for a motor vehicle.
- 19 (9) Collection of the highway use tax.

20 Performance at the same time of any combination of the items that are listed  
21 within each subdivision or are listed within subdivisions (1) through (8) is a single  
22 transaction. Performance of the item listed in subdivision (9) in combination with any  
23 other items listed in this section is a separate transaction.

24  
25 Requested by: Senator Goldston

26 ~~---~~BIDS FOR COMPUTER SERVICES

27 Sec. 64. In requests for bids, requests for quotes, requests for proposals, or  
28 other procurement actions issued through the Department of Administration, Division of  
29 Purchase and Contract, or through any other State agency, for vendors to develop a  
30 strategic plan, conduct a feasibility study, or prepare a needs assessment for a computer  
31 system, information system, data communications network, data processing application,  
32 or other information technology application, there shall be a provision that reads as  
33 follows:" Eligibility for Future Requirements: The successful offeror on this project  
34 will not be considered for an award on subsequent hardware, software, software  
35 support, and related procurements which are based on specifications or  
36 recommendations resulting from this procurement." The Division of Purchase and  
37 Contract and the State agency or agencies involved in the procurement may delete this  
38 provision in a procurement request by jointly (i) filing a written request with the  
39 Director of the Office of State Budget for authorization to delete this provision from the  
40 procurement effort, (ii) sending a copy of this written request for authorization to the  
41 Director of the Fiscal Research Division at the time it is filed with the Office of State  
42 Budget, (iii) receiving written authorization to delete the provision from the Director of  
43 the Office of State Budget, and (iv) reporting the authorization, if it is granted, to the

1 Director of the Fiscal Research Division and to the next meeting of the Joint Legislative  
2 Commission on Governmental Operations.

3  
4 Requested by: Senator Goldston

5 —NORTH CAROLINA RAILROAD DIVIDENDS APPROPRIATED TO THE  
6 HIGHWAY FUND FOR RAILROAD PURPOSES

7 Sec. 65. G.S. 136-16.6 reads as rewritten:

8 **"§ 136-16.6. Continuing rail appropriations.**

9 There is annually ~~appropriated, beginning with the 1987-88 fiscal year, from the~~  
10 ~~General Fund to the Department of Transportation for rail purposes the greater of one~~  
11 ~~hundred thousand dollars (\$100,000) or appropriated~~ one hundred percent (100%) of the  
12 annual dividends received in the prior fiscal year ~~(less any amounts that are required by~~  
13 ~~Section 13-18 of Chapter 792, Session Laws of 1985 to be paid for the expenses of the~~  
14 ~~Railroad Negotiating Commission)~~ by the State from its ownership of stock in the North  
15 Carolina Railroad Company and the Atlantic and North Carolina Railroad ~~Company.~~  
16 Company to the Highway Fund for use by the Department of Transportation for railroad  
17 purposes."

18  
19 Requested by: Senator Goldston

20 —HIGHWAY FUND ALLOCATIONS BY CONTROLLER

21 Sec. 66. The Controller of the Department of Transportation shall allocate at  
22 the beginning of each fiscal year from the various appropriations made to the  
23 Department of Transportation in this act, Titles:

24 State Construction

25 State Funds to Match Federal Highway Aid

26 State Maintenance

27 Ferry Operations,

28 sufficient funds to eliminate all overdrafts on State maintenance and construction  
29 projects, and these allocations may not be diverted to other purposes.

30  
31 Requested by: Senator Goldston

32 —CASH FLOW HIGHWAY FUND AND HIGHWAY TRUST FUND  
33 APPROPRIATIONS

34 Sec. 67. The General Assembly authorizes and certifies anticipated revenues  
35 of the Highway Fund as follows:

36 For Fiscal Year 1993-94 \$971,000,000

37 For Fiscal Year 1994-95 \$990,000,000.

38 Sec. 68. The General Assembly authorizes and certifies anticipated revenues  
39 of the Highway Trust Fund as follows:

40 For Fiscal Year 1993-94 \$394,900,000

41 For Fiscal Year 1994-95 \$402,800,000.

42  
43 Requested by: Senator Goldston

44 —HIGHWAY FUND LIMITATIONS ON OVEREXPENDITURES

1       Sec. 69. (a)       Overexpenditures from Section 4 of this act may be made by  
2 authorization of the Director of the Budget, Titles:

3               State Construction Primary Construction  
4               State Construction Urban Construction  
5               State Construction Access and Public Service Roads  
6               State Funds to Match Federal Highway Aid  
7               State Maintenance  
8               Ferry Operations,

9 provided that there are corresponding underexpenditures from these same Titles.  
10 Overexpenditures or underexpenditures in any Titles may not vary by more than ten  
11 percent (10%) without prior consultation with the Advisory Budget Commission.  
12 Written reports covering overexpenditures or underexpenditures of more than ten  
13 percent (10%) shall be made to the Joint Legislative Highway Oversight Committee.  
14 The reports shall be delivered to the Director of the Fiscal Research Division not less  
15 than 96 hours prior to the beginning of the Committee's full meeting.

16       (b)       Overexpenditures from Section 4 of this act, Titles:

17               State Construction Primary Construction  
18               State Construction Urban Construction  
19               State Construction Access and Public Service Roads  
20               State Funds to Match Federal Highway Aid  
21               State Maintenance  
22               Ferry Operations,

23 for the purpose of providing additional positions shall be approved by the Director of  
24 the Budget and shall be reported on a quarterly basis to the Joint Legislative Highway  
25 Oversight Committee and to the Fiscal Research Division.

26  
27 Requested by:   Senator Goldston

28 ---RESURFACED ROADS MAY BE WIDENED

29       Sec. 70. Of the contract maintenance resurfacing program funds appropriated  
30 in this act to the Department of Transportation, an amount not to exceed fifteen percent  
31 (15%) of the Board of Transportation's allocation of these funds may be used for  
32 widening existing narrow pavements that are scheduled for resurfacing. The  
33 Department of Transportation shall report on the use of these funds to the Joint  
34 Legislative Highway Oversight Committee and the Fiscal Research Division by May  
35 15, 1992.

36  
37 Requested by:   Senator Goldston

38 ---SMALL URBAN CONSTRUCTION PROGRAM FUNDS

39       Sec. 71. Of the funds appropriated in this Title to the Department of  
40 Transportation, \$10,805,664 shall be allocated in the 1991-92 fiscal year and  
41 \$9,828,266 in the 1992-93 fiscal year for small urban construction projects. \$7,000,000  
42 of these funds shall be allocated equally in each fiscal year of the biennium among the  
43 14 Highway Divisions for the small Urban Construction program for small urban  
44 construction projects that are located within the area covered by a one-mile radius of the

1 municipal corporate limits. Of the remaining funds, \$3,805,664 for the 1991-92 fiscal  
2 year and \$2,828,266 for the 1992-93 fiscal year shall be used statewide for rural or  
3 small urban highway improvements as approved by the Secretary of the Department of  
4 Transportation.

5 None of these funds used for rural secondary road construction are subject to  
6 the county allocation formula as provided in G.S. 136-44.5.

7 The Department of Transportation shall report to the members of the General  
8 Assembly on projects funded pursuant to this section in each member's district prior to  
9 the Board of Transportation's action. The Department shall make a quarterly  
10 comprehensive report on the use of these funds to the Joint Legislative Highway  
11 Oversight Committee and the Fiscal Research Division.

12

13 Requested by: Senator Goldston

14 ---HIGHWAY FUND ADJUSTMENTS TO REFLECT ACTUAL REVENUE

15 Sec. 72. Any unreserved credit balance in the Highway Fund on June 30 of  
16 each of the fiscal years of this biennium shall support appropriations in the succeeding  
17 fiscal year. If all of the balance is not needed for these appropriations, the Director of  
18 the Budget may use the remaining excess to establish a reserve for access and public  
19 roads, a reserve for unforeseen happening of a state of affairs requiring prompt action as  
20 provided by G.S. 136-44.1, and other required reserves. Actual revenue in excess of  
21 estimated revenue shall be placed in the reserve for highway maintenance. If all of the  
22 remaining excess is not used to establish these reserves, the remainder shall be allocated  
23 to the State-funded maintenance appropriations in the manner approved by the Board of  
24 Transportation. The Board of Transportation shall report monthly to the Joint  
25 Legislative Highway Oversight Committee and the Fiscal Research Division about the  
26 use of the reserve for highway maintenance.

27

28 Requested by: Senator Plyler

29 ---SIGNING OF STATE-MAINTAINED COUNTY ROADS

30 Sec. 73. \$500,000 of the funds to be allocated pursuant to G.S. 136-44.2A for  
31 secondary road construction during the 1991-92 fiscal year shall be exempt from the  
32 county formula allocation in G.S. 136-44.5. The Department of Transportation shall  
33 utilize the funds so excluded for the county road name-signing program in the 30  
34 counties where signing has not already been funded.

35

36

37 PART 17.—DEPARTMENT OF CORRECTION

38

39 Requested by: Senator Marvin

40 ---PRIVATE CONFINEMENT FACILITIES

41 Sec. 74. No for-profit, privately owned or operated confinement facilities  
42 may be added to the State prison system unless approved by the General Assembly.  
43 The State may contract with private, nonprofit firms to provide or operate work and  
44 study release centers for women.

1

2 Requested by: Senator Marvin

3 ---NEGOTIATED RATES FOR MEDICAL SERVICES

4

5 Sec. 75. The Department of Correction shall negotiate for rates as close to  
6 Medicaid rates as possible for all medical services rendered to that Department by  
7 providers who are not State employees. The Department shall report the results of its  
8 negotiations to the Chairmen of the Senate Appropriations Committee and the Senate  
9 Base Budget Appropriations Committee, the Chairmen of the House Appropriations  
10 Committee, and the Chairmen of the Senate and the House Appropriations Committees  
11 on Justice and Public Safety prior to March 15, 1992.

11

12 Requested by: Senator Marvin

13 ---LIMIT USE OF OPERATIONAL FUNDS

14

15 Sec. 76. Funds appropriated in this Title to the Department of Correction for  
16 operational costs for additional facilities shall be used for the personnel and operating  
17 expenses set forth in the budget approved by the General Assembly in this act. These  
18 funds may not be expended for any other purpose, and may not be expended for  
19 additional prison personnel positions until the new facilities are within 90 days of  
20 completion, except as authorized for the facilities at Nash, Pender, South Mountain, and  
21 Brown Creek.

21

22

23 PART 18.—DEPARTMENT OF CRIME CONTROL AND PUBLIC SAFETY

24

25 Requested by: Senator Marvin

26 ---REPORT ON COMMUNITY SERVICE WORKERS

27

28 Sec. 77. The Department of Crime Control and Public Safety shall report  
29 quarterly in the 1991-92 fiscal year and the 1992-93 fiscal year to the Joint Legislative  
30 Commission on Governmental Operations and the Fiscal Research Division on the  
31 number of community service workers who were available during each month of the  
32 time period preceding that report to perform repairs and maintenance of the parks and  
33 when and where they were available.

33

34 Requested by: Senator Marvin

35 ---REPORTS ON THE COMMUNITY PENALTIES PROGRAM AND THE CRIME  
36 VICTIMS COMPENSATION FUND

37

38 Sec. 78. The Department of Crime Control and Public Safety shall report  
39 annually to the Senate and House Appropriations Base Budget Committees on Justice  
40 and Public Safety and the Fiscal Research Division on the administrative expenditures  
41 of the Community Penalties Program and the North Carolina Crime Victims  
42 Compensation Fund.

42

43 Requested by: Senator Marvin

1 —LEGISLATIVE REVIEW OF DRUG LAW ENFORCEMENT AND OTHER  
2 GRANTS

3 Sec. 79. (a) Section 1303(4) of the Omnibus Crime Control and Safe Streets  
4 Act of 1968 provides that State applications for drug law enforcement grants are subject  
5 to review by the State legislature or its designated body.

6 (b) The North Carolina General Assembly hereby provides that State applications  
7 for grants under the State and Local Law Enforcement Assistance Act of 1986, Part M  
8 of the Omnibus Crime Control and Safe Streets Act of 1968 as enacted by Subtitle K of  
9 P.L. 99-570, the Anti-Drug Abuse Act of 1986, are subject to review by the Joint  
10 Legislative Commission on Governmental Operations if at the time of review the  
11 General Assembly is not in session.

12 (c) Unless a State statute provides a different forum for review where a federal  
13 law or regulation provides that a State application for a grant must be reviewed by the  
14 State legislature or its designated body and at the time of the review the General  
15 Assembly is not in session, that application shall be reviewed by the Joint Legislative  
16 Commission on Governmental Operations.

17

18 Requested by: Senator Marvin

19 —REPORT ON MOTOR VEHICLE REPLACEMENT COST

20 Sec. 80. The Department of Crime Control and Public Safety shall report to  
21 the 1991 General Assembly, 1992 Regular Session, regarding the reduction in the  
22 number of motor vehicles replaced by the Highway Patrol for the 1991-92 fiscal year  
23 and the effect, if any, of that reduction on the Highway Patrol, and shall also review and  
24 report on the projected cost of replacing motor vehicles for the 1992-93 fiscal year. The  
25 Department of Justice shall report to the 1991 General Assembly, 1992 Regular Session,  
26 regarding the reduction in the number of motor vehicles replaced by the State Bureau of  
27 Investigation for the 1991-92 fiscal year and the effect, if any, of that reduction on the  
28 State Bureau of Investigation, and shall also review and report on the projected cost of  
29 replacing motor vehicles for the 1992-93 fiscal year.

30

31 Requested by: Senator Marvin

32 —REPORT ON HIGHWAY PATROL FURNITURE AND EQUIPMENT  
33 REPLACEMENT SCHEDULE

34 Sec. 81. The Highway Patrol, Department of Crime Control and Public  
35 Safety, shall report to the 1991 General Assembly, 1992 Regular Session, regarding the  
36 reductions in the replacement schedule for furniture and equipment for the Highway  
37 Patrol for the 1991-92 fiscal year and the effect, if any, of those reductions. The  
38 Highway Patrol shall also report on the projected cost of the replacement schedule for  
39 equipment and furniture for the 1992-93 fiscal year.

40

41 Requested by: Senator Marvin

42 —HIGHWAY PATROL SALARIES

43 Sec. 82. G.S. 20-187.3 reads as rewritten:

44 "**§ 20-187.3. Quotas ~~prohibited~~; prohibited; pay and promotion.**

1 (a) The Secretary of Crime Control and Public Safety shall not make or permit to  
2 be made any order, rule, or regulation requiring the issuance of any minimum number of  
3 traffic citations, or ticket quotas, by any member or members of the State Highway  
4 Patrol.

5 (a1) Pay and promotions of members of the Highway Patrol shall be based on  
6 their overall job performance and not on the basis of the volume of citations issued or  
7 arrests made. The provisions of G.S. 126-7 shall ~~not~~ apply to members of the State  
8 Highway Patrol. Members of the Highway Patrol shall, ~~however,~~ shall be subject to  
9 salary classes, ranges and longevity pay for service as are applicable to other State  
10 employees generally. ~~Beginning July 1, 1985, and annually thereafter, each member of~~  
11 ~~the Highway Patrol shall be granted a salary increase in an amount corresponding to the~~  
12 ~~increments between steps within the salary range established for the class to which the~~  
13 ~~member's position is assigned by the State Personnel Commission, not to exceed the~~  
14 ~~maximum of each applicable salary range.~~

15 (b) ~~The Secretary of Crime Control and Public Safety, subject to the availability~~  
16 ~~of funds as authorized by the Director of the Budget, may place a member of the State~~  
17 ~~Highway Patrol in any step in the salary range for the class to which the member is~~  
18 ~~assigned based on the member's rank so that no member is in a step lower than others of~~  
19 ~~the same rank who have held that rank for less time than that member."~~

20  
21 Requested by: Senator Marvin

22 ---CRIME VICTIMS COMPENSATION/SOFTWARE FUNDS

23 Sec. 83. (a) The Office of State Budget and Management shall designate  
24 \$10,080 of the Computer Reserve Fund created in the Office of State Budget and  
25 Management for the 1991-92 fiscal year for the critical computer needs of the Crime  
26 Victims Compensation Program in the Department of Crime Control and Public Safety.

27 (b) Effective January 1, 1992, the Department of Crime Control and Public  
28 Safety shall eliminate one position for a claims examiner and one position for an  
29 investigator.

30  
31 Requested by: Senator Marvin

32 ---COMMUNITY PENALTIES PROGRAMS

33 Sec. 83.1. (a) Notwithstanding any other provision of this act or any other  
34 provision of law, funds in the amount of \$1,636,612 appropriated to the Department of  
35 Crime Control and Public Safety are allocated to the programs in the amounts set out in  
36 this section.

- 37 (1) \$1,518,912 to be allocated as listed below among the existing  
38 community penalties programs. The funds allocated to the programs  
39 listed below shall be disbursed by the Department of Crime Control  
40 and Public Safety on a monthly basis for a period of 12 consecutive  
41 months. Each program shall be reimbursed for the expenses incurred  
42 by the program in the preceding month. The first payment for the 12  
43 month pay period shall be made by the Department no later than

1	August 15, 1991, and the final payment shall be made no later than	
2	July 15, 1992.	
3	One Step Further, Inc.	\$139,664
4		
5	Services to Nash County	
6	Community Penalties Program	44,000
7		
8	Services to Rockingham/Caswell	40,900
9		
10	Fayetteville Area Sentencing	
11	Center, Inc.	131,878
12		
13	Re-Entry, Inc.	93,500
14		
15	Repay, Inc.	100,045
16		
17	Community Corrections	
18	Resources, Inc.	104,379
19		
20	Western Carolinians for	
21	Criminal Justice, Inc.	100,300
22		
23	Prison & Jail Project, Inc.	100,300
24		
25	Community Penalties Program,	
26	Inc. 68,213	
27		
28	Jacksonville Community	
29	Penalties, Inc.	89,250
30		
31	Services to Sampson,	
32	Duplin and Jones Counties	55,000
33		
34	Gaston Community Penalties,	
35	Inc. 53,661	
36		
37	Services to Cleveland and	
38	Lincoln Counties	38,000
39		
40	Dispute Settlement Center,	
41	Inc. 53,661	
42		
43	Appropriate Punishment	
44	Option, Inc.	53,661



1			
2	Mecklenburg Community		
3	Corrections	93,500	
4			
5	Neuse River Community		
6	Penalties Program	55,000	
7			
8	Additional Programs	-	
9			
10	Tuscarora Tribe of North		
11	Carolina	52,000	
12			
13	Citizens for Community Justice	52,000(2)	\$117,700 to
14	cover administrative costs.		

15 (b) The Department of Crime Control and Public Safety may not restructure  
 16 or reorganize the community penalties programs.

17  
 18  
 19 PART 19.—JUDICIAL DEPARTMENT

20  
 21 Requested by: Senator Marvin

22 —COMMISSIONERS ON UNIFORM STATE LAWS

23 Sec. 84. From funds appropriated to the Judicial Department in the certified  
 24 budget for the 1991-93 biennium, the Administrative Office of the Courts may transfer  
 25 within its budget up to \$19,000 for the 1991-92 fiscal year and up to \$19,000 for the  
 26 1992-93 fiscal year to reimburse the expenses of travel of the North Carolina delegation  
 27 of the National Conference of Commissioners on Uniform State Laws.

28  
 29 Requested by: Senator Marvin

30 —INDIGENT PERSONS' ATTORNEY FEE FUND

31 Sec. 85. (a) Effective July 1, 1991, the Administrative Office of the Courts  
 32 shall each year of the 1991-93 fiscal biennium place the sum of \$3,249,236 from the  
 33 Indigent Persons' Attorney Fee Fund in a reserve for capital cases and for transcripts,  
 34 professional examinations, and expert witness fees. The Administrative Office of the  
 35 Courts shall allot these funds as needed for these purposes and for unanticipated  
 36 demands on the fund.

37 (b) Effective July 1, 1991, the Administrative Office of the Courts shall, for  
 38 each year of the biennium, allot the sum of \$11,500,000 from the Indigent Persons'  
 39 Attorney Fee Fund for adult, juvenile, and guardian **ad litem** cases for the 1991-92 and  
 40 1992-93 fiscal years to each judicial district where the superior and district court  
 41 districts are coterminous, and otherwise by county, according to the caseload of indigent  
 42 persons who were not represented by the public defender in the districts or counties  
 43 during 1990-91 and 1991-92, respectively.

1 The Administrative Office of the Courts shall notify all senior resident  
2 superior court judges, all chief district court judges, and the clerk of superior court  
3 within the district or county immediately after the allotment is made and shall regularly  
4 notify them how much remains for the district or county.

5 The senior resident superior court judge and the chief district court judge of  
6 each district or county shall ask all judges holding court within the district or county: (i)  
7 to take into consideration the amount of money allotted at the beginning of the fiscal  
8 year and the amount of money remaining in the allotment when they award counsel fees  
9 to attorneys of indigent persons, and (ii) to make an effort to award fees equally and  
10 justly for legal services provided. The clerk of superior court for each county shall  
11 assure that all judges holding court within the county receive this request from the  
12 senior resident superior court judge and the chief district court judge.

13 (c) If the funds allotted pursuant to subsection (b) of this section are depleted  
14 in a district or county prior to the end of the fiscal year, the Administrative Office of the  
15 Courts shall allot the remaining funds from the Indigent Persons' Attorney Fee Fund in  
16 the same manner as provided in subsection (b) of this section, provided, however, if  
17 necessary and appropriate due to unusual and unanticipated circumstances occurring in  
18 the current year, the Administrative Office of the Courts may allocate funds to a district  
19 or county in a manner calculated to result in the reasonably fair distribution of the  
20 remaining funds. Such funds shall be subject to the limitations and directions set out in  
21 subsection (b) of this section.

22 (d) If the funds allotted pursuant to subsection (c) of this section are depleted  
23 in a district or county prior to the end of the fiscal year, the Administrative Office of the  
24 Courts is authorized to resume payments in such districts or counties only if and when it  
25 is reasonably determined that the total projected expenditures will be less than the total  
26 approved budget for the Indigent Persons' Attorney Fee Fund for the fiscal year.

27  
28 Requested by: Senator Marvin

29 ---CURRENT OPERATING EXPENSES

30 Sec. 86. From funds appropriated to the Judicial Department in the certified  
31 budget for the 1991-92 fiscal year, the Administrative Office of the Courts may transfer  
32 within its budget up to \$2,500,000 to meet additional current operating expenses for  
33 supplies and materials, current obligations, fixed charges, other expenses, equipment  
34 and books, and indigent persons' attorney fees. The Administrative Office of the Courts  
35 shall make quarterly reports on transfers made pursuant to this section to the Joint  
36 Legislative Commission on Governmental Operations and the Chairmen of the Senate  
37 and the House Appropriations Committees on Justice and Public Safety.

38  
39 Requested by: Senator Marvin

40 ---RAPE VICTIM WITNESS COUNSELLOR PROGRAM

41 Sec. 87. From funds appropriated to the Judicial Department in the certified  
42 budget for the 1991-93 biennium, the Administrative Office of the Courts may transfer  
43 within its budget up to \$25,000 for the 1991-92 fiscal year and up to \$25,000 for the  
44 1992-93 fiscal year to support the existing Rape Victim Witness Counsellor Program.

1

2 Requested by: Senator Marvin

3 —ASSIGNED COUNSEL/PUBLIC DEFENDER COST COMPARISON REPORTS  
4 FOR DISTRICTS 4A, 5, AND 10; INTENT TO ESTABLISH PUBLIC DEFENDER  
5 OFFICES WHERE ASSIGNED COUNSEL COSTS EXCESSIVE

6 Sec. 88. (a) Before the 1992 Regular Session of the 1991 General Assembly  
7 convenes, the Administrative Office of the Courts shall submit to the House and Senate  
8 Appropriations Committees on Justice and Public Safety and to the Joint Legislative  
9 Commission on Governmental Operations two reports which compare the amount  
10 actually spent on private assigned counsel for indigent persons in Superior Court  
11 District or Set of Districts 4A (Sampson, Duplin, and Jones Counties), 5 (New Hanover  
12 and Pender Counties), and 10 (Wake County), with the estimated amount which would  
13 have been incurred had there been a public defender in each of those districts. The first  
14 report shall be submitted on or before January 1, 1992, and shall cover the period May  
15 1, 1991, through October 31, 1991; the second report shall be submitted on or before  
16 May 20, 1992, and shall cover the period May 1, 1991, through April 30, 1992. Each  
17 report shall be based on methods and shall be presented in a format substantially similar  
18 to those of the "Comparative Cost Estimates for Establishing Additional Public  
19 Defender Offices in Certain Judicial Districts" which are prepared annually by the  
20 Administrative Office of the Courts.

21 (b) It is the intent of the General Assembly to establish, effective July 1, 1992, a  
22 public defender office for a defender district coterminous with any of the three superior  
23 court districts or set of districts designated in subsection (a) of this section in which the  
24 amount actually spent on private assigned counsel between May 1, 1991, and April 30,  
25 1992, exceeds the estimated amount which would have been incurred in the same period  
26 had there been a public defender office in that district or set of districts, as shown in the  
27 reports submitted pursuant to subsection (a) of this section.

28

29 Requested by: Senator Marvin

30 —APPELLATE DEFENDER – DEATH PENALTY CASES

31 Sec. 90. (a) Report on Appellate Defender's Office. The Judicial Department  
32 shall submit reports on March 15 of each year of the 1991-93 biennium to the House  
33 and Senate Appropriation Committees on Justice and Public Safety and to the Joint  
34 Legislative Commission on Governmental Operations on:

- 35 (1) The purpose and activities of that part of the Appellate Defender's  
36 Office devoted to death penalty cases, and
- 37 (2) An accounting of General Fund expenditures on assistance provided to  
38 paid counsel, State-appointed counsel, and **pro bono** attorneys.

39 (b) No Lobbying by Appellate Defender's Office. The Appellate Defender's  
40 Office shall not lobby any entity, organization, or legislative body to urge either  
41 abolition or retention of the death penalty. If the Appellate Defender's Office or any of  
42 its employees fail to comply with this section or with any of the duties of the Appellate  
43 Defender's Office related to death penalty cases, the Director of the Administrative  
44 Office of the Courts may refuse to seek continued State funding for that part of the

1 Appellate Defender's Office devoted to death penalty cases, or take such other actions as  
2 the Director considers appropriate.

3 (c) Clarify Responsibilities of Appellate Defender. G.S. 7A-486.3 reads as  
4 rewritten:

5 **"§ 7A-486.3. Duties.**

6 The appellate defender shall:

- 7 (1) Represent indigent persons subsequent to conviction in trial courts  
8 pursuant to assignment by trial court judges under the general  
9 supervision of the Chief Justice of the Supreme Court. The Chief  
10 Justice may, following consultation with the appellate defender and  
11 consistent with the resources available to the appellate defender to  
12 ensure quality criminal defense services by the appellate defender's  
13 office, authorize the appellate defender not to accept assignments of  
14 certain appeals but instead to cause those appeals to be assigned either  
15 to a local public defender's office or to private assigned counsel.
- 16 (2) Maintain a clearinghouse of materials and a repository of briefs  
17 prepared by the appellate defender to be made available to private  
18 counsel representing indigents in criminal cases.
- 19 (3) Provide continuing legal education training to assistant appellate  
20 defenders and to private counsel representing indigents in criminal  
21 cases, including capital cases, as resources are available.
- 22 (4) Provide consulting services to attorneys representing defendants in  
23 capital cases.
- 24 (5) Recruit qualified members of the private bar who are willing to  
25 provide representation in State and federal death penalty  
26 postconviction proceedings.
- 27 (6) In his discretion, serve as counsel of record for indigent defendants in  
28 capital cases in State court.
- 29 (7) Undertake direct representation and consultation in capital cases  
30 pending in federal court only to the extent that such work is fully  
31 federally funded."

32  
33 Requested by: Senator Marvin

34 ---TERMINATION OF AUTOMATIC DISMISSAL PROGRAMS

35 Sec. 91. Effective July 1, 1991, the programs in Prosecutorial Districts 5, 25,  
36 26, 27A, and 27B for dismissing all minor traffic citation court cases and forgiving the  
37 payment of all court costs upon the completion by the offender of a "defensive driving  
38 course" or "traffic safety school" shall be terminated. No such program may be  
39 established or operated in any judicial or prosecutorial district except by express  
40 enactment of the General Assembly.

41  
42  
43 PART 20.—DEPARTMENT OF JUSTICE

1 Requested by: Senator Marvin

2 ---USE OF SEIZED AND FORFEITED PROPERTY TRANSFERRED TO STATE  
3 LAW ENFORCEMENT AGENCIES BY THE FEDERAL GOVERNMENT

4 Sec. 92. (a) Assets transferred to the Department of Justice during the 1991-93  
5 biennium pursuant to 19 U.S.C. § 1616a shall be credited to the budget of that  
6 Department and shall result in an increase of law enforcement resources for the  
7 Department. Assets transferred to the Department of Crime Control and Public Safety  
8 during the 1991-93 biennium pursuant to 19 U.S.C. § 1616a shall be credited to the  
9 budget of that Department and shall result in an increase of law enforcement resources  
10 for the Department. The departments shall report to the Joint Legislative Commission  
11 on Governmental Operations upon the receipt of these assets and, before using these  
12 assets, shall report the intended use of these assets and the departmental priorities on  
13 which the assets may be expended.

14 The General Assembly finds that the use of these assets for new projects,  
15 the acquisition of real property, repair of buildings where such repair includes structural  
16 change, and construction of or additions to buildings may result in additional expenses  
17 for the State in future fiscal periods; therefore, the Department of Justice and the  
18 Department of Crime Control and Public Safety are prohibited from using these assets  
19 for such purposes without the prior approval of the General Assembly.

20 (b) This section does not apply to the extent that it prevents North Carolina law  
21 enforcement agencies from receiving funds from the United States Department of  
22 Justice pursuant to 19 U.S.C. § 1616a.

23

24 Requested by: Senator Marvin

25 ---DEPARTMENT OF JUSTICE STUDY/CHARGES FOR LEGAL SERVICES TO  
26 LOCAL GOVERNMENTS AND STATE AGENCIES

27 Sec. 93. (a) The Department of Justice shall study the feasibility of charging  
28 local governments for legal services rendered to those governments by the Office of the  
29 Attorney General. The Department of Justice shall consider the number of requests for  
30 legal assistance received from local governments, the type of legal assistance requested,  
31 the time required to respond to the requests, and any other matters related to the issue of  
32 charging local governments for legal assistance. The Department of Justice shall also  
33 consider what fee, if any, is appropriate to charge local governments for such legal  
34 services. The Department of Justice shall report its findings and recommendations to  
35 the 1991 General Assembly, 1992 Regular Session.

36 (b) The Department of Justice shall study the feasibility of an increase in the fees  
37 currently charged other State departments and agencies for its legal services, such fee  
38 increase to be effective for the 1993-94 fiscal year. The Department of Justice shall also  
39 study the feasibility of requiring all State departments and agencies that have attorneys  
40 assigned to them by the Attorney General to pay the compensation, including salaries  
41 and benefits, for those legal positions. The Department of Justice shall report its  
42 findings and recommendations to the 1991 General Assembly, 1992 Regular Session.

43

44 Requested by: Senator Marvin

1 —DEPARTMENT OF TRANSPORTATION TO PAY COMPENSATION OF  
 2 ATTORNEYS ASSIGNED TO MOTOR VEHICLES DIVISION BY THE  
 3 ATTORNEY GENERAL

4           Sec. 94. The Department of Transportation shall pay the compensation,  
 5 including salaries and benefits, of the attorneys assigned to the Division of Motor  
 6 Vehicles by the Attorney General. The funds to pay the compensation for those legal  
 7 positions shall be taken from the Highway Fund.

8  
 9 Requested by: Senator Marvin

10 —JUSTICE ACADEMY STUDY/STUDENT REGISTRATION FEE

11           Sec. 95. The North Carolina Justice Academy shall study the possibility of  
 12 requiring a student registration fee. The study shall include consideration of the actual  
 13 cost for a student to attend the Justice Academy, the merits of charging a registration  
 14 fee, and the amount, if any, that should be charged as a registration fee. The North  
 15 Carolina Justice Academy shall report its findings and recommendations to the 1991  
 16 General Assembly, 1992 Regular Session.

17  
 18 Requested by: Senator Marvin

19 —SBI USE OF COURT-ORDERED RESTITUTION FUNDS

20           Sec. 96. The State Bureau of Investigation (SBI) may use funds available  
 21 from court-ordered restitution in undercover drug operations.

22  
 23 Requested by: Senator Marvin

24 —PRIVATE PROTECTIVE SERVICES AND ALARM SYSTEMS LICENSING  
 25 BOARDS PAY FOR USE OF STATE FACILITIES AND SERVICES

26           Sec. 97. The Private Protective Services and Alarm Systems Licensing  
 27 Boards shall pay the appropriate State agency for the use of physical facilities and  
 28 services provided to those boards by the State.

29  
 30 Requested by: Senator Marvin

31 —TRANSFER LEGAL AND SUPPORT STAFF POSITIONS FROM VARIOUS  
 32 DEPARTMENTS TO THE DEPARTMENT OF JUSTICE

33           Sec. 98. (a) The following positions are transferred to the Department of Justice  
 34 from the Department of Administration:

35

36 Dept	Position	Position	
37 Agency	Number	Title	Grade
38			
39			
40 <u>ADMINISTRATION</u>			
41			
42 Radioactive			
43 Waste	0095	Paralegal II	67
44			

(b) The following positions are transferred to the Department of Justice from the Department of Agriculture:

Dept Agency	Position Number	Position Title	Grade
<u>AGRICULTURE</u>			
Administration			
Legal Staff	0105	Agency Legal Specialist II	75
Support Staff	0145	Court Reporter	67
	0142	Secretary	59

(c) The following positions are transferred to the Department of Justice from the Department of Community Colleges:

Dept Agency	Position Number	Position Title	Grade
<u>COMMUNITY COLLEGES</u>			
Legal Staff	0180 (to 1160)	Paralegal I	65

(d) The following positions are transferred to the Department of Justice from the Department of Correction:

Dept Agency	Position Number	Position Title	Grade
<u>CORRECTION</u>			
Legal Staff	0074	Agency Legal Specialist III	77
	0078	Agency Legal Specialist II	75

1			
2		Agency Legal	
3	0080	Specialist II	75
4			
5		Agency Legal	
6	0079	Specialist II	75
7			
8		Paralegal III	
9		(Employee Title =	70
10	0084	Paralegal II)	67
11			
12	Support Staff		
13		Administrative	
14	0088	Secretary IV	61
15			
16	0090	Clerk-Typist IV	59
17			
18	0092	Clerk-Typist III	57
19			

(e) The following positions are transferred to the Department of Justice from the Department of Environment, Health, and Natural Resources:

23	Dept	Position	Position	
24	Agency	Number	Title	Grade
25				
26				
27	<u>ENVIRONMENT, HEALTH, AND NATURAL RESOURCES</u>			
28				
29	Legal Staff			
30	Administration		Agency Legal	
31		1902	Specialist III	77
32				
33			Agency Legal	
34		1903	Specialist III	77
35				
36			Agency Legal	
37		1906	Specialist I	73
38				
39			Agency Legal	
40		1907	Specialist III	77
41				
42			Agency Legal	
43		1909	Specialist III	77
44				



1			Agency Legal	
2		1911	Specialist II	75
3				
4			Agency Legal	
5		1912	Specialist III	77
6				
7			Agency Legal	
8		1915	Specialist III	77
9				
10			Agency Legal	
11		1916	Specialist III	77
12				
13			Agency Legal	
14		1918	Specialist I	73
15				
16	Marine Fisheries	8442	Paralegal II	67
17				
18		8443	Paralegal II	67
19				
20		8444	Paralegal II	67
21				
22	Solid Waste	4523	Attorney II	79
23				
24		4524	Paralegal II	67
25				
26	Support Staff	1914	Clerk-Steno V	61
27				
28		1917	Clerk-Typist IV	59
29				
30		1908	Clerk-Typist IV	59
31				
32		1905	Clerk-Typist IV	59
33				
34		4035	Secretary III	57
35				

(f) The following positions are transferred to the Department of Justice from the Department of Human Resources:

Dept Agency	Position Number	Position Title	Grade
----------------	--------------------	-------------------	-------

#### HUMAN RESOURCES

1	Legal Staff			
2				
3	Office of the		Agency Legal	
4	Secretary	0713	Specialist II	75
5				
6	Division of			
7	Youth Services		Agency Legal	
8		0003	Specialist I	73
9				

(g) The following positions are transferred to the Department of Justice from the Department of Revenue:

Dept	Position	Position	
Agency	Number	Title	Grade

REVENUE

20	Legal Staff			
21	Field Operations		Agency Legal	
22		8210	Specialist II	75

(h) The following positions are transferred to the Department of Justice from the Department of the Secretary of State:

Dept	Position	Position	
Agency	Number	Title	Grade

SECRETARY OF STATE

33	Legal Staff			
34				
35	Corporations		Attorney-	
36	Division	0200	Corporations Filing	75
37				
38	Support Staff	0420	Clerk-Steno III	57

(i) The equipment, supplies, records and other property to support the positions transferred by this section are also transferred from the appropriate departments to the Department of Justice.

(j) Funds are transferred in this Title to the Department of Justice for the positions, equipment, supplies, and other property transferred to the Department of

1 Justice by this section. Funds for the 1992-93 fiscal year for those positions, equipment,  
2 supplies, and other property shall be reduced by fifteen percent (15%). To achieve the  
3 fifteen percent (15%) reduction required by this section, the Attorney General shall  
4 identify specific reductions relating to equipment, supplies, and other property  
5 transferred under this section and shall identify the positions transferred to the  
6 Department of Justice by this section to be eliminated. The Attorney General shall  
7 report to the Legislative Commission on Governmental Operations and the Fiscal  
8 Research Division by March 15, 1992, regarding those reductions and positions to be  
9 eliminated. By July 1, 1992, the Attorney General shall permanently make reductions  
10 relating to equipment, supplies, and other property transferred by this section and shall  
11 eliminate the positions transferred to the Department of Justice by this section to  
12 achieve the fifteen percent (15%) reduction.

13 (k) Any department from which a position is transferred under this section to  
14 the Department of Justice shall continue to provide adequate office space for legal and  
15 support staff assigned to that department by the Attorney General.

16 (l) Any disputes arising out of this transfer shall be resolved by the Director  
17 of the Budget.

18  
19 Requested by: Senator Royall

20 —SBI FUNDS/SPENDING PRIORITIES

21 Sec. 98.1. Of the funds appropriated in this Title to the Department of  
22 Justice, State Bureau of Investigation for the 1991-92 fiscal year and the 1992-93 fiscal  
23 year for overtime payments, the first priority for use of the funds by the Department  
24 shall be to make overtime payments to SBI agents in the Field Investigations Division.

25  
26  
27 PART 21.—DEPARTMENT OF HUMAN RESOURCES

28  
29 Requested by: Senator Richardson

30 —MEDICAID

31 Sec. 99. (a) Funds appropriated in this Title for services provided in accordance  
32 with Title XIX of the Social Security Act (Medicaid) are for both the categorically  
33 needy and the medically needy. Funds appropriated for these services shall be  
34 expended in accordance with the following schedule of services and payment bases. All  
35 services and payments are subject to the language at the end of this subsection.

36 Services and payment bases:

37 (1) Hospital-Inpatient - Payment for hospital inpatient services will be  
38 prescribed in the State Plan as established by the Department of  
39 Human Resources. Administrative days for any period of  
40 hospitalization shall be limited to a maximum of three days.

41 (2) Hospital-Outpatient - Eighty percent (80%) of allowable costs or a  
42 prospective reimbursement plan as established by the Department of  
43 Human Resources.

- 1 (3) Nursing Facilities - As prescribed under the reimbursement plan for  
2 Nursing Facilities. Nursing facilities providing services to Medicaid  
3 recipients who also qualify for Medicare, must be enrolled in the  
4 Medicare program as a condition of participation in the Medicaid  
5 program, subject to phase-in certification for those nursing facilities  
6 not already enrolled in Medicare. State facilities are not subject to the  
7 requirement to enroll in the Medicare Program.
- 8 (4) Intermediate Care Facilities for the Mentally Retarded - As prescribed  
9 under the State Plan for reimbursing intermediate care facilities for the  
10 mentally retarded.
- 11 (5) Drugs - Drug costs as allowed by federal regulations plus a  
12 professional services fee per month excluding refills for the same drug  
13 or generic equivalent during the same month. Reimbursement shall be  
14 available for up to six prescriptions per recipient, per month, including  
15 refills. Payments for drugs are subject to the provisions of subsection  
16 (h) of this section and to the provisions at the end of subsection (a) of  
17 this section, or in accordance with a plan adopted by the Department of  
18 Human Resources consistent with federal reimbursement regulations.  
19 Payment of the professional services fee shall be made in accordance  
20 with the plan adopted by the Department of Human Resources,  
21 consistent with federal reimbursement regulations. Adjustments to the  
22 professional services fee shall be increased by the lower of the Gross  
23 National Price (GNP) deflator or the percentage increase approved by  
24 the General Assembly.
- 25 (6) Physicians, Chiropractors, Podiatrists, Optometrists, Dentists, Certified  
26 Nurse Midwife Services - Fee schedules as developed by the  
27 Department of Human Resources. Payments for dental services are  
28 subject to the provisions of subsection (g) of this section.
- 29 (7) Community Alternative Program, EPSDT Screens - Payment to be  
30 made in accordance with rate schedule developed by the Department  
31 of Human Resources.
- 32 (8) Home Health, Private Duty Nursing, Clinic Services, Prepaid Health  
33 Plans - Payment to be made according to reimbursement plans  
34 developed by the Department of Human Resources.
- 35 (9) Medicare Buy-In - Social Security Administration premium.
- 36 (10) Ambulance Services - Uniform fee schedules as developed by the  
37 Department of Human Resources.
- 38 (11) Hearing Aids - Actual cost plus a dispensing fee.
- 39 (12) Rural Health Clinic Services - Provider based - reasonable cost;  
40 nonprovider based - single cost reimbursement rate per clinic visit.
- 41 (13) Family Planning - Negotiated rate for local health departments. For  
42 other providers - see specific services, for instance, hospitals,  
43 physicians.

- 1 (14) Independent Laboratory and X-Ray services - Uniform fee schedules  
2 as developed by the Department of Human Resources.
- 3 (15) Optical Supplies - One hundred percent (100%) of reasonable  
4 wholesale cost of materials.
- 5 (16) Ambulatory Surgical Centers - Payment as prescribed in the  
6 reimbursement plan established by the Department of Human  
7 Resources.
- 8 (17) Medicare Crossover Claims - An amount up to the actual coinsurance  
9 or deductible or both, in accordance with the plan, as approved by the  
10 Department of Human Resources.
- 11 (18) Physical Therapy and Speech Therapy - Services limited to EPSDT  
12 eligible children. Payments are to be made only to the Children's  
13 Special Health Services program at rates negotiated by the Department  
14 of Human Resources.
- 15 (19) Personal Care Services - Payment in accordance with plan approved  
16 by the Department of Human Resources.
- 17 (20) Case Management Services - Reimbursement in accordance with the  
18 availability of funds to be transferred within the Department of Human  
19 Resources.
- 20 (21) Hospice - Services may be provided in accordance with plan  
21 developed by the Department of Human Resources.
- 22 (22) Other Mental Health Services - Unless otherwise covered by this  
23 section, coverage is limited to agencies meeting the requirements of  
24 the rules established by the Commission for Mental Health,  
25 Developmental Disabilities, and Substance Abuse Services, and  
26 reimbursement is made in accordance with a plan developed by the  
27 Department of Human Resources not to exceed the upper limits  
28 established in federal regulations.
- 29 (23) Medically Necessary Prosthetics or Orthotics for EPSDT Eligible  
30 Children - Reimbursement in accordance with plan approved by the  
31 Department of Human Resources.
- 32 (24) Health Insurance Premiums - Payments to be made in accordance with  
33 the plan adopted by the Department of Human Resources consistent  
34 with federal regulations.

35 Reimbursement is available for up to 24 visits per recipient per year to any  
36 one or combinations of the following: physicians, clinics, hospital outpatients,  
37 optometrists, chiropractors, and podiatrists. Prenatal services, all ESPDT children, and  
38 emergency rooms are exempt from the visit limitations contained in this paragraph.  
39 Exceptions may be authorized by the Department of Human Resources where the life of  
40 the patient would be threatened without such additional care. Any person who is  
41 determined by the Department to be exempt from the 24-visit limitation may also be  
42 exempt from the six-prescription limitation.

1 (b) Allocation of Nonfederal Cost of Medicaid. The State shall pay eight-five  
 2 percent (85%); the county shall pay fifteen percent (15%) of the nonfederal costs of all  
 3 applicable services listed in this section.

4 (c) Copayment for Medicaid Services. The Department of Human Resources  
 5 may establish copayment up to the maximum permitted by federal law and regulation.

6 (d) Medicaid and Aid to Families with Dependent Children Income Eligibility  
 7 Standards. Effective January 1, 1990, the maximum net family annual income  
 8 eligibility standards for Medicaid and Aid to Families with Dependent Children, and the  
 9 Standard of Need for Aid to Families with Dependent Children shall be as follows.

<u>Categorically Needy</u>		<u>Medically Needy</u>	
<u>Family</u>	<u>Standard</u>	<u>AFDC Payment</u>	
<u>Size</u>	<u>Of Need</u>	<u>Level*</u>	<u>AA,AB,AD*</u>
1	\$ 4,344	\$ 2,172	\$ 2,900
2	5,664	2,832	3,800
3	6,528	3,264	4,400
4	7,128	3,564	4,800
5	7,776	3,888	5,200
6	8,376	4,188	5,600
7	8,952	4,476	6,000
8	9,256	4,680	6,300

23 \*Aid to Families with Dependent Children (AFDC); Aid to the Aged (AA); Aid to the  
 24 Blind (AB); and Aid to the Disabled (AD).

25 The payment level for Aid to Families with Dependent Children shall be fifty percent  
 26 (50%) of the standard of need.

27 These standards may be changed with the approval of the Director of the  
 28 Budget with the advice of the Advisory Budget Commission.

29 (e) Spouse Responsibility. The Department of Human Resources, Division  
 30 of Medical Assistance, may not consider the income or assets of the spouse of a person  
 31 who is admitted as a long-term care patient in a certified public or private intermediate  
 32 care or skilled nursing facility to be available to the institutionalized person. This  
 33 provision will remain in effect until superseded by federal law under the Medicare  
 34 Catastrophic Coverage Act of 1988, on September 1, 1989.

35 (f) Dental Coverage Limits. Dental services will be provided on a restricted  
 36 basis in accordance with regulations developed by the Department. Funds for dental  
 37 services shall be disbursed only with prior approval by the Department of Human  
 38 Resources, Division of Medical Assistance, as required by this subsection. No prior  
 39 approval shall be required for emergency services or routine services. Routine services  
 40 are defined as examinations, X rays, prophylaxes, nonsurgical tooth extractions,  
 41 amalgam fillings, and fluoride treatments. Prior approval shall be required for all other  
 42 services and for routine services performed more than two times during a consecutive  
 43 12-month period. The Department of Human Resources shall adopt rules, as provided  
 44 by the Administrative Procedure Act, to implement this subsection.

1 (g) Dispensing of Generic Drugs. Notwithstanding G.S. 90-85.27 through  
2 G.S. 90-85.31, under the Medical Assistance Program (Title XIX of the Social Security  
3 Act) a prescription order for a drug designated by a trade or brand name shall be  
4 considered to be an order for the drug by its established or generic name, except when  
5 the prescriber personally indicates, either orally or in his own handwriting on the  
6 prescription order, "dispense as written" or words of similar meaning. Generic drugs,  
7 when available in the pharmacy, shall be dispensed at a lower cost to the Medical  
8 Assistance Program rather than trade or brand name drugs, subject to the prescriber's  
9 "dispense as written" order as noted above.

10 As used in this subsection "brand name" means the proprietary name the  
11 manufacturer places upon a drug product or on its container, label, or wrapping at the  
12 time of packaging; and "established name" has the same meaning as in section 502(e)(3)  
13 of the Federal Food, Drug and Cosmetic Act as amended, 21 U.S.C. § 352(e)(3).

14 (h) Exceptions to Service Limitations, Eligibility Requirements, and  
15 Payments. Service limitations, eligibility requirements, and payments, and payments  
16 bases in this section may be waived by the Department of Human Resources, with the  
17 approval of the Director of the Budget, to allow the Department to carry out pilot  
18 programs for prepaid health plans or community-based services programs in accordance  
19 with plans approved by the United States Department of Health and Human Services, or  
20 when the Department determines that such a waiver will result in a reduction in the total  
21 Medicaid costs for the recipient.

22 (i) Volume Purchase Plans and Single Source Procurement. The Department  
23 of Human Resources, Division of Medical Assistance, may, subject to the approval of a  
24 change in the State Medicaid Plan, contract for services, medical equipment, supplies,  
25 and appliances by implementation of volume purchase plans, single source procurement  
26 or other similar processes in order to improve cost containment.

27 (j) Cost Containment Programs. The Department of Human Resources,  
28 Division of Medical Assistance, may undertake cost containment programs including  
29 preadmissions to hospitals and prior approval for certain outpatient surgeries before  
30 they may be performed in an inpatient setting.

31 (k) For all Medicaid eligibility classifications for which the federal poverty  
32 level is used as an income limit for eligibility determination, the income limits will be  
33 updated each July 1 immediately following publication of federal poverty guidelines.

34 (l) Effective January 1, 1988, the Department of Human Resources shall  
35 provide Medicaid to 19-, 20-, and 21-year-olds in accordance with federal rules and  
36 regulations.

37 (m) The Department of Human Resources shall provide coverage to pregnant  
38 women and children according to the following schedule:

- 39 (1) Pregnant women with incomes equal to or less than one hundred  
40 eighty-five percent (185%) of the federal poverty guidelines as revised  
41 each July shall be covered for Medicaid benefits;
- 42 (2) Infants under the age of 1 year with family incomes equal to or less  
43 than one hundred eighty-five percent (185%) of the federal poverty

1 guidelines as revised each July 1, shall be covered for Medicaid  
2 benefits;

3 (3) Children aged 1 year through 5 years with family incomes equal to or  
4 less than one hundred thirty-three percent (133%) of the federal  
5 poverty guidelines as revised each July 1 shall be covered for  
6 Medicaid benefits; and

7 (4) Children aged 6 through 18 years who were born after September 30,  
8 1983, with family incomes equal to the federal poverty guidelines as  
9 revised each July 1, shall be covered for Medicaid benefits.

10 Services to pregnant women eligible under this section continue throughout the  
11 pregnancy but include only those related to pregnancy and to those other conditions  
12 determined by the Department as conditions that may complicate pregnancy. In order to  
13 reduce county administrative costs and to expedite the provision of medical services to  
14 pregnant women, to infants, and to children eligible under this section, no resources test  
15 shall be applied.

16 (n) The Department of Human Resources may use Medicaid funds budgeted  
17 from program services to support the cost of administrative activities to the extent that  
18 these administrative activities produce a net savings in services requirements.  
19 Administrative initiatives funded by this section shall be first approved by the Office of  
20 State Budget and Management.

21

22 Requested by: Senator Royall

23 ~~—GENERAL REDUCTIONS AND SAVINGS/RULES~~

24 Sec. 100. The Department of Human Resources, Division of Medical  
25 Assistance, shall effect reductions and accomplish savings for the 1991-92 fiscal year  
26 and the 1992-93 fiscal year and shall adopt rules necessary to effect these reductions  
27 and accomplish these savings at the earliest appropriate date.

28 (1) Inpatient Hospital;

29 (2) Specialty Hospital Inpatient;

30 (3) Mental Hospital Inpatient - Private;

31 (4) Skilled Nursing;

32 (5) Intermediate Nursing;

33 (6) Intermediate Care Facilities for the Mentally Retarded - Private;

34 (7) Physician, Dental, Chiropractor, Optometrist, and Podiatrist;

35 (8) Drugs - Profession Services Fee;

36 (9) Home Health;

37 (10) Personal Care Service;

38 (11) Community Alternative Program (CAP).

39 The Division of Medical Assistance shall implement these reductions and  
40 shall adopt rules necessary to reflect these reductions and accomplish these savings at  
41 the earliest appropriate date for each service type.

42

43 Requested by: Senator Richardson

44 ~~—GENERAL REDUCTIONS~~



1           Sec. 101. The Department of Human Resources, Division of Medical  
2 Assistance, shall effect the reduction of \$3,200,000 for the 1991-92 fiscal year and of  
3 \$3,200,000 for the 1992-93 fiscal year and shall adopt rules necessary to reflect these  
4 reductions and accomplish these savings at the earliest appropriate date.

5  
6 Requested by: Senator Richardson

7 —FAMILY SUPPORT ACT

8           Sec. 102. (a) Section 229 of Chapter 1014 of the 1985 Session Laws is amended  
9 by adding a new subsection to read:

10       "(d) If any provision of this section is held invalid by a court of competent  
11 jurisdiction, the invalidity shall not affect the remaining provisions of this section that  
12 can be given effect."

13       (b) The General Assembly finds that it is in the best interest of the State and of  
14 all its citizens to encourage recipients of Aid to Families with Dependent Children to  
15 obtain jobs and become self-sufficient. It further finds that, by continuing medical  
16 assistance and providing limited wage assistance to those recipients who are working,  
17 the State will make it possible to help many recipients to be able to keep their jobs,  
18 support their families, and become self-sufficient.

19       (c) The Social Services Commission shall adopt rules to change the way it  
20 budgets Aid to Families with Dependent Children payments that will result in more  
21 recipients being able to find work and keep working. These rules shall include  
22 subtracting countable income from the State standard of need, and paying a percentage  
23 of the difference. The percentage that shall be applied to determine the amount of  
24 assistance shall be the same percentage set in the Current Operations Appropriations  
25 Act that determines the Aid to Families of Dependent Children payment level from the  
26 standard of need.

27  
28 Requested by: Senator Richardson

29 —RETROSPECTIVE ACCOUNTING ADJUSTMENT

30           Sec. 103. The Department of Human Resources shall use funds appropriated  
31 to it by this act to provide a State supplementary payment to Aid to Families with  
32 Dependent Children households adversely affected by the retrospective accounting  
33 procedure as allowed under section 403(a) of the Social Security Act as amended by  
34 section 157(a) of the Tax Equity and Fiscal Responsibility Act of 1982. The amount of  
35 the State supplement shall not exceed the maximum payment standard for the Aid to  
36 Families with Dependent Children Program.

37  
38 Requested by: Senator Richardson

39 —AFDC/WOMEN IN THIRD TRIMESTER OF PREGNANCY ADJUSTMENT

40           Sec. 104. The Division of Social Services, Department of Human Resources,  
41 shall provide Aid to Families with Dependent Children to women in their third trimester  
42 of pregnancy regardless of whether these women have children, if they otherwise  
43 qualify for these payments.

1 Requested by: Senator Richardson

2 ---ADOPTION SUBSIDY

3           Sec. 105. The adoption subsidy paid monthly by the Division of Social  
4 Services, Department of Human Resources, to eligible families who adopt hard-to-place  
5 children shall be established at \$150.00 per child per month.

6

7 Requested by: Senator Richardson

8 ---FOSTER CARE

9           Sec. 106. Funds appropriated to the Department of Human Resources by this  
10 act for foster care assistance rates shall be used to set the rates at \$265.00 per child per  
11 month.

12

13 Requested by: Senator Richardson

14 ---EMERGENCY ASSISTANCE

15           Sec. 107. The Division of Social Services, Department of Human Resources,  
16 shall not expend more State funds than are appropriated for Emergency Assistance by  
17 this act. Within this limit, Emergency Assistance benefits shall not exceed \$300.00 per  
18 year per family, payable over a 30-day period. After this 30-day period, Emergency  
19 Assistance benefits are not available to that family until 12 months have elapsed from  
20 the initial authorization date. The family may have no more than a total of \$300.00 in  
21 liquid assets in order to qualify for any Emergency Assistance pursuant to this section.

22           It is the intent of the General Assembly that these Emergency Assistance  
23 funds shall only be used to provide assistance to persons to alleviate an emergency. In  
24 evaluating whether an emergency exists, the county departments of social services shall  
25 apply prudent judgment to evaluate each emergency on its own merits. Prudent  
26 judgment will permit departments of social services to consider whether the client  
27 created the emergency and whether the assistance will resolve the emergency.

28

29 Requested by: Senator Richardson

30 ---FOOD STAMP OUTREACH

31           Sec. 108. The Department of Human Resources shall continue a Food Stamp  
32 Outreach Program. Under the Program, the Department shall inform public and private  
33 agencies, community groups, potentially eligible persons, and the general public  
34 regarding the eligibility requirements of the Food Stamp Program. The Department  
35 shall maintain a referral list of public and private agencies, community groups, and  
36 interested persons and organizations who serve low-income persons. The Department  
37 shall inform these agencies and persons regarding the Food Stamp Program and changes  
38 in the law that affect client eligibility or the extent of benefits. The Department shall  
39 develop and distribute informational materials, such as public service announcements,  
40 brochures, pamphlets, posters, and correspondence.

41

42 Requested by: Senator Richardson

43 ---CHILD PROTECTIVE SERVICES

1       Sec. 109. (a)    Of the funds appropriated to the Department of Human Resources,  
2 Division of Social Services for Child Protective Services, the Division shall use up to  
3 \$175,900 in each fiscal year of the 1991-93 biennium to provide consultation and  
4 technical assistance to county departments of social services to strengthen and support  
5 local child protective services. The remaining funds shall be allocated to the county  
6 departments of social services as follows:

7           (1)    \$10,000 for the 1991-92 fiscal year and \$10,000 for the 1992-93 fiscal  
8                    year shall be allocated to each of the 15 county departments that did  
9                    not receive an allocation of the 1985 State appropriation for child  
10                    protective services;

11          (2)    In addition, each of the 100 county departments shall receive an  
12                    allocation of \$10,000 for the 1991-92 fiscal year and \$10,000 for the  
13                    1992-93 fiscal year;

14          (3)    The balance of available funds shall be allocated to each county  
15                    department based upon the percentage that the total number of abuse  
16                    and neglect reports within that county represents to the statewide total  
17                    number of abuse and neglect reports. These percentages shall be  
18                    computed from the reports received by the Central Registry of Abuse  
19                    and Neglect cases for the next two prior fiscal years.

20       (b)    Funds allocated to county departments of social services pursuant to this  
21 section shall be used for staff carrying out investigations of reports of child abuse or  
22 neglect or providing protective or preventive services in cases in which the department  
23 confirms neglect, abuse, or dependency. If a county department demonstrates that it has  
24 adequate protective services staff, these funds may be used to purchase or provide  
25 treatment and other support services to children and their families in confirmed cases.  
26 All expenditures shall be directly in support of the department's program of protective  
27 services for children. These funds shall not be used to supplant any Social Services  
28 Block Grant funds or county appropriations previously budgeted for protective services  
29 for children.

30       (c)    The Department of Human Resources, Division of Social Services, shall  
31 establish criteria and guidelines to assure that the allocations to county departments of  
32 social services are used in accordance with the intent and purposes of this section.

33  
34 Requested by: Senator Richardson

35 —CHILD CARING INSTITUTION REIMBURSEMENT

36       Sec. 110. (a) Funds appropriated to the Department of Human Resources,  
37 Division of Social Services, in this Title for the 1992-93 fiscal year for the monthly  
38 payment of State funds to private residential child care agencies for the provision of  
39 foster care shall be disbursed in accordance with rules established by the Social Services  
40 Commission pursuant to G.S. 143B-153(2)d., and in accordance with the following  
41 requirements:

42           (1)    Only those child caring agencies that have been receiving funds from  
43                    the Division of Social Services that have been appropriated as grants-  
44                    in-aid to non-State agencies shall be included in the disbursement

1 unless additional State or federal funds are made available to permit  
2 disbursement to new child caring agencies. A new child caring agency  
3 may receive funds pursuant to this section only if the additional State  
4 or federal funds made available are sufficient to allow disbursements  
5 to the new agency without reducing the disbursement to the agencies  
6 already receiving funds;

7 (2) The formula for the disbursement of these funds shall be based on the  
8 assumption that the State is committed to paying allowable foster care  
9 maintenance costs and shall do so, to the extent that State and federal  
10 funds are available; and

11 (3) In any year that State and federal funds are not sufficient to pay each  
12 agency's allowable foster care maintenance costs, each participating  
13 agency's rate shall be reduced by the same percentage, so that each  
14 agency receives the same percentage of its allowable costs.

15 (b) This section becomes effective July 1, 1992.

16  
17 Requested by: Senators Richardson, Walker

18 ---CHILD-PLACING AGENCIES CHANGE

19 Sec. 111. G.S. 143B-153(2) reads as rewritten:

20 "(2) The Social Services Commission shall have the power and duty to  
21 establish standards and adopt rules and regulations:

22 a. For the programs of public assistance established by federal  
23 legislation and by Article 2 of Chapter 108A of the General  
24 Statutes of the State of North Carolina with the exception of the  
25 program of medical assistance established by G.S. 108A-25(b);

26 b. To achieve maximum cooperation with other agencies of the  
27 State and with agencies of other states and of the federal  
28 government in rendering services to strengthen and maintain  
29 family life and to help recipients of public assistance obtain  
30 self-support and self-care;

31 c. For the placement and supervision of dependent and delinquent  
32 children and payment of necessary costs of foster home care for  
33 needy and homeless children as provided by G.S. 108A-48; and

34 d. For the payment of ~~grants-in-aid and other~~ State funds to  
35 ~~private child caring institutions. The payment and distribution of~~  
36 ~~grants-in-aid funds to private child caring institutions shall be~~  
37 ~~regulated by the grant-in-aid (GIA) formula. This formula and~~  
38 ~~any modifications of this formula shall be approved by the~~  
39 ~~Advisory Budget Commission prior to its implementation.~~  
40 child-placing agencies as defined in G.S. 131D-10.2(4) and  
41 residential child care facilities as defined in G.S. 131D-10.2(13)  
42 for care and services provided to children who are in the  
43 custody or placement responsibility of a county department of  
44 social services."

1

2 Requested by: Senator Richardson

3 —LIMITATIONS ON STATE ABORTION FUND

4

5 Sec. 112. Section 93 of Chapter 479 of the 1985 Session Laws, as amended  
6 by Section 75 of Chapter 738 of the 1987 Session Laws, as amended by Section 72 of  
7 Chapter 500 of the 1989 Session Laws, as amended by Section 79 of Chapter 1066 of  
8 the 1989 Session Laws, Regular Session 1990, shall remain in effect on and after July 1,  
9 1991, with the following exception:

10 Any reference in Section 93 of Chapter 479 of the 1985 Session Laws, as  
11 amended, to the 1985-86 fiscal year or the 1986-87 fiscal year applies to the 1991-92  
12 fiscal year and the 1992-93 fiscal year.

12

13 Requested by: Senator Richardson

14

14 —WILLIE M.

15

15 Sec. 113. (a) Legislative Findings. The General Assembly finds:

16

16 (1) That there is a need in North Carolina to provide appropriate treatment  
17 and education programs to children under the age of 18 who suffer  
18 from emotional, mental, or neurological handicaps accompanied by  
19 violent or assaultive behavior;

20

20 (2) That children meeting these criteria have been identified as a class in  
21 the case of Willie M., et al. v. Martin, et al., formerly Willie M., et al.  
22 v. Hunt, et al.; and

23

23 (3) That these children have a need for a variety of services, in addition to  
24 those normally provided, that may include but are not limited to  
25 residential treatment services, educational services, and independent  
26 living arrangements.

27

27 (b) Funds appropriated by the General Assembly to the Department of Human  
28 Resources for serving members of the Willie M. Class shall be expended only for  
29 programs serving members of the Willie M. Class identified in Willie M., et al. v.  
30 Martin, et al., formerly Willie M., et al. v. Hunt, et al., including evaluations of potential  
31 class members. The Department shall reallocate these funds among services to Willie  
32 M. Class members during the year as it deems advisable in order to use the funds  
33 efficiently in providing appropriate services to Willie M. Class children.

34

34 (c) Funds for Department of Public Education. Funds appropriated to the  
35 Department of Public Education in this Title for members of the Willie M. Class, are to  
36 establish a supplemental reserve fund to serve only members of the class identified in  
37 Willie M., et al. v. Martin, et al., formerly Willie M., et al. v. Hunt, et al. These funds  
38 shall be allocated by the State Board of Education to the local education agencies to  
39 serve those class members who were not included in the regular average daily  
40 membership and the census of children with special needs, and to provide the additional  
41 program costs which exceed the per pupil allocation from the State Public School Fund  
42 and other State and federal funds for children with special needs.

43

43 (d) The Department of Human Resources shall continue to implement its  
44 prospective unit cost reimbursement system and shall ensure that unit cost rates reflect

1 reasonable costs by conducting cost center service type rate comparisons and cost center  
2 line item budget reviews as may be necessary, and based upon these reviews and  
3 comparisons, the Department shall reduce and/or cap rates to programs which are  
4 significantly higher than those rates paid to other programs for the same service.

5 Any exception to this requirement shall be approved by the Director of the  
6 Division of Mental Health, Developmental Disabilities, and Substance Abuse Services,  
7 and shall be reported in the Department's annual joint report to the Governor and the  
8 General Assembly and in any periodic report the Department may make to the Joint  
9 Legislative Commission on Governmental Operations.

10 (d1) The Department of Human Resources shall implement a process to  
11 review those cases for whom treatment has been recommended whose annual cost is  
12 anticipated to be in excess of one hundred fifty percent (150%) of the average annual  
13 per client expenditure of the previous fiscal year and shall take actions to reduce these  
14 treatment costs where appropriate.

15 (e) Reporting Requirements. The Department of Human Resources and the  
16 Department of Public Education shall submit, by May 1 of each fiscal year, a joint  
17 report to the Governor and the General Assembly on the progress achieved in serving  
18 members of the Willie M. Class. The report shall include the following unduplicated  
19 data for each county: (i) the number of children nominated for the Willie M. Class; (ii)  
20 the number of children actually identified as members of the Class in each county; (iii)  
21 the number of children served as members of the Class in each county; (iv) the number  
22 of children who remain unserved or for whom additional services are needed in order to  
23 be determined to be appropriately served; (v) the types and locations of treatment and  
24 education services provided to Class members; (vi) the cost of services, by type, to  
25 members of the Class and the maximum and minimum rates paid to providers for each  
26 service; (vii) the number of cases whose treatment costs were in excess of one hundred  
27 fifty percent (150%) of the average annual per client expenditure; (viii) information on  
28 the impact of treatment and education services on members of the Class; (ix) an  
29 explanation of, and justification for, any waiver of departmental rules that affect the  
30 Willie M. program; and (x) the total State funds expended, by program, on Willie M.  
31 Class members, other than those funds specifically appropriated for the Willie M.  
32 programs and services.

33 (e1) From existing funds available to it, the Department of Human Resources  
34 shall begin a process to document and assess individual class members' progress  
35 through the continuum of services. Standardized measures of functioning shall be  
36 administered periodically:

37 (1) In the 1991-92 fiscal year, to a representative sample of class  
38 members;

39 (2) In the 1992-93 fiscal year and thereafter, to each member of the class,  
40 and the information generated from these measures shall be used to  
41 assess client progress and program effectiveness,

42 (f) The Departments of Human Resources and Public Education shall  
43 provide periodic reports of expenditures and program effectiveness on behalf of the  
44 Willie M. Class to the Joint Legislative Commission on Governmental Operations and

1 to the Fiscal Research Division. As part of these reports, the Departments shall explain  
2 measures they have taken to control and reduce program expenditures.

3 (g) In fulfilling the responsibilities vested in it by the Constitution of North  
4 Carolina, the General Assembly finds:

5 (1) That the General Assembly has evaluated the known needs of the  
6 State and has endeavored to satisfy those needs in comparison to their  
7 social and economic priorities; and

8 (2) That the funds appropriated will enable the development and  
9 implementation of placement and services for the class members in  
10 Willie M., et al. v. Martin, et al., formerly Willie M., et al. v. Hunt, et  
11 al., within a reasonable period of time considered within the context of  
12 the needs of the class members, the other needs of the State and the  
13 resources available to the State.

14 (h) The General Assembly supports the efforts of the responsible officials  
15 and agencies of the State to meet the requirements of the court order in Willie M., et al.  
16 v. Martin, et al., formerly Willie M., et al. v. Hunt, et al. To ensure that Willie M. Class  
17 members are appropriately served, no State funds shall be expended on placement and  
18 services for Willie M. Class members except:

19 (1) Funds specifically appropriated by the General Assembly for the  
20 placement and services of Willie M. Class members; and

21 (2) Funds for placement and services for which Willie M. Class members  
22 are otherwise eligible.

23 This limitation shall not preclude the use of unexpended Willie M. funds from prior  
24 fiscal years to cover current or future needs of the Willie M. program subject to  
25 approval by the Director of the Budget. These Willie M. expenditures shall not be  
26 subject to the requirements of G.S. 143-18.

27 (i) Notwithstanding any other provision of law, if the Department of Human  
28 Resources determines that a local program is not providing appropriate services to  
29 members of the class identified in Willie M., et al. v. Martin, et al., formerly Willie M.,  
30 et al. v. Hunt, et al., the Department may ensure the provision of these services through  
31 contracts with public or private agencies or by direct operation by the Department of the  
32 programs.

33 (j) The Department of Human Resources and the Department of Public  
34 Instruction shall submit a plan to the General Assembly by April 1, 1992, outlining  
35 specific steps that are to be taken, within a specified time period, and within existing  
36 resources, to meet its obligation of providing appropriate services to class members. As  
37 part of this plan, the Department shall propose when and how the Willie M. program  
38 shall become fully self-regulating and self-monitoring.

39  
40 Requested by: Senators Richardson, Block

41 ---WILLIE M. AUDIT CONTINUED

42 Sec. 114. The Office of State Auditor shall conduct a follow-up study of its  
43 1990 performance audit of the Willie M. program to determine, along with other issues  
44 the Auditor considers appropriate, the following:

- 1           (1) To what extent the range of reimbursement rates paid to area programs  
2           for similar types of services has been reduced;
- 3           (2) To what extent the process implemented by the Department of Human  
4           Resources to review high-cost Willie M. clients has been effective in  
5           reducing the number of these clients and the costs of providing these  
6           clients services; and
- 7           (3) To what extent a client evaluation process has been implemented by  
8           the Department of Human Resources and with what results.

9 The Auditor may also conduct an analysis of costs associated with providing services to  
10 a sample of clients, including high-cost clients, to determine the justification of the costs  
11 incurred. The Auditor shall submit the findings of this follow-up study of the Willie M.  
12 program to the General Assembly by February 15, 1993.

13  
14 Requested by: Senator Richardson

15 —THOMAS S.

16 Sec. 115. (a) Funds appropriated to the Department of Human Resources in this  
17 Title for the 1991-92 fiscal year and the 1992-93 fiscal year for members of the Thomas  
18 S. Class as identified in Thomas S., et al. v. Flaherty, shall be placed in a reserve in the  
19 Division of Mental Health, Developmental Disabilities, and Substance Abuse Services,  
20 and shall be expended only for programs serving Thomas S. Class members or for  
21 services for those clients who are likely to become class members. To ensure that  
22 Thomas S. Class members are appropriately served, no State funds shall be expended on  
23 placement and services for Thomas S. Class members except:

- 24           (1) Funds specifically appropriated by the General Assembly for the  
25           placement and services of Thomas S. Class members; and
- 26           (2) Funds for placement and services for which Thomas S. Class members  
27           are otherwise eligible.
- 28           (b) The Department of Human Resources shall provide periodic reports of funds  
29 expended and services performed on behalf of members of the Thomas S. Class and on  
30 behalf of those clients who are likely to become class members to the Joint Legislative  
31 Commission on Governmental Operations and to the Fiscal Research Division of the  
32 Legislative Services Office.

33           (c) Notwithstanding any other provision of law, if the Department of Human  
34 Resources determines that a local program is not providing minimally adequate services  
35 to members of the class identified in Thomas S., et al. v. Flaherty, the Department may  
36 ensure the provision of these services through contracts with public or private agencies  
37 or by direct operation by the Department of such programs.

38  
39 Requested by: Senator Richardson

40 —TRANSFERS OF CERTAIN FUNDS AUTHORIZED

41           Sec. 116. In order to assure maximum utilization of funds in county  
42 departments of social services, county or district health agencies, and area mental  
43 health, mental retardation, and substance abuse authorities, the Director of the Budget is  
44 authorized to transfer excess funds appropriated to a specific service or program or



1 fund, whether specified in a block grant plan or General Fund appropriation, into  
2 another service or program or fund for local services within the budget of the respective  
3 State agency.

4 The Office of State Budget and Management shall report quarterly to the  
5 Joint Legislative Commission on Governmental Operations on each transfer authorized  
6 by this section.

7  
8 Requested by: Senator Richardson

9 —MIXED BEVERAGE TAX FOR AREA MENTAL HEALTH PROGRAMS

10 Sec. 117. Funds received by the Department of Human Resources from the  
11 tax levied on mixed beverages under G.S. 18B-804(b)(8) shall be expended by the  
12 Department of Human Resources as prescribed by G.S. 18B-805(h). These funds shall  
13 be matched by local funds in accordance with the State/local ratio established by the  
14 current area mental health matching formula. These funds shall be allocated to the area  
15 mental health programs for substance abuse services on a per capita basis as determined  
16 by the Office of State Budget and Management's most recent estimates of county  
17 populations.

18  
19 Requested by: Senator Richardson

20 —ADAP TRANSPORTATION FUNDS

21 Sec. 118. (a) Reimbursement of Adult Developmental Activity Programs for  
22 transportation of clients shall be based on a cost per client basis. There shall be  
23 different levels of reimbursement based on documented cost levels.

24 (b) In reimbursing Adult Developmental Activity Programs, the Department of  
25 Human Resources shall base the reimbursement on the distribution by cost range  
26 developed by the Division of Mental Health, Developmental Disabilities and Substance  
27 Abuse Services, in accordance with its most recently conducted cost study.

28  
29 Requested by: Senator Richardson

30 —SPECIALIZED RESIDENTIAL CENTERS' BED CONVERSION

31 Sec. 119. Funds made available as a result of the conversion of State  
32 supported beds in specialized residential centers to ICF/MR beds shall be used to  
33 increase the State subsidy provided to centers. Funds made available to centers by this  
34 section shall be used, as they become available, to increase the subsidy rate to sixty-five  
35 percent (65%) of the statewide average cost of providing this service based on the most  
36 recent Specialized Community Residential Cost Study.

37 Funds made available in addition to those needed to increase the subsidy rate  
38 may be transferred to the Department of Human Resources, Division of Medical  
39 Assistance, as needed to be used as a State match for the converted ICF/MR beds.

40  
41 Requested by: Senator Richardson

42 —LIABILITY INSURANCE

43 Sec. 120. The Secretary of the Department of Human Resources, the  
44 Secretary of the Department of Environment, Health, and Natural Resources, and the

1 Secretary of the Department of Correction may provide medical liability coverage not to  
2 exceed \$1,000,000 on behalf of employees of the Departments licensed to practice  
3 medicine or dentistry. This coverage may include commercial insurance or self-  
4 insurance and shall cover these employees for their acts or omissions only while they  
5 are engaged in providing medical and dental services pursuant to their State  
6 employment.

7 The coverage provided under this section shall not cover any employee for  
8 any act or omission that the employee knows or reasonably should know constitutes a  
9 violation of the applicable criminal laws of any state or the United States, or that arises  
10 out of any sexual, fraudulent, criminal, or malicious act, or out of any act amounting to  
11 willful or wanton negligence.

12 The coverage provided pursuant to this section shall not require any  
13 additional appropriations and shall not apply to any individual providing contractual  
14 service to the Department of Human Resources, the Department of Environment,  
15 Health, and Natural Resources, or the Department of Correction.

16

17 Requested by: Senator Richardson

18 ---NON-MEDICAID REIMBURSEMENT

19 Sec. 121. Providers of medical services under the various State programs,  
20 other than Medicaid, offering medical care to citizens of the State shall be reimbursed at  
21 rates no more than those under the North Carolina Medical Assistance Program.

22 The Department of Human Resources may reimburse hospitals at the full  
23 prospective per diem rates without regard to the Medical Assistance Program's annual  
24 limits on hospital days. When the Medical Assistance Program's per diem rates for  
25 inpatient services and its interim rates for outpatient services are used to reimburse  
26 providers in non-Medicaid medical service programs, retroactive adjustments to claims  
27 already paid shall not be required.

28 Notwithstanding the provisions of paragraph one of this section, the  
29 Department of Human Resources may negotiate with providers of medical services  
30 under the various Department of Human Resources programs, other than Medicaid, for  
31 rates as close as possible to Medicaid rates for the following purposes: contracts or  
32 agreements for medical services and purchases of medical equipment and other medical  
33 supplies. These negotiated rates are allowable only to meet the medical needs of its  
34 non-Medicaid eligible patients, residents, and clients, who require these services that  
35 cannot be provided when limited to the Medicaid rate.

36 Maximum net family annual income eligibility standards for services in these  
37 programs shall be as follows:

38	Family	Medical Eye	All	
39	<u>Size</u>	<u>Care Adults</u>	<u>Rehabilitation</u>	<u>Other</u>
40	1			\$4,860\$
41				8,364
42				\$4,200

1	2	5,940
2		10,944
3		5,300
4	3	6,204
5		13,500
6		6,400
7	4	7,284
8		16,092
9		7,500
10	5	7,824
11		18,648
12		7,900
13	6	8,220
14		21,228
15		8,300
16	7	8,772
17		21,708
18		8,800
19	8	9,312
20		22,220
21		9,300

22 The eligibility level for children in the Medical Eye Care Program in the  
 23 Division of Services for the Blind shall be one hundred percent (100%) of the federal  
 24 poverty guidelines, as revised annually by the United States Department of Health and  
 25 Human Services and in effect on July 1 of each fiscal year.

26 The Department of Human Resources shall contract at, or as close as possible  
 27 to, Medicaid rates for medical services provided to residents of State facilities of the  
 28 Department.

29  
 30 Requested by: Senator Richardson

31 ---JOHN UMSTEAD HOSPITAL - PLANNING

32 Sec. 122. The Department of Human Resources may use funds that become  
 33 available to it through gifts, federal or private grants, receipts from federal programs, or  
 34 any other source in the 1991-92 fiscal year, for advance planning through the working  
 35 drawings phase for a psychiatric facility at John Umstead Hospital.

36  
 37 Requested by: Senator Richardson

38 ---DIVISION OF MENTAL HEALTH, DEVELOPMENTAL DISABILITIES, AND  
 39 SUBSTANCE ABUSE SERVICES BUDGET CODE CONSOLIDATION

40 Sec. 123. Subject to the approval of the Office of State Budget and  
 41 Management, in order to operate more efficiently, the Department of Human Resources  
 42 may consolidate the appropriate budget codes of the Division of Mental Health,  
 43 Developmental Disabilities, and Substance Abuse Services and the institutions operated  
 44 by the Division. Any consolidation shall ensure that each institution budget is clearly

1 identifiable as a separate fund within the consolidated budget code or codes. To  
2 implement this change, the General Assembly approves the current budget code  
3 structure of the Division's and institutions' budgets for the 1991-93 fiscal biennium and  
4 authorizes the Department to proceed with appropriate consolidation of these budget  
5 codes during the 1991-93 fiscal biennium.

6  
7 Requested by: Senator Richardson

8 —DEVELOPMENTAL DAY CENTERS GRANT-IN-AID

9       Sec. 124. Of the funds appropriated in this Title to the Department of Human  
10 Resources, Division of Mental Health, Developmental Disabilities, and Substance  
11 Abuse Services, the sum of \$2,260,470 for the 1991-92 fiscal year is transferred to the  
12 Department of Public Instruction for handicapped children aged 3 through 4 years who  
13 have been identified through Division of Mental Health, Developmental Disabilities,  
14 and Substance Abuse Services statewide services and who are served in developmental  
15 day centers. These funds shall be used to contract with area mental health,  
16 developmental disabilities, and substance abuse authorities or with public or private  
17 nonprofit developmental day centers to continue to serve handicapped children aged 3  
18 through 4 years who are identified as needing developmental day services.

19       The Department of Public Instruction shall report to the General Assembly  
20 and to the Fiscal Research Division by May 1, 1992, regarding the use of the funds  
21 transferred to it by this section.

22  
23 Requested by: Senator Richardson

24 —CAREGIVER SUPPORT SHARING

25       Sec. 125. (a) Of the funds appropriated to the Division of Aging, Department of  
26 Human Resources, in this Title for the 1991-93 fiscal biennium, the sum of \$1,008,000  
27 for the 1991-92 fiscal year and the sum of \$1,008,000 for the 1992-93 fiscal year shall  
28 be used for services that support family caregivers of elderly persons with functional  
29 disabilities, whether physical or mental, who want to stay in their homes rather than be  
30 institutionalized but who need assistance with the activities of daily living in order to  
31 remain at home. The services that may be purchased from funds received under this  
32 section include:

- 33       (1) Respite Care;
- 34       (2) Adult Day Care;
- 35       (3) Stipends and other related costs for senior companions, modeled after  
36       the federal Senior Companion Program; and
- 37       (4) Other related services that meet needs not now adequately addressed  
38       by the services described in subdivisions (1) through (3) of this  
39       subsection.

40       (b) The Division of Aging shall expend funds for these services according to  
41 the population of persons 70 years of age or older in each region. The Division of  
42 Aging shall use a maximum of ninety-five percent (95%) of the funds it receives under  
43 this section for the services described in subdivisions (1) through (4) of subsection (a) of  
44 this section and may only use a maximum of five percent (5%) for technical assistance

1 as described in subsection (c) of this section. The Division of Aging shall choose  
2 providers in accordance with procedures under the Older Americans Act. Funds  
3 allocated by the Division pursuant to this section shall be allocated by October 1 of each  
4 fiscal year. Effective July 1, 1992, local matching requirements shall be no less than ten  
5 percent (10%). State funding shall not exceed ninety percent (90%) of the reimbursable  
6 costs.

7 (c) The Division of Aging may contract for technical assistance. The  
8 technical assistance shall include training assistance, coordination of various service  
9 delivery and funding sources, and ideas for innovative ways to build a lasting system of  
10 services for family caregivers.

11  
12 Requested by: Senator Richardson

13 ---IN-HOME AGING SERVICES

14 Sec. 126. Of the funds appropriated to the Division of Aging, Department of  
15 Human Resources, in this Title for the 1991-93 fiscal biennium, the sum of \$720,000  
16 for the 1991-92 fiscal year and the sum of \$720,000 for the 1992-93 fiscal year shall be  
17 used to provide funds for additional in-home aide services that enable the frail elderly to  
18 remain in their homes and avoid institutionalization.

19 The Division shall administer the in-home aide services and activities funded  
20 by this section. The Division of Aging shall choose in-home service providers in  
21 accordance with procedures under the Older Americans Act and shall include the  
22 following criteria: documented capacity to provide care, adequacy of quality assurance,  
23 training, supervision, abuse prevention complaint mechanisms, and costs. All funds  
24 allocated by the Division pursuant to this section shall be allocated by October 1 of each  
25 fiscal year on the same basis as funding under the Older Americans Act. Effective July  
26 1, 1992, local matching requirements shall be no less than ten percent (10%). State  
27 funding shall not exceed ninety percent (90%) of the reimbursable costs.

28  
29 Requested by: Senator Richardson

30 ---SENIOR CENTER OUTREACH

31 Sec. 127. (a) Of the funds appropriated to the Department of Human  
32 Resources, Division of Aging, in this Title for the 1991-93 fiscal biennium, \$403,800  
33 for the 1991-92 fiscal year and \$403,800 for the 1992-93 fiscal year shall be used by the  
34 Division of Aging to enhance senior center programs as follows:

35 (1) To test "satellite" services provided by existing senior centers to  
36 unserved or underserved areas; or

37 (2) To provide start-up funds for new senior centers.

38 All of these funds shall be allocated by October 1 of each fiscal year.

39 (b) Prior to funds being allocated pursuant to this section for start-up funds  
40 for a new senior center, the county commissioners of the county in which the new center  
41 will be located shall:

42 (1) Formally endorse the need for such a center;

43 (2) Formally agree on the sponsoring agency for the center; and

1           (3)    Make a formal commitment to use local funds to support the ongoing  
2                    operation of the center.

3           (c) Effective July 1, 1992, local matching requirements shall be no less than  
4 ten percent (10%). State funding shall not exceed ninety percent (90%) of reimbursable  
5 costs.

6

7 Requested by: Senator Richardson

8 ---FUNDS TO MATCH FEDERAL FUNDS FOR AGING

9           Sec. 128. The Division of Aging, Department of Human Resources, may use  
10 funds appropriated in this Title to provide the State matching requirement necessary to  
11 draw down federal money available through Title III-D of the Older Americans Act for  
12 in-home services for the frail elderly, including those with Alzheimer's Disease.

13

14 Requested by: Senator Richardson

15 ---DAY CARE FUNDS MATCHING REQUIREMENT

16           Sec. 129. No local matching funds may be required by the Department of  
17 Human Resources as a condition of any locality's receiving any State day care funds  
18 appropriated by this act unless federal law requires such a match.

19

20 Requested by: Senator Richardson

21 ---DAY CARE

22           Sec. 130. The Department of Human Resources shall distribute the funds  
23 appropriated and otherwise available to it for the purchase of slots in day care for minor  
24 children of needy families so as to serve the greatest number of children possible.

25

26 Requested by: Senator Richardson

27 ---DAY CARE RATES

28           Sec. 131. (a) Rules for the monthly schedule of payments for the purchase of day  
29 care services for low-income children shall be established by the Social Services  
30 Commission pursuant to G.S. 143B-153(8)a., in accordance with the following  
31 requirements:

32           (1) For day care facilities, as defined in G.S. 110-86(3), in which fewer  
33 than fifty percent (50%) of the enrollees are subsidized by State or  
34 federal funds, the State shall continue to pay the same fee paid by  
35 private paying parents for a child in the same age group in the same  
36 facility.

37           (2) Facilities in which fifty percent (50%) or more of the enrollees are  
38 subsidized by State or federal funds may choose annually one of the  
39 following payment options:

40           a. The facility's payment rate for fiscal year 1985-86; or

41           b. The market rate, as calculated annually by the Division of  
42 Facility Services' Child Day Care Section in the Department of  
43 Human Resources.

1 (3) A market rate shall be calculated for each county and for each age  
2 group or age category of enrollees and shall be representative of fees  
3 charged to unsubsidized private paying parents for each age group of  
4 enrollees within the county. The county market rates shall be  
5 calculated from facility fee schedules collected by the Child Day Care  
6 Section on a routine basis. The Section shall also calculate a statewide  
7 market rate for each age category. The Social Services Commission  
8 shall adopt rules to establish minimum county rates that use the  
9 statewide market rates as a reference point.

10 (4) Child day care homes as defined in G.S. 110-86(4) and individual  
11 child care arrangements may be paid the market rate for day care  
12 homes which shall be calculated at least biennially by the Child Day  
13 Care Section according to the method described in subsection (a)(3) of  
14 this section.

15 (b) Facilities licensed pursuant to Article 7 of Chapter 110 of the General  
16 Statutes may participate in the program that provides for the purchase of care in day  
17 care facilities for minor children of needy families. No separate licensing requirements  
18 may be used to select facilities to participate.

19 Day care homes from which the State purchases day care services shall meet  
20 the standards established by the Child Day Care Commission pursuant to G.S. 110-101  
21 and G.S. 110-105.1. Individual child care arrangements shall meet the requirements  
22 established by the Social Services Commission.

23 (c) County departments of social services shall continue to negotiate with day  
24 care providers for day care services below those rates prescribed by subsection (a) of  
25 this section. County departments are directed to purchase day care services so as to  
26 serve the greatest number of children possible with existing resources.

27 (d) To simplify current day care allocation methodology and more equitably  
28 distribute State day care funds, the Department of Human Resources shall apply the  
29 following allocation formula to all noncategorical federal and State day care funds used  
30 to pay the costs of necessary day care for minor children of needy families:

31 (1) One-third of budgeted funds shall be distributed according to the  
32 county's population in relation to the total population of the State;

33 (2) One-third of the budgeted funds shall be distributed according to the  
34 number of children under 6 years of age in a county who are living in  
35 families whose income is below the State poverty level in relation to  
36 the total number of children under 6 in the State in families whose  
37 income is below the poverty level; and

38 (3) One-third of budgeted funds shall be distributed according to the  
39 number of working mothers with children under 6 years of age in a  
40 county in relation to the total number of working mothers with  
41 children under 6 in the State.

42 (e) Counties whose allocation, if based on previously used formulas, exceeds  
43 the allocation produced by the formula prescribed by this section may not have their  
44 allocations reduced to the level that results from application of the new formula.

1 Counties whose allocation, if based on previously used formulas, is less than the  
2 allocation produced by the formula prescribed by this section shall continue to receive  
3 the proportional share of those funds that they received pursuant to appropriations for  
4 this purpose by the 1985 General Assembly. The formula prescribed by this section  
5 shall not be implemented unless additional State or federal funds are made available.  
6 The additional funds must be sufficient to apply the new formula without reducing any  
7 county's allocation below the previous year's initial allocation for child day care.

8

9 Requested by: Senator Richardson

10 ---COMMUNITY ACTION PROGRAM FUNDS

11 Sec. 132. For the 1991-92 fiscal year and the 1992-93 fiscal year, all  
12 agencies designated as eligible agencies pursuant to G.S. 108A-24 that receive  
13 Community Service Block Grant Funds may use those funds for the administration of  
14 agency programs. The amount of those funds used for administration of agency  
15 programs shall be limited to ten percent (10%) of the total annual budget of the agency  
16 as certified in the prior year's audit of the agency. The Department of Human Resources  
17 shall report annually to the Joint Legislative Commission on Governmental Operations  
18 and the House and Senate Appropriations Committees on Human Resources beginning  
19 October 1, 1991, on the use of Community Service Block Grant Funds for  
20 administration of agency programs. The report shall show:

- 21 (1) The total budget for each community action agency or limited purpose  
22 agency by program-funding source;  
23 (2) The amount of funds for administration provided by each program;  
24 (3) The criteria for determining the amount of funds used for  
25 administrative expenses; and  
26 (4) The number of persons served by each program.

27

28 Requested by: Senator Richardson

29 ---DOMICILIARY RATE INCREASE

30 Sec. 133. Effective July 1, 1991, the maximum monthly rate for ambulatory  
31 residents in domiciliary care facilities shall be \$766.00 and the maximum monthly rate  
32 for semiambulatory residents shall be \$803.00. Effective July 1, 1992, the maximum  
33 monthly rates for ambulatory residents shall be increased to \$777.00 and for  
34 semiambulatory residents to \$814.00.

35

36 Requested by: Senator Richardson

37 ---DOMICILIARY STATE/COUNTY SHARE OF COSTS

38 Sec. 134. Article 3 of Chapter 143B of the General Statutes is amended by  
39 adding a new section to read:

40 "**§ 143B-139.5. Department of Human Resources; domiciliary State/county share**  
41 **of costs.**

42 State funds available to the Department of Human Resources shall pay fifty percent  
43 (50%), and the counties shall pay fifty percent (50%) of the authorized rates for



1 domiciliary care in homes for the aged and for family care homes including area mental  
2 health agency-operated or contracted-group homes."

3  
4 Requested by: Senator Richardson

5 —DHR EMPLOYEES/IN-KIND MATCH

6 Sec. 135. Notwithstanding the limitations of G.S. 143B-139.4, the Secretary  
7 of the Department of Human Resources may assign employees of the Office of Rural  
8 Health and Resource Development to serve as in-kind match to nonprofit corporations  
9 working to establish health care programs that will improve health care access while  
10 controlling costs.

11  
12 Requested by: Senator Richardson

13 —NO EYE CLINICS IN CERTAIN COUNTIES

14 Sec. 136. No funds may be expended by the Division of Services for the  
15 Blind, Department of Human Resources, to hold eye clinics in any county in which an  
16 optometrist or ophthalmologist is willing to perform the services that would otherwise  
17 be performed by the clinic.

18  
19 Requested by: Senator Richardson

20 —COMMUNITY-BASED ALTERNATIVES PARTICIPATION

21 Sec. 137. County governments participating in the Community-Based  
22 Alternatives Program shall certify annually to the Division of Youth Services,  
23 Department of Human Resources, that Community-Based Alternatives Aid to Counties  
24 shall not be used to duplicate or supplant other programs within the county.

25  
26 Requested by: Senator Richardson

27 —DEPARTMENT OF HUMAN RESOURCES PROGRAM FUNDS

28 Sec. 138. Notwithstanding the provisions of G.S. 143-23, the Secretary of the  
29 Department of Human Resources, with the approval of the Office of State Budget and  
30 Management, may use, to the extent possible, any funds appropriated or otherwise  
31 available to the Department in the 1991-92 fiscal year for the Mental Health Accounts  
32 Receivable/Billing System.

33  
34 Requested by: Senator Richardson

35 —CONVERSION OF MURDOCH CENTER BEDS TO INTERMEDIATE CARE  
36 FACILITY/MENTAL RETARDATION UNITS

37 Sec. 139. The Division of Mental Health, Developmental Disabilities, and  
38 Substance Abuse Services may use State funds made available from the conversion of  
39 units at Murdoch Center to Intermediate Care Facility/Mental Retardation units in order  
40 to expand community-based services as specified in the Mental Health Study  
41 Commission plans adopted by the General Assembly.

42  
43 Requested by: Senator Richardson

1 —SHORT-TERM LOAN FUND FOR INTERMEDIATE CARE  
2 FACILITIES/MENTAL RETARDATION FACILITIES

3 Sec. 140. The Department of Human Resources may use funds that become  
4 available to it through gifts, federal or private grants, receipts from federal programs or  
5 any other resource to develop a revolving short-term loan fund to assist area mental  
6 health, developmental disabilities, and substance abuse programs and their nonprofit  
7 contract agencies in establishing community ICF/MR facilities.

8

9 Requested by: Senator Richardson

10 —EXPANSION OF THE TARGET POPULATION FOR TASC SERVICES

11 Sec. 141. Treatment Alternatives to Street Crimes (TASC) services may  
12 include mentally ill offenders as well as substance abusing offenders.

13

14

15 PART 22.—DEPARTMENT OF AGRICULTURE

16

17 Requested by: Senator Martin of Pitt

18 —AGRICULTURE TO MARKET FOREST PRODUCTS

19 Sec. 142. The Department of Agriculture shall market forest products  
20 through the Department's marketing programs.

21

22

23 PART 23.—DEPARTMENT OF ECONOMIC AND COMMUNITY  
24 DEVELOPMENT

25

26 Requested by: Senator Martin of Pitt

27 —MAIN STREET PROGRAM RESTRICTIONS

28 Sec. 143. (a) G.S. 143B-472.35(e) reads as rewritten:

29 "(e) A Main Street City that is selected may not receive a grant plus any loans  
30 pursuant to this act totaling less than ~~one hundred thousand dollars (\$100,000)~~ twenty  
31 thousand dollars (\$20,000) or more than three hundred thousand dollars (\$300,000)."

32 (b) Notwithstanding G.S. 143B-472.35(b), the Department of Economic and  
33 Community Development may transfer not more than \$40,000 of interest earnings  
34 credited to the Main Street Financial Incentive Fund pursuant to G.S. 143B-472.35(a),  
35 from the Fund to the North Carolina Main Street Center Program operating budget for  
36 fiscal year 1991-92.

37 (c) Notwithstanding G.S. 143B-472.35, the Department of Economic and  
38 Community Development shall transfer \$100,000 of interest earnings in the Main Street  
39 Financial Incentive Fund from the Fund to the General Fund for fiscal year 1991-92.  
40 The Department shall transfer funds pursuant to this subsection on July 1, 1991.

41

42 —WORKER TRAINING TRUST FUND

43 Sec. 144. (a) There is appropriated from the Worker Training Trust Fund to the  
44 Employment Security Commission of North Carolina the sum of \$6,059,673 for the

1 1991-92 fiscal year and the sum of \$6,059,673 for the 1992-93 fiscal year for the  
2 operation of local offices at the 1986-87 level of service.

3 (b) Notwithstanding G.S. 96-5(c), there is appropriated from the Special  
4 Employment Security Administration Fund to the Employment Security Commission of  
5 North Carolina, the sum of \$2,000,000 for the 1991-92 fiscal year and the sum of  
6 \$2,000,000 for the 1992-93 fiscal year for administration of the Veterans Employment  
7 Program, Employment Services Program, and Unemployment Insurance Program.

8 (c) Supplemental federal funds or other additional funds received by the  
9 Employment Security Commission for similar purposes shall be expended prior to the  
10 expenditure of funds appropriated by this section.

11 (d) Notwithstanding the provisions of G.S. 96-5(f), there is appropriated from the  
12 Worker Training Trust Fund to the following agencies the following sums for the 1991-  
13 92 and the 1992-93 fiscal years for the following purposes:

14 (1) \$2,400,000 for the 1991-92 fiscal year and \$2,400,000 for the 1992-93  
15 fiscal year to the Department of Economic and Community  
16 Development, Division of Employment and Training, for the  
17 Employment and Training Grant Program.

18 (2) \$500,000 for the 1991-92 fiscal year and \$500,000 for the 1992-93  
19 fiscal year to the North Carolina Department of Labor for customized  
20 training of the unemployed and the working poor for specific jobs  
21 needed by employers through the Department's Pre-Apprenticeship  
22 Division.

23 (3) \$2,000,000 for the 1991-92 fiscal year and \$2,000,000 for the 1992-93  
24 fiscal year to the North Carolina Department of Human Resources to  
25 assist welfare recipients in gaining employment through the federally  
26 funded Job Opportunities and Basic Skills program in such a way as to  
27 gain the maximum match of federal funds for the State dollars  
28 appropriated.

29 (4) \$1,250,000 for the 1991-92 fiscal year and \$1,250,000 for the 1992-93  
30 fiscal year to the North Carolina Department of Community Colleges  
31 to continue the Focused Industrial Training Program.

32  
33 Requested by: Senator Martin of Pitt

34 ---WORKER TRAINING TRUST FUND/REVERSION OF FUNDS

35 Sec. 145. G.S. 96-5(f) reads as rewritten:

36 "(f) Employment Security Commission Reserve Fund. – There is created in the  
37 State treasury a special trust fund, separate and apart from all other public moneys or  
38 funds of this State, to be known as the Employment Security Commission Reserve  
39 Fund, hereinafter 'Reserve Fund'. Except as provided herein and in G.S. 96-9(b)(3)j, all  
40 proceeds from the tax as defined in G.S. 96-9(b)(3)j and collected pursuant to G.S. 96-  
41 10 shall be paid into the Reserve Fund. The moneys in the Reserve Fund may be used  
42 by the Commission for loans to the Unemployment Insurance Fund, as security for  
43 loans from the federal Unemployment Insurance Trust Fund, and to pay any interest  
44 required on advances under Title XII of the Social Security Act as required by G.S. 96-

1 6(f), and shall be continuously available to the Commission for expenditure in  
2 accordance with the provisions of this section. The State Treasurer shall be ex officio  
3 the treasurer and custodian and shall invest said moneys in accordance with existing law  
4 as well as rules and regulations promulgated pursuant thereto. Furthermore, the State  
5 Treasurer shall disburse the moneys in accordance with the directions of the  
6 Commission and in accordance with such regulations as the Commission may prescribe.

7 Administrative costs for the collection of the tax and interest payable to the Reserve  
8 Fund shall be borne by the Special Employment Administration Fund. Refunds of  
9 interest and tax allowable under G.S. 96-9(b)(3)j shall be made from the Reserve Fund.  
10 No taxes shall be collected or paid into this fund during a calendar year when, as of the  
11 computation date (August 1) of the preceding calendar year, the balance of the fund  
12 equals to or exceeds one percent (1%) of the taxable wages.

13 The interest earned from investment of the Reserve Fund moneys shall be deposited  
14 in a fund hereby established in the State Treasurer's Office, to be known as the 'Worker  
15 Training Trust Fund'. These moneys shall be used to:

- 16 (1) Fund programs, specifically for the benefit of unemployed workers or  
17 workers who have received notice of long-term layoff or permanent  
18 unemployment, which will enhance the employability of workers,  
19 including, but not limited to, adult basic education, adult high school  
20 or equivalency programs, occupational skills training programs,  
21 assessment, job counseling and placement programs;
- 22 (2) Continue operation of local Employment Security Commission offices  
23 throughout the State; or
- 24 (3) Provide refunds to employers.

25 The use of funds from the Worker Training Trust Fund, for the purposes set out in  
26 the above paragraph, shall be pursuant to appropriations in the Current Operations  
27 Appropriations Act. Funds deposited in the Worker Training Trust Fund prior to July 1,  
28 1987, shall be used as provided in the Current Operations Appropriations Act for 1987-  
29 89. Funds appropriated from the Worker Training Trust Fund that are unexpended and  
30 unencumbered at the end of the fiscal year for which they are appropriated shall revert  
31 to the State treasury to the credit of the Worker Training Trust Fund in accordance with  
32 G.S. 143-18."

33  
34 Requested by: Senator Martin of Pitt

35 ---UTILITIES REGULATORY FEE

36 Sec. 146. The percentage rate to be used in calculating the public utility  
37 regulatory fee under G.S. 62-302(b)(2) is nine hundredths percent (0.09%) of each  
38 public utility's North Carolina jurisdictional revenues earned during each quarter that  
39 begins on or after July 1, 1991.

40  
41 Requested by: Senator Martin of Pitt

42 ---TOURISM PROMOTION FUNDS

43 Sec. 147. Funds appropriated in this act to the Department of Economic and  
44 Community Development for tourism promotion grants shall be allocated according to

1 per capita income, unemployment, and population growth in an effort to direct funds to  
2 counties most in need in terms of lowest per capita income, highest unemployment, and  
3 slowest population growth, in the following manner:

- 4 (1) Counties 1 through 20 are each eligible to receive a maximum grant of  
5 \$7,500 for each fiscal year, provided these funds are matched on the  
6 basis of one non-State dollar for every four State dollars.
- 7 (2) Counties 21 through 50 are each eligible to receive a maximum grant  
8 of \$3,500 for two of the next three fiscal years, provided these funds  
9 are matched on the basis of one non-State dollar for every three State  
10 dollars.
- 11 (3) Counties 51 through 100 are each eligible to receive a maximum grant  
12 of \$3,500 for alternating fiscal years, beginning with the 1991-92  
13 fiscal year, provided these funds are matched on the basis of four non-  
14 State dollars for every State dollar.

15  
16 Requested by: Senator Martin of Pitt

17 —PETROLEUM OVERCHARGE ATTORNEYS' FEES

18 Sec. 148. (a) Unless prohibited by federal law, rule, or regulation or  
19 preexisting settlement agreement, no later than October 1, 1989, the North Carolina  
20 Attorney General shall direct the withdrawal of all funds received in the cases of United  
21 States v. Exxon and Stripper Well that are held in accounts or reserves located out-of-  
22 State for payment of attorneys' fees and reasonable expenses incurred in connection  
23 with oil overcharge litigation authorized by the Attorney General. The Attorney  
24 General shall deposit these funds, and all funds to be received from petroleum  
25 overcharge funds in the future for attorneys' fees and reasonable expenses, into the  
26 Special Reserve for Oil Overcharge Funds.

27 (b) All attorneys' fees and reasonable expenses incurred in connection with oil  
28 overcharge litigation shall be paid by the State Treasurer from petroleum overcharge  
29 funds that have been received by this State and deposited into the Special Reserve for  
30 Oil Overcharge Funds.

31 (c) Notwithstanding any other provision of law, the Attorney General may  
32 authorize the payment of attorneys' fees and reasonable expenses from the Special  
33 Reserve for Oil Overcharge Funds without further action of the General Assembly and  
34 funds are hereby appropriated from the Special Reserve for Oil Overcharge Funds for  
35 the 1991-92 fiscal year and for the 1992-93 fiscal year for that purpose.

36  
37 Requested by: Senator Martin of Pitt

38 —NORTH CAROLINA MANUFACTURING DIRECTORY PROCEEDS

39 Sec. 149. (a) The Department of Economic and Community Development  
40 may expend for industrial promotional advertising any amount collected from the sales  
41 of the North Carolina Manufacturing Directory above the sum of \$155,000 already  
42 budgeted for the 1991-92 and 1992-93 fiscal years.

43 (b) Beginning October 1, 1991, the Department shall submit quarterly reports to  
44 the Joint Legislative Commission on Governmental Operations and the Fiscal Research

1 Division. These reports shall include the amount of proceeds collected from the sales of  
2 the Directory and the amount spent on advertising pursuant to the provisions of this  
3 section.

4  
5 Requested by: Senator Martin of Pitt

6 ---INDUSTRIAL DEVELOPMENT FUND/LOCAL MATCH

7 Sec. 150. Local governments requesting financial assistance from the  
8 Industrial Development Fund shall demonstrate to the satisfaction of the Department of  
9 Economic and Community Development that it would be an economic hardship for the  
10 local government to match State assistance from the Fund with local funds. The  
11 Department shall develop guidelines for determining hardship.

12  
13 Requested by: Senator Martin of Pitt

14 ---BIOTECHNOLOGY CENTER

15 Sec. 151. (a) The North Carolina Biotechnology Center may recapture funds  
16 spent in support of successful research efforts in the nonacademic private sector.

17 (b) The North Carolina Biotechnology Center shall provide funding for  
18 biotechnology and related bioscience applications under its Economic and Corporate  
19 Development Program.

20 (c) Beginning October 1, 1991, the North Carolina Biotechnology Center shall  
21 provide quarterly reports on all of the Center's programs to the Joint Legislative  
22 Commission on Governmental Operations. The initial report shall include information  
23 on the activities and accomplishments during the past fiscal year, itemized expenditures  
24 during the past fiscal year with sources of funding, planned activities and  
25 accomplishments for at least the next 12 months, and itemized anticipated expenditures  
26 with sources of funding for the next 12 months. Subsequent reports shall include  
27 quarterly updates of the initial report.

28 (d) The North Carolina Biotechnology Center shall provide a report containing  
29 detailed budget, personnel, and salary information to the Office of State Budget and  
30 Management and to the Fiscal Research Division in the same manner as State  
31 departments and agencies in preparation for biennium budget requests.

32  
33 Requested by: Senator Martin of Pitt

34 ---MCNC

35 Sec. 152. (a) MCNC shall present a written report on the progress of the  
36 supercomputer program on a quarterly basis to the Joint Legislative Commission on  
37 Governmental Operations through fiscal years 1991-92 and 1992-93. The written  
38 reports shall contain at least the following information: the major accomplishments  
39 since the last report; the major activities expected for the project for the next 12 months  
40 after the date of the report; the major applications and uses on the supercomputer in the  
41 time since the last report; and, the major projected applications and uses on the  
42 supercomputer in the next six months after the date of the report. The report shall  
43 constitute a full management and status report on the supercomputer project.

1 (b) The Board of Directors of MCNC shall be the governing body for the  
2 supercomputer program.

3 (c) If MCNC specifies a Technical Advisory Council to provide to the  
4 supercomputer project, among other things:

5 (1) Technical policy and operating procedure advice,

6 (2) Advice concerning use of the supercomputing facilities by educational  
7 institutions and other groups and individuals,

8 (3) Advice and policy suggestions concerning the structures and  
9 operations of the supercomputing center and any adjunct institutes,  
10 conferences, or consultative committees, and

11 (4) Advice and counsel to MCNC or anyone it employs or enters into  
12 contract with related to the operation of the supercomputer project,

13 that Technical Advisory Council shall have an equal number of members appointed  
14 from (i) public sector, academic, not-for-profit organizations and (ii) for-profit, private  
15 companies by July 31, 1991. The intent of the General Assembly is for one-half of the  
16 members of this Technical Advisory Council, or any group directly affiliated with the  
17 supercomputer project management group that performs the functions of the technical  
18 advisory council as listed in this section, to be current employees of private sector, for-  
19 profit corporations by July 31, 1991.

20 (d) It is the intent of the General Assembly that all appropriations to MCNC  
21 for all years after the 1990-91 fiscal year for the MCNC basic research program contain  
22 the proviso that the appropriated funds are matched on the basis of two non-State dollars  
23 (\$2.00) for every three State dollars (\$3.00).

24 (e) Beginning October 1, 1991, MCNC shall provide quarterly reports on all  
25 of its programs to the the Joint Legislative Commission on Governmental Operations  
26 and the Fiscal Research Division. These reports shall include information on the  
27 activities and accomplishments during the past fiscal year, itemized expenditures during  
28 the past fiscal year with sources of funding, planned activities and accomplishments for  
29 at least the next 12 months, and itemized anticipated expenditures with sources of  
30 funding for the next 12 months.

31 (f) MCNC shall provide a report containing detailed budget information to  
32 the Office of State Budget and Management in the same manner as State departments  
33 and agencies in preparation for biennium budget requests. Specific salary information  
34 will be provided upon written request by the Chairmen of the Joint Legislative  
35 Commission on Governmental Operations or the Chairmen of the House Appropriations  
36 Committee on Environment, Health, and Natural Resources and the Chairman of the  
37 Senate Appropriations Committee on Natural and Economic Resources.

38  
39 Requested by: Senator Martin of Pitt

40 —MCNC BUDGET LIMITS

41 Sec. 153. (a) The funds appropriated in this act to MCNC shall be used as  
42 follows:

	<u>FY 1991-92</u>	<u>FY 1992-93</u>
43 Microelectronics Program	\$ 6,194,302	\$ 6,000,000

1	Grants Program	-0-	-0-
2	Administration & Support	2,204,804	2,000,000
3	Supercomputer	5,298,063	5,224,705
4	Telecommunications	2,827,971	2,775,295

5 (b) Of the funds appropriated to MCNC for the Microelectronics Program,  
 6 \$2,000,000 of the total appropriation in each fiscal year is contingent upon a dollar-for-  
 7 dollar match in non-State funds.

8 (c) If MCNC finds it necessary to make changes in the program allocations  
 9 specified in subsection (a) of this Section, MCNC shall report such changes to the Joint  
 10 Legislative Commission on Governmental Operations within 30 days of the  
 11 reallocation.

12  
 13 ---FEDERAL FUNDS ADMINISTRATION

14 Sec. 154. G.S. 143B-431 is amended by adding the following new subsection  
 15 to read:

16 "(d) The Department of Economic and Community Development, with the  
 17 approval of the Governor, may apply for and accept grants from the federal government  
 18 and its agencies and from any foundation, corporation, association, or individual, and  
 19 may comply with the terms, conditions, and limitations of such grants in order to  
 20 accomplish the Department's purposes. Grant funds shall be expended pursuant to the  
 21 Executive Budget Act. In addition, the Department shall have the following powers and  
 22 duties with respect to its duties in administering federal programs:

- 23 (1) To negotiate, collect, and pay reasonable fees and charges regarding  
 24 the making or servicing of grants, loans, or other evidences of  
 25 indebtedness.
- 26 (2) To establish and revise by regulation, in accordance with Chapter  
 27 150B of the General Statutes, schedules of reasonable rates, fees, or  
 28 charges for services rendered, including but not limited to, reasonable  
 29 fees or charges for servicing applications. Schedules of rates, fees, or  
 30 charges may vary according to classes of service, and different  
 31 schedules may be adopted for public entities, non-profit entities,  
 32 private for-profit entities, and individuals."

33  
 34 Requested by: Senator Martin of Pitt

35 ---EMPLOYMENT AND TRAINING PROGRAM

36 Sec. 155. Chapter 143B of the General Statutes is amended by adding the  
 37 following new section to read:

38 "**§ 143B-438.6. Employment and Training Grant Program.**

39 (a) There is established in the Department of Economic and Community  
 40 Development, Division of Employment and Training, an Employment and Training  
 41 Grant Program. The purpose of the program is to make grants available to local  
 42 agencies operating on behalf of the Private Industry Council serving Job Training  
 43 Partnership Act service delivery areas. Grant funds shall be allocated for the purpose of  
 44 enabling recipient agencies to implement local employment and training programs in



1 accordance with existing resources, local needs, local goals, and selected training  
2 occupations. The Department shall adopt rules in accordance with Chapter 150B of the  
3 General Statutes for administering the Employment and Training Grant Program, which  
4 rules shall include procedures for review and approval of grant applications by local  
5 agencies and for monitoring use of grant funds by recipient agencies. A State-  
6 administered program of performance standards shall be used to measure grant program  
7 outcomes.

8 (b) Use of grant funds: Local agencies may use funds received under this section  
9 only for the purpose of upgrading the foundation of basic skills of the adult population  
10 and the existing work force in North Carolina. Services that may be provided include  
11 participant programs currently available under the federal Job Training Partnership Act  
12 that are appropriate for adults; on-the-job training; work experience; adult basic  
13 education; skills training, upgrading, and retraining; counseling and screening for job  
14 placement; service corps; and related support services. Local agencies may use grant  
15 funds to provide services only to individuals who are 18 years of age or older and who  
16 either (i) meet the current Federal Job Training Partnership Act definition of  
17 'economically disadvantaged', or (ii) meet the current definition for eligibility under  
18 Title III of the Federal Job Training Partnership Act.

19 (c) Allocation of grants: The Department may reserve and allocate up to five  
20 percent (5%) of funds available to the Employment and Training Grant Program for  
21 State and local administrative costs to implement the program. The Division of  
22 Employment and Training shall allocate employment and training grants to local  
23 agencies operating on behalf of the Private Industry Council serving Job Training  
24 Partnership Act service delivery areas based on the following formula:

25 (1) One half of the funds shall be allocated on the basis of the relative  
26 excess number of unemployed individuals residing in each county as  
27 compared to the total excess number of unemployed individuals in all  
28 counties in the State.

29 'Excess number of unemployed' is defined as the number of  
30 unemployed individuals in excess of four and one-half percent (4.5%)  
31 of the civilian labor force in each county or the number of unemployed  
32 individuals in excess of four and one-half percent (4.5%) of the  
33 civilian labor force in each census tract within the county. The  
34 following methodology is used to determine the excess number of  
35 unemployed:

36 a. For counties classified as having excess unemployment, the  
37 excess number of unemployed is determined by subtracting four  
38 and one-half percent (4.5%) of the civilian labor force from the  
39 number of unemployed individuals within the county. The  
40 difference equals the number of excess unemployed.

41 b. In situations where the entire county is not classified as having  
42 excess unemployment, the excess number of unemployed is  
43 determined by census tract unemployment within the county.  
44 Census tract data is used to determine which subcounty areas

1                   qualify as areas of excess unemployment. In those subcounty  
2                   areas classified as having excess unemployment (census tracts  
3                   with four and one-half percent (4.5%) or higher unemployment  
4                   rates), four and one-half percent (4.5%) of the census tract labor  
5                   force is subtracted from the number of unemployed individuals  
6                   within the area of excess unemployment. The subcounty  
7                   figures of excess number of unemployed within the county are  
8                   then added together to determine the total excess number of  
9                   unemployed within the county.

10           (2)   One half of the funds shall be allocated on the basis of the relative  
11           number of economically disadvantaged individuals within each county  
12           compared to the total number of economically disadvantaged  
13           individuals in the State. To determine the number of economically  
14           disadvantaged individuals within each county, data from the State Data  
15           Center in the Office of State Budget and Management, or from the  
16           federal decennial census, whichever is most recent, shall be used.

17           (d) Reports, Coordination: The Department of Economic and Community  
18           Development shall report quarterly to the Governor and to the Speaker of the House of  
19           Representatives and the President Pro Tempore of the Senate on the North Carolina  
20           Employment and Training Grant Program. The Department shall also provide a copy of  
21           these quarterly reports to the State Job Training Coordinating Council. The Council  
22           shall advise the Department on the merger of the funds provided to implement this  
23           section with other employment and training funds to develop comprehensive work-force  
24           preparedness initiatives for the State.

25           (e) Funds appropriated to the Department of Economic and Community  
26           Development for the Employment and Training Grant Program that are not expended at  
27           the end of the fiscal year shall not revert but shall remain available to the Department  
28           for the purposes established in this section."

29  
30 Requested by: Senator Martin of Pitt

31 ---FIRST FLIGHT SYSTEM

32           Sec. 156. (a) G.S. 143B-471.3A reads as rewritten:

33 "**§ 143B-471.3A. Powers.**

34           In order to enable it to carry out the purposes of this Part, the Authority may:

- 35           (1)   Exercise the powers granted corporations under G.S. 55-17;
- 36           (2)   Employ an executive director, whose salary shall be set by the General  
37           Assembly in the Current Operations Appropriations Act. The  
38           Authority may employ such other professional staff and clerical and  
39           secretarial staff as it deems necessary within the funds available to it.  
40           The salaries of such other personnel shall be set under the State  
41           Personnel Act;
- 42           (3)   Establish an office for the transaction of its business at Raleigh;
- 43           (4)   Apply for and accept grants of money from the State of North  
44           Carolina, or any political subdivision thereof, from the United States,

1 or from any person, corporation, foundation, trust, or business or from  
2 any foreign government for any of the purposes authorized by this  
3 Part;

4 (5) Establish and administer the incubator facilities program;

5 (6) Administer the North Carolina Innovation Research Fund; ~~and~~

6 (7) Adopt reasonable rules to effectuate the purposes of this ~~Part~~ Part; and

7 (8) Establish and administer the First Flight System, a network of business  
8 incubators across the State to transfer technologies into commercial  
9 applications by private industry."

10 (b) The North Carolina Biotechnology Center shall allocate, from funds  
11 appropriated to it in this Title, \$75,000 for the 1991-92 fiscal year and \$75,000 for the  
12 1992-93 fiscal year to the North Carolina Technological Development Authority to  
13 implement and administer the First Flight System.

14 (c) MCNC shall allocate, from funds appropriated to it in this Title, \$75,000  
15 for the 1991-92 fiscal year and \$75,000 for the 1992-93 fiscal year to the North Carolina  
16 Technological Development Authority to implement and administer the First Flight  
17 System.

18 (d) The North Carolina Technological Development Authority shall enter into  
19 a memorandum of understanding with the North Carolina Biotechnology Center and  
20 with MCNC that establishes the North Carolina Biotechnology Center and MCNC as  
21 sponsors of the First Flight System.

22 (e) Effective September 1, 1991, the statutory unexpended balances of  
23 appropriations, allocations, or other funds and all assets of the Technological  
24 Development Authority created in G.S. 143B-471 shall be transferred to the North  
25 Carolina Technological Development Authority, Inc., a private, nonprofit corporation.  
26 The North Carolina Technological Development Authority, Inc., shall use the funds and  
27 other assets transferred to it pursuant to this act for (i) an incubator facilities program,  
28 (ii) an innovation research fund, and (iii) the First Flight System, a network of  
29 incubators across the State to transfer technologies into commercial applications. The  
30 incubator facilities program shall be administered in accordance with the provisions of  
31 former G.S. 143B-471.4, repealed by this section. The innovation research fund shall  
32 be administered in accordance with the provisions of former G.S. 143B-471.5, repealed  
33 by this section.

34 (f) Effective September 1, 1991, Part 12 of Article 10 of Chapter 143B of the  
35 General Statutes is repealed.

36 (g) Effective September 1, 1991:

37 (1) The below described land and improvements, formerly known as the  
38 "Science and Technology Research Center", together with property  
39 installed in the building and other movable equipment and supplies  
40 shall be transferred by the State of North Carolina to The North  
41 Carolina Technological Development Authority, Inc.: BEGINNING at  
42 an iron pin located at North Carolina Grid Coordinate, north  
43 783,348.879 east 2,041,863.310; runs thence South 9 degrees 17  
44 minutes West 261.50 feet to an iron pin; runs thence North 67 degrees

1 54 minutes West 698 feet to an iron pipe; runs thence North 37 degrees  
2 50 minutes East 48.50 feet to an iron pin; runs thence North 45 degrees  
3 50 minutes East 340.00 feet to an iron pin; runs thence North 13  
4 degrees 18 minutes East 345.72 feet to an iron pin in the southern line  
5 of Cornwallis Road; runs thence along the southern line of Cornwallis  
6 Road along a slight curve having a diameter of 4 degrees 00 minutes, a  
7 tangent of 411.55 feet to a radius of 1,432.69 feet a distance of 363.82  
8 feet to an iron pin located in the southern line of Cornwallis Road;  
9 thence continuing along the southern line of Cornwallis Road South 65  
10 degrees 52 minutes East 63.47 feet to a concrete monument; thence  
11 along the right of way of Cornwallis Road and Davis Drive South 26  
12 degrees 42 minutes East 72.60 feet to a concrete monument; thence  
13 along the western line of the right of way of Davis Drive along a slight  
14 curve having a diameter of 1 degree 00 minutes a tangent of 351.27  
15 feet and a radius of 5,730.34 feet a distance of 342.05 feet to an iron  
16 pin at the point and place of BEGINNING and containing 8 acres  
17 according to a deed recorded in the Office of the Register of Deeds of  
18 Durham County, North Carolina, in Book 30, pages 378-380.

19 (2) The transfer made by this section shall be evidenced by a deed  
20 executed under G.S. 146-75 and registered in accordance with G.S.  
21 146-77. The deed shall provide that the property transferred by this  
22 section shall automatically revert to the State of North Carolina if the  
23 property is used for any purposes other than the purposes set forth in  
24 subdivision (3).

25 (3) The transfer made by this section is made on the condition that the  
26 North Carolina Technological Development Authority, Inc., shall use  
27 the property described in subdivision (1) solely as a business incubator  
28 serving technology research-based entrepreneurial companies in the  
29 Research Triangle Park. If the North Carolina Technological  
30 Development Authority, Inc., ceases to use the property for the  
31 purposes described in this section, then the property shall  
32 automatically revert to the State of North Carolina.

33 (h) Subsections (e), (f), and (g) of this section become effective September 1,  
34 1991. The remainder of this section becomes effective July 1, 1991.

35  
36 Requested by: Senator Basnight

37 —EMPLOYMENT SECURITY COMMISSION/DEVIATION FROM STATE  
38 INFORMATION PROCESSING SERVICES

39 Sec. 157. G.S. 143B-426.40 reads as rewritten:

40 "**§ 143B-426.40. State Information Processing Services.**

41 (a) With respect to all executive departments and agencies of State government,  
42 except the Department of Justice and The University of North Carolina, the Office of  
43 State Controller shall have the following powers and duties:

- 1 (1) To establish and operate information resource centers and services to  
2 serve two or more departments on a cost-sharing basis, if the  
3 Information Technology Commission decides it is advisable from the  
4 standpoint of efficiency and economy to establish these centers and  
5 services;
- 6 (2) With the approval of the Information Technology Commission, to  
7 charge each department for which services are performed its  
8 proportionate part of the cost of maintaining and operating the shared  
9 centers and services;
- 10 (3) With the approval of the Information Technology Commission, to  
11 require any department served to transfer to the Office of the State  
12 Controller ownership, custody, or control of information processing  
13 equipment, supplies, and positions required by the shared centers and  
14 services;
- 15 (4) With the approval of the Information Technology Commission, to  
16 adopt reasonable rules for the efficient and economical management  
17 and operation of the shared centers, services, and the integrated State  
18 telecommunications network;
- 19 (5) With the approval of the Information Technology Commission, to  
20 adopt plans, policies, procedures, and rules for the acquisition,  
21 management, and use of information technology resources in the  
22 departments affected by this subdivision to facilitate more efficient and  
23 economic use of information technology in these departments; and
- 24 (6) To develop and promote training programs to efficiently implement,  
25 use, and manage information technology resources.

26 (b) The Department of Revenue is authorized to deviate from this section's  
27 requirements that departments or agencies consolidate information processing functions  
28 on equipment owned, controlled or under custody of the State Information Processing  
29 Services. All deviations from this section's requirements shall be reported in writing  
30 within 15 days by the Department of Revenue to the Information Technology  
31 Commission and shall be consistent with available funding. The Department of  
32 Revenue is authorized to adopt and shall adopt plans, policies, procedures, requirements  
33 and rules for the acquisition, management, and use of information processing  
34 equipment, information processing programs, data communications capabilities, and  
35 information systems personnel in the Department of Revenue. If the plans, policies,  
36 procedures, requirements, rules, or standards adopted by the Department of Revenue  
37 deviate from the policies, procedures, or guidelines adopted by the State Information  
38 Processing Services or the Information Technology Commission, those deviations shall  
39 be allowed and shall be reported in writing within 15 days by the Department of  
40 Revenue to the Information Technology Commission. The Department of Revenue and  
41 the State Information Processing Services shall develop data communications  
42 capabilities between the two computer centers utilizing the North Carolina Integrated  
43 Network, subject to a security review by the Secretary of Revenue.

1 The Department of Revenue shall prepare a plan to allow for substantial recovery  
2 and operation of major, critical computer applications. The plan shall include the names  
3 of the computer programs, databases, and data communications capabilities, identify the  
4 maximum amount of outage that can occur prior to the initiation of the plan and  
5 resumption of operation. The plan shall be consistent with commonly accepted  
6 practices for disaster recovery in the information processing industry. The plan shall be  
7 tested as soon as practical, but not later than six months, after the establishment of the  
8 Department of Revenue information processing capability.

9 (c) The Employment Security Commission is authorized to deviate from this  
10 section's requirements that departments or agencies consolidate information processing  
11 functions on equipment owned, controlled, or under custody of the State Information  
12 Processing Services. All deviations from this section's requirements shall be reported in  
13 writing within 15 days by the Employment Security Commission to the Information  
14 Technology Commission and shall be consistent with available funding. The  
15 Employment Security Commission shall adopt plans, policies, procedures,  
16 requirements, and rules for the acquisition, management, and use of information  
17 processing equipment, information processing programs, data communications  
18 capabilities, and information systems personnel of the Employment Security  
19 Commission. If the plans, policies, procedures, requirements, rules, or standards  
20 adopted by the Employment Security Commission deviate from the policies,  
21 procedures, or guidelines adopted by the State Information Processing Services or the  
22 Information Technology Commission, those deviations shall be allowed and shall be  
23 reported in writing within 15 days by the Employment Security Commission to the  
24 Information Technology Commission. The Employment Security Commission and the  
25 State Information Processing Services shall develop data communications capabilities  
26 between the two computer centers utilizing the North Carolina Integrated Network,  
27 subject to a security review by the Chairman of the Employment Security Commission.

28 The Employment Security Commission shall prepare a plan to allow for substantial  
29 recovery and operation of major, critical computer applications. The plan shall include  
30 the names of the computer programs, databases, and data communications capabilities,  
31 and identify the maximum amount of outage that can occur prior to the initiation of the  
32 plan and resumption of operation. The plan shall be consistent with commonly accepted  
33 practices for disaster recovery in the information processing industry. The plan shall be  
34 tested as soon as practical, but not later than six months, after the establishment of the  
35 Employment Security Commission information processing capability.

36 (d) No data of a confidential nature, as defined in the General Statutes or federal  
37 law, may be entered into or processed through any cost-sharing information resource  
38 center or network established under this ~~subdivision~~ section until safeguards for the  
39 data's security satisfactory to the department head and the State Controller have been  
40 designed and installed and are fully operational. Nothing in this section may be  
41 construed to prescribe what programs to satisfy a department's objectives are to be  
42 undertaken, nor to remove from the control and administration of the departments the  
43 responsibility for program efforts, regardless whether these efforts are specifically  
44 required by statute or are administered under the general program authority and

1 responsibility of the department. This ~~subdivision~~ section does not affect the provisions  
2 of G.S. 147-64.6, G.S. 147-64.7, or G.S. 143B-426.39(14). Notwithstanding any other  
3 provision of law, the Office of the State Controller shall provide information technology  
4 services on a cost-sharing basis to the General Assembly and its agencies as requested  
5 by the Legislative Services Commission."  
6  
7

8 PART 24.—DEPARTMENT OF LABOR  
9

10 Requested by: Senator Martin of Pitt

11 —FUNDING FOR OSHA ENFORCEMENT POSITIONS

12 Sec. 158. The Department of Labor may use funds appropriated to the  
13 Department of Labor for the Occupational Safety and Health Act of North Carolina  
14 (OSHANC) program to fully fund enforcement personnel in the Compliance Bureau of  
15 the OSHANC program, provided the Department of Labor certifies to the Office of  
16 State Budget and Management that no federal match is available for the 1991-92 fiscal  
17 year and for the 1992-93 fiscal year.  
18  
19

20 PART 25.—DEPARTMENT OF ENVIRONMENT, HEALTH, AND NATURAL  
21 RESOURCES  
22

23 Requested by: Senator Martin of Pitt

24 —REDUCTION IN ADMINISTRATIVE SERVICES

25 Sec. 159. The Department of Environment, Health, and Natural Resources  
26 shall consider abolishing positions in each of the following administrative services  
27 areas:

- 28 (1) Computer Systems,
- 29 (2) Fiscal Management,
- 30 (3) Office of the General Counsel,
- 31 (4) General Services,
- 32 (5) Personnel, and
- 33 (6) Planning & Assessment

34 in order to reduce the budget of administrative services by the sum of \$200,000 for the  
35 1991-92 fiscal year and by the sum of \$400,000 for the 1992-93 fiscal year.  
36

37 Requested by: Senator Martin of Pitt

38 —SEPTAGE MANAGEMENT FEES

39 Sec. 160. Receipts collected by the Department of Environment, Health, and  
40 Natural Resources pursuant to G.S. 130A-291.1 are appropriated to the Department to  
41 establish and operate the North Carolina Septage Management Program.  
42

43 Requested by: Senator Martin of Pitt

44 —AUTHORIZE USE OF WATER QUALITY FEES

1           Sec. 161. There is appropriated from the nonreverting account established in  
2 G.S. 143-215.3A to the Department of Environment, Health, and Natural Resources a  
3 sum not to exceed \$2,124,142 for the 1991-92 fiscal year and a sum not to exceed  
4 \$2,148,017 for the 1992-93 fiscal year for the salaries and the necessary support for up  
5 to 49 positions for the 1991-92 fiscal year and the 1992-93 fiscal year in the water  
6 quality program. Water quality fees shall be the only source of funds for these positions  
7 and all necessary support. These positions shall be used to reduce the backlog of permit  
8 applications and to improve the rate of compliance of facilities with environmental  
9 standards for toxic substances.

10  
11 Requested by: Senator Martin of Pitt

12 ---AUTHORIZE USE OF AIR QUALITY FEES

13           Sec. 162. There is appropriated from the nonreverting account established in  
14 G.S. 143-215.3A to the Department of Environment, Health, and Natural Resources a  
15 sum not to exceed \$1,193,340 for the 1991-92 fiscal year and a sum not to exceed  
16 \$1,487,506 for the 1992-93 fiscal year for the salaries and the necessary support:

17           (1) For up to 24 positions for the 1991-92 fiscal year; and

18           (2) For up to 29 positions for the 1992-93 fiscal year

19 in the air quality program. Air quality fees shall be the only source of funds for these  
20 positions and all necessary support. These positions shall be used to conduct air quality  
21 permitting, compliance, and monitoring activities.

22  
23 Requested by: Senator Martin of Pitt

24 ---SUPERFUND PROGRAM

25           Sec. 163. (a) The Department of Environment, Health, and Natural Resources  
26 may use available funds, with the approval of the Office of State Budget and  
27 Management, in order to provide the ten percent (10%) cost share required for  
28 Superfund cleanups on National Priority List sites. These funds may be in addition to  
29 those appropriated for this purpose.

30           (b) The Department of Environment, Health, and Natural Resources and the  
31 Office of State Budget and Management shall report to the Joint Legislative  
32 Commission on Governmental Operations the amount and the source of the funds used  
33 pursuant to subsection (a) of this section within 30 days of the expenditure of these  
34 funds.

35  
36 Requested by: Senator Martin of Pitt

37 ---FOREST DEVELOPMENT ACT FUNDS

38           Sec. 164. Notwithstanding the provisions of G.S. 113A-192, the assessment  
39 from the primary forest product processors shall be collected for the 1991-92 fiscal year  
40 and the 1992-93 fiscal year. Notwithstanding the provisions of G.S. 113A-180 and G.S.  
41 113A-183(c), all funds accrued to the Forest Development Fund, from whatever source,  
42 may be expended pursuant to the provisions of G.S. 113A-193(c) and Article 11 of  
43 Chapter 113A of the General Statutes for the 1991-92 fiscal year and the 1992-93 fiscal  
44 year.



1

2 Requested by: Senator Martin of Pitt

3 —STUDY TERMINATING LEASE WITH FEDERAL GOVERNMENT

4 Sec. 165. The Parks and Recreation Division, Department of Environment,  
5 Health, and Natural Resources, shall study the desirability and the feasibility of  
6 terminating any longterm lease that the State entered into, whereby the State leases  
7 federal reservoirs. The Department shall report its findings and recommendations to the  
8 1991 General Assembly (1992 Regular Session) no later than April 1, 1992.

9

10 Requested by: Senator Martin of Pitt

11 —REVISION OF PARKS FEE SCHEDULE

12 Sec. 166. The Parks and Recreation Division, Department of Environment,  
13 Health, and Natural Resources, may adopt a temporary rule to increase the fee  
14 authorized by G.S. 113-35(b), to become effective July 1, 1991.

15

16 Requested by: Senator Martin of Pitt

17 —TECHNICAL REVIEW COMMITTEE APPOINTMENTS

18 Sec. 167. The Soil and Water Conservation Commission shall include the  
19 Executive Director of the Wildlife Resources Commission, or his designee, and the  
20 Director of the Marine Fisheries Division of the Department of Environment, Health,  
21 and Natural Resources, or his designee, among its appointments to the Technical  
22 Review Committee, which reviews the technical specifications for the best management  
23 practices specified for the Agricultural Cost Share Program for Nonpoint Source  
24 Pollution Control.

25

26 Requested by: Senator Martin of Pitt

27 —AGRICULTURE COST SHARE PROGRAM

28 Sec. 168. Of the funds appropriated in this Title to the Department of  
29 Environment, Health, and Natural Resources for the Agriculture Cost Share Program for  
30 Nonpoint Source Pollution Control, a sum not to exceed \$40,000 for the 1991-92 fiscal  
31 year and a sum not to exceed \$40,000 for the 1992-93 fiscal year shall be used to fund  
32 tide gates in Hyde County in accordance with the match requirements specified in G.S.  
33 143-215.74(b)(6).

34

35 Requested by: Senator Martin of Pitt

36 —AUDITS OF SOIL AND WATER DISTRICT BOARDS

37 Sec. 169. G.S. 139-7 reads as rewritten:

38 "**§ 139-7. District board of supervisors – appointive members; organization of**  
39 **board; certain powers and duties.**

40 The governing body of a soil and water conservation district shall consist of the  
41 three elective supervisors from the county or counties in the district, together with the  
42 appointive members appointed by the Soil and Water Conservation Commission  
43 pursuant to this section, and shall be known as the district board of supervisors. When a  
44 district is composed of less than four counties, the board of supervisors of each county

1 shall on or before October 31, 1978, and on or before October 31 as the terms of the  
2 appointive supervisors expire, recommend in writing two persons from the district to the  
3 Commission to be appointed to serve with the elective supervisors. If the names are not  
4 submitted to the Commission as required, the office shall be deemed vacant on the date  
5 the term is set to expire and the Commission shall appoint two persons of the district to  
6 the district board of supervisors to serve with the elected supervisors. The Commission  
7 shall make its appointments prior to or at the November meeting of the Commission.  
8 Appointive supervisors shall take office on the first Monday in December following  
9 their appointment. Such appointive supervisors shall serve for a term of four years, and  
10 thereafter, as their terms expire, their successors shall serve for a term of four years. The  
11 terms of office of all appointive supervisors who have heretofore been lawfully  
12 appointed for terms the final year of which presently extends beyond the first Monday  
13 in December are hereby terminated on the first Monday in December of the final year of  
14 appointment. Vacancies for any reason in the appointive supervisors shall be filled for  
15 the unexpired term by the appointment of a person by the Commission from the district  
16 in which the vacancy occurs. Vacancies for any reason in the elected supervisors shall  
17 be filled for the unexpired term by appointment by the Commission of a person from the  
18 county in the district in which the vacancy occurs.

19 In those districts composed of four or more counties, the Commission may, but is  
20 not ~~required, to~~ required to, appoint two persons from the district without  
21 recommendation from the board of supervisors, to serve as district supervisors along  
22 with the elected members of the board of supervisors. Such appointments shall be made  
23 at the same time other appointments are made under this section, and the persons  
24 appointed shall serve for a term of four years.

25 The supervisors shall designate a chairman and may, from time to time, change such  
26 designation. A simple majority of the board shall constitute a quorum for the purpose of  
27 transacting the business of the board, and approval by a majority of those present shall  
28 be adequate for a determination of any matter before the board, provided at least a  
29 quorum is present. Supervisors of soil and water conservation districts shall be  
30 compensated for their services at the per diem rate and allowed travel, subsistence and  
31 other expenses, as provided for State boards, commissions and committees generally,  
32 under the provisions of G.S. 138-5; provided, that when per diem compensation and  
33 travel, subsistence, or other expense is claimed by any supervisor for services performed  
34 outside the district for which such supervisor ordinarily may be appointed or elected to  
35 serve, the same may not be paid unless prior written approval is obtained from the  
36 Department of Environment, Health, and Natural Resources.

37 The supervisors may employ a secretary, technical experts, whose qualifications  
38 shall be approved by the Department, and such other employees as they may require,  
39 and shall determine their qualifications, duties and compensation. The supervisors may  
40 call upon the Attorney General of the State for such legal services as they may require.  
41 The supervisors may delegate to their chairman, to one or more supervisors, or to one or  
42 more agents, or employees such powers and duties as they may deem proper. The  
43 supervisors shall furnish to the Soil and Water Conservation Commission, upon request,  
44 copies of such ordinances, rules, regulations, orders, contracts, forms, and other

1 documents as they shall adopt or employ, and such other information concerning their  
2 activities as it may require in the performance of its duties under this Chapter.

3 The supervisors shall provide for the execution of surety bonds for all employees  
4 and officers who shall be entrusted with funds or property; shall provide for the keeping  
5 of a full and accurate record of all proceedings and of all resolutions, regulations, and  
6 orders issued or adopted; and shall provide for an annual audit of the accounts of  
7 receipts and disbursements. In any given year, if the supervisors provide for an internal  
8 audit, and the supervisor serving as chairman certifies under oath, that this internal audit  
9 is a true and accurate reflection of the accounts of receipts and disbursements, then the  
10 supervisors shall not be required, notwithstanding the provisions of G.S. 159-34, to  
11 provide for an audit of the accounts of receipts and disbursements by a certified public  
12 accountant or by an accountant certified by the Local Government Commission. Any  
13 supervisor may be removed by the Soil and Water Conservation Commission upon  
14 notice and hearing, for neglect of duty, incompetence or malfeasance in office, but for  
15 no other reason.

16 The supervisors may invite the legislative body of any municipality or county  
17 located near the territory comprised within the district to designate a representative to  
18 advise and consult with the supervisors of the district on all questions of program and  
19 policy which may affect the property, water supply, or other interests of such  
20 municipality or county.

21 All district supervisors whose terms of office expire prior to the first Monday in  
22 January, 1948, shall hold over and remain in office until supervisors are elected or  
23 appointed and qualify as provided in this Chapter, as amended. The terms of office of  
24 all district supervisors, who have heretofore been elected or appointed for terms  
25 extending beyond the first Monday in January, 1948, are hereby terminated on the first  
26 Monday in January, 1948."

27  
28 Requested by: Senator Basnight

29 ---INTEREST ON WILDLIFE RESOURCES FUND/PRESERVE FEDERAL  
30 FUNDING

31 Sec. 170. (a) G.S. 143-250 reads as rewritten:

32 "**§ 143-250. Wildlife Resources Fund.**

33 All moneys in the game and fish fund or any similar State fund when this Article  
34 becomes effective shall be credited forthwith to a special fund in the office of the State  
35 Treasurer, and the State Treasurer shall deposit all such moneys in said special fund,  
36 which shall be known as the Wildlife Resources Fund.

37 All unexpended appropriations made to the Department of Conservation and  
38 Development, the Board of Conservation and Development, the Division of Game and  
39 Inland Fisheries or to any other State agency for any purpose pertaining to wildlife and  
40 wildlife resources shall also be transferred to the Wildlife Resources Fund.

41 Except as otherwise specifically provided by law, all moneys derived from hunting,  
42 fishing, trapping, and related license fees, exclusive of commercial fishing license fees,  
43 including the income received and accruing from the investment of license revenues,  
44 and all funds thereafter received from whatever sources shall be deposited to the credit

1 of the Wildlife Resources Fund and made available to the Commission until expended  
2 subject to the provisions of this Article. License revenues include the proceeds from the  
3 sale of hunting, fishing, trapping, and related licenses, from the sale, lease, rental, or  
4 other granting of rights to real or personal property acquired or produced with license  
5 revenues, and from federal aid project reimbursements to the extent that license  
6 revenues originally funded the project for which the reimbursement is being made. For  
7 purposes of this section, real property includes lands, buildings, minerals, energy  
8 resources, timber, grazing rights, and animal products. Personal property includes  
9 equipment, vehicles, machines, tools, and annual crops. The Wildlife Resources Fund  
10 herein created shall be subject to the provisions of the Executive Budget Act, Chapter  
11 143, Article 1 of the General Statutes of North Carolina as amended, and the provisions  
12 of the General Statutes of North Carolina as amended, and the provisions of the  
13 Personnel Act, Chapter 143, Article 2 of the General Statutes of North Carolina as  
14 amended.

15 All moneys credited to the Wildlife Resources Fund shall be made available to carry  
16 out the intent and purposes of this Article in accordance with plans approved by the  
17 North Carolina Wildlife Resources Commission, and all such funds are hereby  
18 appropriated, reserved, set aside and made available until expended, for the enforcement  
19 and administration of this Article, Chapter 75A, Article 1, and Chapter 113, Subchapter  
20 IV of the General Statutes of North Carolina. The Wildlife Resources Commission  
21 shall report to the Joint Legislative Commission on Governmental Operations before  
22 expending from the Wildlife Resources Fund more than the amount authorized in the  
23 budget enacted by the General Assembly for the fiscal period.

24 In the event any uncertainty should arise as to the funds to be turned over to the  
25 North Carolina Wildlife Resources Commission the Governor shall have full power and  
26 authority to determine the matter and his recommendation shall be final and binding to  
27 all parties concerned."

28 (b) This section becomes effective January 1, 1992.

29  
30 Requested by: Senator Martin of Pitt

31 ---ABOLISH PERINATAL COUNCIL

32 Sec. 171. G.S. 130A-128 is repealed.

33  
34 Requested by: Senator Martin of Pitt

35 ---CONTINUE PUBLIC DENTAL HEALTH PROGRAM EMPHASIS

36 Sec. 172. From the funds available to the Department of Environment,  
37 Health, and Natural Resources, the Department shall administer the public dental health  
38 program, the primary emphasis of which shall continue to be the delivery of preventive,  
39 educational, and dental care services to preschool children and school-age children.

40  
41 Requested by: Senator Martin of Pitt

42 ---MATERNAL AND CHILD HEALTH CARE

43 Sec. 173. (a) The Department of Environment, Health, and Natural Resources  
44 shall ensure that local health departments do not reduce county appropriations for

1 maternal and child health services provided by the local health departments because  
2 they have received State appropriations pursuant to this act.

3 (b) All income earned by local health departments for Maternal and Child  
4 Health programs supported in whole or in part from State or federal funds, received  
5 from the Department of Environment, Health, and Natural Resources, shall be budgeted  
6 and expended by local health departments to further the objectives of the program that  
7 generated the income.

8  
9 Requested by: Senator Martin of Pitt

10 ---HEALTH PROMOTION FUNDS

11 Sec. 174. The Department of Environment, Health, and Natural Resources  
12 shall ensure that local health departments do not reduce county appropriations for health  
13 promotion services provided by local health departments if they have received State  
14 appropriations for this purpose pursuant to this act.

15  
16 Requested by: Senator Martin of Pitt

17 ---NON-MEDICAID REIMBURSEMENT

18 Sec. 175. Providers of medical services under the various State programs  
19 other than Medicaid offering medical care to citizens of the State shall be reimbursed at  
20 rates no more than those under the North Carolina Medical Assistance Program.

21 The Department of Environment, Health, and Natural Resources may  
22 reimburse hospitals at the full prospective per diem rates without regard to the Medical  
23 Assistance Program's annual limits on hospital days. When the Medical Assistance  
24 Program's per diem rates for inpatient services and its interim rates for outpatient  
25 services are used to reimburse providers in non-Medicaid medical service programs,  
26 retroactive adjustments to claims already paid shall not be required.

27 Notwithstanding the provisions of paragraph one of this section, the  
28 Department of Environment, Health, and Natural Resources may negotiate with  
29 providers of medical services under the various Environment, Health, and Natural  
30 Resources programs, other than Medicaid, for rates as close as possible to Medicaid  
31 rates for the following purposes: contracts or agreements for medical services and  
32 purchases of medical equipment and other medical supplies. These negotiated rates are  
33 allowable only to meet the medical needs of its non-Medicaid eligible patients, residents  
34 and clients who require such services which cannot be provided when limited to the  
35 Medicaid rate.

36 Maximum net family annual income eligibility standards for services in these  
37 programs with the exception of Migrant Health, School Health, AIDS Drug  
38 Reimbursement Program, diagnostic assessment for infants with sickle cell syndrome,  
39 and Home Health shall be as follows:

	Family		All
	<u>Size</u>	<u>Kidney</u>	<u>Other</u>
40	1	\$ 6,400	\$ 4,200
41	2	8,000	5,300
42	3	9,600	6,400
43			
44			

1	4	11,000	7,500
2	5	12,000	7,900
3	6	12,800	8,300
4	7	13,600	8,800
5	8	14,400	9,300

6 The eligibility level each fiscal year for outpatient services for all clients and  
7 for inpatient services for children under the age of 5, in the Children's Special Health  
8 Services Program shall be one hundred percent (100%) of the federal poverty guidelines  
9 as revised annually by the United States Department of Health and Human Services, in  
10 effect on July 1 of each fiscal year.

11  
12 Requested by: Senator Martin of Pitt

13 **---ASBESTOS HAZARD MANAGEMENT FUNDS**

14 Sec. 176. The fees established and collected pursuant to Article 19 of  
15 Chapter 130A of the General Statutes are appropriated to the Department of  
16 Environment, Health, and Natural Resources to support the Asbestos Hazard  
17 Management Program.

18  
19 Requested by: Senator Martin of Pitt

20 **---ADOLESCENT PREGNANCY PREVENTION PROJECTS**

21 Sec. 177. (a) Of the funds appropriated this Title to the Division of Maternal and  
22 Child Health, Department of Environment, Health, and Natural Resources, \$982,768 for  
23 the 1991-92 fiscal year and \$982,768 for the 1992-93 fiscal year shall be used to fund  
24 adolescent pregnancy prevention projects.

25 (b) Beginning in fiscal year 1991-92, the Division shall evaluate all of the  
26 adolescent pregnancy projects funded as a result of this program at least yearly and shall  
27 report its findings to the Commission for Health Services, the Joint Legislative  
28 Commission on Governmental Operations, and the Chairmen of the House  
29 Appropriations Committee on Environment, Health, and Natural Resources, and the  
30 Senate Appropriations Committee on Natural and Economic Resources by April 1 of  
31 each year. Any evaluation of these projects shall include a study of the effectiveness of  
32 the project in reducing the pregnancy rate within the target population.

33 (c) The Commission for Health Services shall be responsible for monitoring the  
34 Division's administration of the Adolescent Pregnancy Prevention Program. The  
35 Division shall implement the following changes in the management and funding of the  
36 Adolescent Pregnancy Prevention Program for projects funded from General Fund  
37 appropriations and federal block grants:

- 38 (1) Applications. Any local agency or organization or combination of  
39 agencies and organizations may apply to the Division of Maternal and  
40 Child Health for an allocation of money to operate a project aimed at  
41 preventing adolescent pregnancy. The application shall contain an  
42 analysis of the adolescent pregnancy and related problems in the  
43 locality the project would serve, and a description of how the project  
44 would attempt, over a period of at least five years, to prevent the

1 problems. The application shall state how much money is needed to  
2 operate the project and how the money shall be spent. The Division  
3 shall conduct annually a proposal-writing session that shall be attended  
4 by a representative of any project that wishes to apply for funding; that  
5 session shall define the criteria for accountability and evaluation that  
6 the Division requires of projects. That session shall also provide  
7 information about additional funding sources to which projects might  
8 turn to satisfy the matching requirements of subdivision (5) of this  
9 section.

- 10 (2) Proposal Requirements. The Division shall apply the following  
11 minimum standards to projects applying for first-year funding:
- 12 a. Each project shall have a plan of action that extends for at least  
13 five years for prevention of adolescent pregnancy.
  - 14 b. Each project shall have realistic, specific, and measurable goals  
15 and objectives for the prevention of adolescent pregnancy.
  - 16 c. Each project, before submitting its proposal, shall send a  
17 representative to the proposal-writing session held by the  
18 Division.
- 19 (3) Operating Standards. The Division shall apply the following  
20 minimum operating standards:
- 21 a. Each project shall have a Board of Advisors composed of  
22 members from outside the sponsoring agency of the project.  
23 The Board of Advisors shall include representatives from at  
24 least four of the following: media, government, charitable  
25 organizations, private business, medical institutions. The  
26 Boards of Advisors shall meet at least quarterly and advise  
27 project staff on project policies and operations.
  - 28 b. Each project shall comply with reporting, contracting, and  
29 evaluation requirements of the Division.
  - 30 c. Each project shall define and maintain cooperative ties with  
31 other community institutions.
  - 32 d. Each project shall demonstrate its ability to attract financial  
33 support from sources other than the State, including sources in  
34 the local community.
- 35 (4) Criteria for Selection. For first-year funding, the Division shall choose  
36 from among the applicants that meet the minimum standards in  
37 subdivision (2) of this subsection the best selection of projects  
38 according to the following criteria:
- 39 a. Adequacy of proposed staff to meet project objectives,
  - 40 b. Appropriateness of project strategies to reduce adolescent  
41 pregnancy,
  - 42 c. Level of community support, including documentation from the  
43 appropriate local government entity that opportunity has been

1 given for citizen input into the proposed program, and that there  
2 is community support for the proposal,

3 d. Degree of need of the locality, including that the county has a  
4 significant adolescent pregnancy problem as evidenced by its  
5 attributable risk score developed by the Division of Statistics  
6 and Information Services, and

7 e. Other appropriate criteria.

8 The Division shall make its recommendations for funding to the  
9 Commission for Health Services. The Commission shall make the  
10 final determination of which projects are to be funded. The  
11 Commission shall consider the recommendations of the Division but  
12 shall not be bound by them. The Commission shall notify the projects  
13 that are to be funded by June 1 of each year.

14 (5) Schedule of Funding. If the Commission, upon consultation with the  
15 Division, finds that a project it has chosen for first-year funding  
16 continues to meet the operating standards of subdivisions (2) and (3) of  
17 this subsection, funding for that project shall continue, to the extent of  
18 available money, for an additional four years. The level of funding  
19 provided by the Division to approved projects shall be set according to  
20 the following schedule:

21 a. First year, eighty percent (80%) of the project's annual budget  
22 not to exceed the maximum award established by the  
23 Commission for Health Services,

24 b. Second year, ninety percent (90%) of the State appropriations  
25 or federal block grant funds awarded in the first year,

26 c. Third year, seventy-five percent (75%) of the State  
27 appropriations or federal block grant funds awarded in the first  
28 year,

29 d. Fourth year, sixty-five percent (65%) of the State appropriations  
30 or federal block grant funds awarded in the first year, and

31 e. Fifth year, fifty percent (50%) of the State appropriations or  
32 federal block grant funds awarded in the first year.

33 The portion of a project's budget that must come from sources other  
34 than State or federal block grant funds may be provided as in-kind  
35 contributions as well as cash.

36 (6) Five-Year Limit on Funding. No project shall receive State funding if  
37 it has previously received State funding for five full years. Any  
38 project that has received State funding before July 1, 1990, will be  
39 eligible for consideration for an additional five years' State support,  
40 according to the schedule. The Commission may fund any such  
41 project that meets the minimum standards if it determines, after  
42 considering the experience and impact of the project and measuring its  
43 application against those of other applicants, that it should be funded.



- 1 (7) Maximum Level of Funding. The Commission for Health Services  
 2 shall by rule determine the maximum annual amount that may be made  
 3 to any one project.  
 4

5 Requested by: Senator Martin of Pitt

6 —-INFECTION CONTROL PROGRAM/FUNDS TRANSFER

7 Sec. 178. Of the funds appropriated to the Department of Environment,  
 8 Health, and Natural Resources, Division of Epidemiology, for the 1991-93 biennium,  
 9 \$85,274 shall be transferred in each fiscal year to the University of North Carolina at  
 10 Chapel Hill for the School of Medicine of the University of North Carolina at Chapel  
 11 Hill. Funds transferred pursuant to this section shall be used to support the Health Care  
 12 Facilities Infection Control Program in investigating and controlling nosocomial  
 13 infections in hospitals, long-term care facilities, and other medical facilities in  
 14 cooperation with the Division of Epidemiology. Funds transferred shall also be used to  
 15 provide training and consultation to hospitals, long-term care facilities, and other  
 16 medical facilities to prevent and control nosocomial infections.  
 17  
 18

## 19 TITLE II. - EXPANSION

### 20 PART 26.—CURRENT OPERATIONS/GENERAL FUND

21  
 22 Sec. 179. Appropriations from the General Fund of the State for the  
 23 maintenance of the State departments, institutions, and agencies, and for other purposes  
 24 as enumerated, are made for the biennium ending June 30, 1993, according to the  
 25 following schedule:  
 26  
 27

28	29 <u>Current Operations-General Fund</u>	30 <u>1991-92</u>	31 <u>1992-93</u>
32	33 Department of Public Education	\$ 9,000,000	\$ 9,000,000
34	35 Department of Justice		229,627 229,627
35	36 Department of Administration		
36	37 01. Administration	303,945	306,620
37	38 02. State Controller	1,037,280	1,037,280
38	39 Department of Agriculture		205,000 205,000
39	40 Department of Insurance		924,893 925,349
40	41 Department of Environment, Health, and		
41	42 Natural Resources		1,222,656 1,882,095
42	43		
43	44		

1			
2	Office of Administrative Hearings		619,776 1,916,466
3			
4	Department of Human Resources		
5	01. DHR - Secretary	140,000 121,108	
6	02. Social Services	12,381,586 7,313,258	
7	03. Medical Assistance	57,093,075 65,473,005	
8	04. Social Services-State Aid to		
9	Non-State Agencies	645,960 645,960	
10	05. Division of Services for the		
11	Blind	112,572 112,572	
12	06. Division of Mental Health,		
13	Developmental Disabilities, and		
14	Substance Abuse Services	14,248,898 18,635,640	
15	07. Division of Youth Services	60,000	
16	Total Department of		
17	Human Resources		84,622,091 92,361,543
18			
19	Department of Correction		- 10,246,368
20			
21	Department of Economic and Community		
22	Development		150,461 393,989
23			
24	Department of Crime Control		
25	and Public Safety		447,262 197,262
26			
27	University of North Carolina - Board		
28	of Governors		
29	01. University Institutional		
30	Program	945,000 1,345,000	
31	Total University of North		
32	Carolina		945,000 1,345,000
33			
34	Department of Community		
35	Colleges	10,000,000 10,000,000	
36	Savings Reserve Account		46,907,800 -
37			
38	Debt Service		<u>3,655,500 15,970,900</u>
39			
40			
41	GRAND TOTAL CURRENT OPERATIONS –		
42	GENERAL FUND		\$160,271,291 \$146,017,499
43			
44			

## PART 27.—CURRENT OPERATIONS/HIGHWAY FUND

Sec. 180. Appropriations from the Highway Fund of the State for the maintenance and operation of the Department of Transportation, and for other purposes as enumerated, are made for the biennium ending June 30, 1993, according to the following schedule:

<u>Current Operations-Highway Fund</u>	<u>1991-92</u>	<u>1992-93</u>
Department of Transportation		
01. Administration	\$ 552,800	\$ 55,440
02. Division of Highways		
a. Administration and Operations	153,657	228,974
b. State Maintenance		
(01) Primary	6,153,448	3,442,733
(02) Secondary	10,815,150	6,050,864
(03) Urban	1,678,212	938,928
03. Division of Motor Vehicles	778,720	1,141,341
04. Reserve for Asphalt Cleanup	1,000,000	1,000,000
05. Reserve for Air Cargo Authority	<u>2,612,400</u>	<u>3,955,250</u>
GRAND TOTAL CURRENT OPERATIONS— HIGHWAY FUND		\$ 23,774,387 \$16,813,530

## PART 28.—GENERAL GOVERNMENT PROVISIONS

Requested by: Senator Basnight

## —SEAFOOD &amp; AQUACULTURE COMMISSION MEMBERSHIP

Sec. 181. G.S. 120-70.61 reads as rewritten:

**"§ 120-70.61. Membership; cochairmen; vacancies; quorum.**

The Joint Legislative Commission on Seafood and Aquaculture shall consist of ~~eleven~~15 members: ~~three~~four Senators appointed by the President Pro Tempore of the Senate; ~~three~~four Representatives appointed by the Speaker of the House of Representatives; ~~three~~four members appointed by the Governor; and ~~two~~three members appointed by the Commissioner of Agriculture. The members shall serve at the pleasure of their appointing officer. The President Pro Tempore of the Senate shall designate one Senator to serve as cochairman and the Speaker of the House of Representatives shall designate one Representative to serve as cochairman. Vacancies occurring on the Commission shall be filled in the same manner as initial appointments. A quorum of the Commission shall consist of ~~six~~eight members."

1 Requested by: Senator Basnight

2 ---LRC STUDY OF TUITION AND ENROLLMENT AT THE UNC SYSTEM

3 Sec. 182. The Legislative Research Commission may study tuition, fees, and  
4 enrollment at The University of North Carolina. If the Commission conducts this study,  
5 it shall consider the following:

- 6 (1) Comparison of tuition and fees at each of the constituent institutions  
7 for resident and nonresident students, with tuition charged for resident  
8 and nonresident students at comparable institutions in other states;
- 9 (2) Feasibility of charging nonresident students at the constituent  
10 institutions a tuition rate comparable to that charged to nonresident  
11 students enrolled at comparable institutions in the nonresident students'  
12 home states;
- 13 (3) Comparison of current tuition rates with the actual cost of educating  
14 students;
- 15 (4) Number and percentage of resident and nonresident students enrolled  
16 at each constituent institution at the undergraduate and at the graduate  
17 levels of study; and
- 18 (5) Any other issues related to charges for tuition and fees that the  
19 Commission deems appropriate.

20 If the Commission conducts the study authorized under this section, it may  
21 report its findings together with recommended legislation, to the 1992 Session of the  
22 1991 General Assembly, or to the 1993 General Assembly, or to both.

23

24

25 PART 29.—OFFICE OF THE GOVERNOR

26

27 Requested by: Senators Basnight, Plyler

28 ---SAVINGS RESERVE ACCOUNT

29 Sec. 183. There is established in the Office of State Budget and Management  
30 a nonreverting Savings Reserve Account. The purpose of the Savings Reserve Account  
31 is to provide a mechanism to stabilize the annual funding availability for carrying out  
32 State programs. The Savings Reserve Account shall be financed from General Fund  
33 revenues that would otherwise be expended, and monies placed in the Savings Reserve  
34 Account shall be used to offset unanticipated reductions in funding availability resulting  
35 from changes in the economic outlook, federal tax changes, corporate financial actions,  
36 judicial decisions, federal spending mandates, and natural disasters. Except as needed  
37 by the Governor in order to perform his constitutional duty to balance the State budget,  
38 funds in the Savings Reserve Account shall not be spent without the prior approval of  
39 the General Assembly. Notwithstanding any other provision of law, funds in the  
40 Savings Reserve Account shall not revert to the State Treasury at the end of each fiscal  
41 year but shall remain in the Savings Reserve Account and be carried forward for the  
42 next succeeding fiscal year, unless the funds are needed by the Governor to carry out his  
43 constitutional duty to balance the State budget.

44

1

## 2 PART 30.—SALARIES AND BENEFITS

3

4 Requested by: Senators Basnight, Plyler

## 5 —SALARIES/GOVERNMENT EMPLOYEES

6

7 Sec. 184. The salaries of those individuals whose annual salaries for the  
8 1989-90 and 1990-91 fiscal years were set in Sections 23, 24, 25, 26, 27, 28, 30(a), 31,  
9 32, and 39 of Chapter 752 of the 1989 Session Laws, are set for the 1991-92 and 1992-  
10 93 fiscal years at the level set in those sections for the 1990-91 fiscal year.

10

11 Requested by: Senators Basnight, Plyler

## 12 —SALARY RELATED CONTRIBUTIONS/EMPLOYERS

13

14 Sec. 185. (a) Required employer salary-related contributions for employees  
15 whose salaries are paid from department, office, institution, or agency receipts shall be  
16 paid from the same source as the source of the employee's salary. If an employee's  
17 salary is paid in part from the General Fund or Highway Fund and in part from  
18 department, office, institution, or agency receipts, required employer salary-related  
19 contributions may be paid from the General Fund or Highway Fund only to the extent of  
20 the proportionate part paid from the General Fund or Highway Fund in support of the  
21 salary of the employee, and the remainder of the employer's requirements shall be paid  
22 from the source that supplies the remainder of the employee's salary. The requirements  
23 of this section as to source of payment are also applicable to payments on behalf of the  
24 employee for hospital-medical benefits, longevity pay, unemployment compensation,  
25 accumulated leave, workers' compensation, severance pay, separation allowances, and  
26 applicable disability income and disability salary continuation benefits.

26

(b) Effective July 1, 1991, the State's employer contribution rates budgeted  
27 for retirement and related benefits as a percentage of covered salaries for the 1991-92  
28 fiscal year are (i) nine and sixty-three hundredths percent (9.63%) - Teachers and State  
29 Employees; (ii) fourteen and sixty-three hundredths percent (14.63%) - State Law  
30 Enforcement Officers; (iii) eight and sixty-six hundredths percent (8.66%) - University  
31 Employees' Optional Retirement Program; (iv) twenty-seven and twenty-two  
32 hundredths percent (27.22%) - Consolidated Judicial Retirement System; and (v) thirty-  
33 two and thirty hundredths percent (32.30%) - Legislative Retirement System. Each of  
34 the foregoing contribution rates includes two percent (2%) for hospital and medical  
35 benefits. The rate for State Law Enforcement Officers includes five percent (5%) for  
36 the Supplemental Retirement Income Plan. The rates for Teachers and State  
37 Employees, State Law Enforcement Officers, and for the University Employees'  
38 Optional Retirement Program include forty-two hundredths percent (0.42%) for the  
39 Disability Income Plan.

40

(c) Effective July 1, 1992, the State's employer contribution rates budgeted  
41 for retirement and related benefits as a percentage of covered salaries for the 1992-93  
42 fiscal year are (i) twelve and nine hundredths percent (12.09%) - Teachers and State  
43 Employees; (ii) seventeen and nine hundredths percent (17.09%) - State Law  
44 Enforcement Officers; (iii) eight and seventy-six hundredths percent (8.76%) -

1 University Employees' Optional Retirement Program; (iv) thirty-one and seventy-one  
2 hundredths percent (31.71%) - Consolidated Judicial Retirement System; and (v) thirty-  
3 two and thirty hundredths percent (32.30%) - Legislative Retirement System. Each of  
4 the foregoing contribution rates includes two percent (2%) for hospital and medical  
5 benefits. The rate for State Law Enforcement Officers includes five percent (5%) for  
6 the Supplemental Retirement Income Plan. The rates for Teachers and State  
7 Employees, State Law Enforcement Officers, and for the University Employees'  
8 Optional Retirement Program include fifty-two hundredths percent (0.52%) for the  
9 Disability Income Plan.

10 (d) The maximum annual employer contributions, payable monthly, by the  
11 State for each covered employee or retiree for the 1991-92 fiscal year to the Teachers'  
12 and State Employees' Comprehensive Major Medical Plan are: (i) Medicare eligible  
13 employees and retirees - \$1,238; and (ii) Non-Medicare eligible employees and retirees  
14 - \$1,626.

15 (e) The maximum annual employer contributions, payable monthly, by the  
16 State for each covered employee or retiree for the 1992-93 fiscal year to the Teachers'  
17 and State Employees' Comprehensive Major Medical Plan are: (i) Medicare eligible  
18 employees and retirees - \$1,321; and (ii) Non-Medicare eligible employees and retirees  
19 - \$1,736.

20  
21 Requested by: Senators Basnight, Plyler

22 —PURCHASE OF RETIREMENT SERVICE

23 Sec. 186. (a) G.S. 128-26(h1) reads as rewritten:

24 "(h1) Any member may purchase creditable service for service as a member of the  
25 General Assembly not otherwise creditable under this section, ~~provided the service is~~  
26 ~~not credited in the Legislative Retirement Fund nor the Legislative Retirement System,~~  
27 ~~and further~~ provided the member pays a lump sum amount equal to the full cost of the  
28 additional service credits calculated on the basis of the assumptions used for the  
29 purposes of the actuarial valuation of the System's liabilities, taking into account the  
30 additional retirement allowance arising on account of the additional service credits  
31 commencing at the earliest age at which a member could retire on an unreduced  
32 retirement allowance as determined by the Board of Trustees upon the advice of the  
33 consulting actuary, plus an administrative fee to be set by the Board of Trustees.  
34 Notwithstanding the foregoing provisions of this subsection that provide for the  
35 purchase of service credits, the terms 'full cost', 'full liability', and 'full actuarial cost'  
36 include assumed annual post-retirement allowance increases, as determined by the  
37 Board of Trustees, from the earliest age at which a member could retire on an unreduced  
38 service allowance."

39 (b) G.S. 135-4(j1) reads as rewritten:

40 "(j1) Any member may purchase creditable service for service as a member of the  
41 General Assembly not otherwise creditable under this section, ~~provided the service is~~  
42 ~~not credited in the Legislative Retirement Fund nor the Legislative Retirement System,~~  
43 ~~and further~~ provided the member pays a lump sum amount equal to the full cost of the  
44 additional service credits calculated on the basis of the assumptions used for the

1 purposes of the actuarial valuation of the System's liabilities, taking into account the  
2 additional retirement allowance arising on account of the additional service credits  
3 commencing at the earliest age at which a member could retire on an unreduced  
4 retirement allowance as determined by the Board of Trustees upon the advice of the  
5 consulting actuary, plus an administrative fee to be set by the Board of Trustees.  
6 Notwithstanding the foregoing provisions of this subsection that provide for the  
7 purchase of service credits, the terms 'full cost', 'full liability', and 'full actuarial cost'  
8 include assumed annual post-retirement allowance increases, as determined by the  
9 Board of Trustees, from the earliest age at which a member could retire on an unreduced  
10 service allowance."

11 (c) G.S. 135-56(e) reads as rewritten:

12 "(e) Any member may purchase creditable service for service as a member of the  
13 General Assembly not otherwise creditable under this section, ~~provided the service is~~  
14 ~~not credited in the Legislative Retirement Fund nor the Legislative Retirement System,~~  
15 ~~and further~~ provided the member pays a lump sum amount equal to the full cost of the  
16 additional service credits calculated on the basis of the assumptions used for the  
17 purposes of the actuarial valuation of the System's liabilities, taking into account the  
18 additional retirement allowance arising on account of the additional service credits  
19 commencing at the earliest age at which a member could retire on an unreduced  
20 retirement allowance as determined by the Board of Trustees upon the advice of the  
21 consulting actuary, plus an administrative fee to be set by the Board of Trustees.  
22 Notwithstanding the foregoing provisions of this subsection that provide for the  
23 purchase of service credits, the terms 'full cost', 'full liability', and 'full actuarial cost'  
24 include assumed annual post-retirement allowance increases, as determined by the  
25 Board of Trustees, from the earliest age at which a member could retire on an unreduced  
26 service allowance."  
27

28 Requested by: Senators Basnight, Plyler

29 —LEGISLATIVE RETIREMENT OPTION

30 Sec. 187. G.S. 120-4.12 is amended to add a new subsection to read:

31 "(c1) Any member of the Retirement System who was a member of the General  
32 Assembly as of January 1985 may purchase prior service credit for the month of  
33 January 1985 based upon seven percent (7%) of the compensation received for that  
34 period."  
35  
36

37 PART 31.—DEPARTMENT OF INSURANCE  
38

39 Requested by: Senator Perdue

40 —MEDICAL DATABASE/DATA FROM ALL HEALTH CARE PROVIDERS

41 Sec. 188. (a) G.S. 131E-212(b) is amended by adding the following new  
42 subdivision to read:

1           "(9) The Commission shall implement plans for the submission of data  
2           from all health care providers beginning with the free-standing  
3           ambulatory surgery centers."

4           (b) The Medical Database Commission shall report its progress on expanding  
5 its database by June 1, 1992, to the General Assembly and to the Fiscal Research  
6 Division.

7  
8  
9 PART 32.—DEPARTMENT OF REVENUE

10  
11 Requested by: Senators Basnight, Plyler

12 —GOVERNMENT SALES TAX REFUND

13           Sec. 189. (a) G.S. 105-164.3 is amended by adding a new subdivision to  
14 read:

15           "(16b) 'State agency' means a unit of the executive, legislative, or judicial  
16           branch of State government, such as a department, a commission, a  
17           board, a council, or a constituent institution of The University of North  
18           Carolina. The term does not include a local board of education."

19           (b) G.S. 105-164.14 reads as rewritten:

20 **"§ 105-164.14. Certain refunds authorized.**

21           (a) Interstate Carriers. Any person engaged in transporting persons or property in  
22 interstate commerce for compensation who is subject to regulation by, and to the  
23 jurisdiction of, the Interstate Commerce Commission or the United States Department  
24 of Transportation and who is required by either such federal agency to keep records  
25 according to its standard classification of accounting or, in the case of a small  
26 certificated air carrier, is required by the U.S. Department of Transportation to make  
27 reports of financial and operating statistics, may secure a refund from the Secretary of  
28 Revenue with respect to sales or use tax paid by such person on purchases or  
29 acquisitions of lubricants, repair parts and accessories in this State for motor vehicles,  
30 railroad cars, locomotives, and airplanes operated by such person, upon the conditions  
31 described below. The Secretary of Revenue shall prescribe the periods of time, whether  
32 monthly, quarterly, semiannually or otherwise, with respect to which refunds may be  
33 claimed, and shall prescribe the time within which, following such periods, an  
34 application for refund may be made. An applicant for refund shall furnish such  
35 information as the Secretary may require, including detailed information as to  
36 lubricants, repair parts and accessories wherever purchased, whether within or without  
37 the State, acquired during the period with respect to which a refund is sought, and the  
38 purchase price thereof, detailed information as to sales and use tax paid in this State  
39 thereon, and detailed information as to the number of miles such motor vehicles,  
40 railroad cars, locomotives, and airplanes were operated both within this State, and  
41 without this State, during such period, together with satisfactory proof thereof. The  
42 Secretary shall thereupon compute the tax which would be due with respect to all  
43 lubricants, repair parts and accessories acquired during the refund period as though all  
44 such purchases were made in this State, but only on such proportion of the total



1 purchase prices thereof as the total number of miles of operation of such applicants'  
2 motor vehicles, railroad cars, locomotives, and airplanes within this State bears to the  
3 total number of miles of operation of such applicants' motor vehicles, railroad cars,  
4 locomotives and airplanes within and without this State, and such amount of sales and  
5 use tax as the applicant has paid in this State during said refund period in excess of the  
6 amounts so computed shall be refunded to the applicant.

7 (b) Nonprofit Corporations. The Secretary of Revenue shall make refunds  
8 semiannually to hospitals not operated for profit (including hospitals and medical  
9 accommodations operated by an authority created under the Hospital Authorities Law,  
10 Article 2 of Chapter 131E), educational institutions not operated for profit, churches,  
11 orphanages and other charitable or religious institutions and organizations not operated  
12 for profit of sales and use taxes paid under this Article, except under G.S. 105-164.4(4a)  
13 and G.S. 105-164.4(4c), by such institutions and organizations on direct purchases of  
14 tangible personal property for use in carrying on the work of such institutions or  
15 organizations. Sales and use tax liability indirectly incurred by such institutions and  
16 organizations on building materials, supplies, fixtures and equipment which shall  
17 become a part of or annexed to any building or structure being erected, altered or  
18 repaired for such institutions and organizations for carrying on their nonprofit activities  
19 shall be construed as sales or use tax liability incurred on direct purchases by such  
20 institutions and organizations, and such institutions and organizations may obtain  
21 refunds of such taxes indirectly paid. The Secretary of Revenue shall also make refunds  
22 semiannually to all other hospitals (not specifically excluded herein) of sales and use tax  
23 paid by them on medicines and drugs purchased for use in carrying out the work of such  
24 hospitals. This subsection does not apply to organizations, corporations, and institutions  
25 that are owned and controlled by the United States, the State, or a unit of local  
26 government, except hospital facilities created under Article 2 of Chapter 131E of the  
27 General Statutes and nonprofit hospitals owned and controlled by a unit of local  
28 government that elect to receive semiannual refunds under this subsection instead of  
29 annual refunds under subsection (c). In order to receive the refunds herein provided for,  
30 such institutions and organizations shall file a written request for refund covering the  
31 first six months of the calendar year on or before the fifteenth day of October next  
32 following the close of said period, and shall file a written request for refund covering  
33 the second six months of the calendar year on or before the fifteenth day of April next  
34 following the close of that period. Such requests for refund shall be substantiated by  
35 such proof as the Secretary of Revenue may require, and no refund shall be made on  
36 applications not filed within the time allowed by this section and in such manner as the  
37 Secretary may require. ~~Notwithstanding the foregoing provisions of this subsection, the~~  
38 ~~constituent institutions of The University of North Carolina may obtain in the manner~~  
39 ~~prescribed by this Article the refund of sales and use tax paid by them on or after~~  
40 ~~January 1, 1992, for tangible personal property acquired by them through the~~  
41 ~~expenditure of contract and grant funds.~~

42 (c) Certain Governmental Entities. Upon receipt of timely applications for  
43 refund, the Secretary of Revenue shall make refunds annually to all governmental  
44 entities, as hereinafter defined, of sales and use tax paid under this Article, except under

1 G.S. 105-164.4(4a) and G.S. 105-164.4(4c), by said governmental entities on direct  
2 purchases of tangible personal property. Sales and use tax liability indirectly incurred by  
3 such governmental entities on building materials, supplies, fixtures and equipment  
4 which shall become a part of or annexed to any building or structure being erected,  
5 altered or repaired which is owned or leased by such governmental entities shall be  
6 construed as sales or use tax liability incurred on direct purchases by such governmental  
7 entities, and such entities may obtain refunds of such taxes indirectly paid. The refund  
8 provisions contained in this subsection shall not apply to any governmental entities not  
9 specifically named herein. In order to receive the refund herein provided for,  
10 governmental entities shall file a written request for said refund within six months of the  
11 close of the fiscal year of the governmental entities seeking said refund, and such  
12 request for refund shall be substantiated by such records, receipts and information as the  
13 Secretary may require. No refunds shall be made on applications not filed within the  
14 time allowed by this section and in such manner as the Secretary may otherwise require.  
15 The term 'governmental entities,' for the purposes of this subsection, shall mean all  
16 counties, incorporated cities and towns, water and sewer authorities created and existing  
17 under the provisions of Chapter 162A of the General Statutes, lake authorities created  
18 by a board of county commissioners pursuant to an act of the General Assembly,  
19 sanitary districts, regional councils of governments created pursuant to G.S. 160A-470,  
20 area mental health, mental retardation, and substance abuse authorities (other than  
21 single-county area authorities) established pursuant to Article 4 of Chapter 122C of the  
22 General Statutes, district health departments, regional planning and economic  
23 development commissions created pursuant to G.S. 158-14, regional sports authorities  
24 created pursuant to G.S. 160A-479, regional economic development commissions  
25 created pursuant to G.S. 158-8, regional planning commissions created pursuant to G.S.  
26 153A-391, metropolitan sewerage districts and metropolitan water districts in this State,  
27 the North Carolina Low-Level Radioactive Waste Management Authority created  
28 pursuant to Chapter 104G of the General Statutes, the North Carolina Hazardous Waste  
29 Management Commission created pursuant to Chapter 130B of the General Statutes,  
30 and the Rockingham County Airport Authority. Notwithstanding the foregoing  
31 provisions of this subsection, the constituent institutions of The University of North  
32 Carolina may obtain in the manner prescribed by this subsection a refund of sales and  
33 use tax paid by them on or after January 1, 1992, for tangible personal property acquired  
34 by them through the expenditure of contract and grant funds.

35 (d) Penalties for Late Applications. Refunds made pursuant to applications filed  
36 after the dates specified in subsections (b) and (c) above shall be subject to the  
37 following penalties for late filing: applications filed within 30 days after said dates,  
38 twenty-five percent (25%); applications filed after 30 days but within six months after  
39 said dates, fifty percent (50%). However, refunds which are applied for after six months  
40 following said dates shall be barred.

41 (e) State Agencies. The State is allowed quarterly refunds of local sales and use  
42 taxes paid by a State agency on direct purchases of tangible personal property and local  
43 sales and use taxes paid indirectly by the State agency on building materials, supplies,  
44 fixtures, and equipment that become a part of or annexed to a building or structure that

1 is being erected, altered, or repaired and is owned or leased by the State agency. This  
2 subsection does not apply to purchases for which a State agency is allowed a refund  
3 under subsection (c) of this section.

4 A person who pays local sales and use taxes on building materials or other tangible  
5 personal property for a State building project shall give the State agency for whose  
6 project the property was purchased a signed statement containing all of the following  
7 information:

8 (1) The date the property was purchased.

9 (2) The type of property purchased.

10 (3) The project for which the property was used.

11 (4) If the property was purchased in this State, the county in which it was  
12 purchased.

13 (5) If the property was not purchased in this State, the county in which the  
14 property was used.

15 (6) The amount of sales and use taxes paid.

16 If the property was purchased in this State, the person shall attach a copy of the sales  
17 receipt to the statement. A State agency to whom a statement is submitted shall verify  
18 the accuracy of the statement.

19 Within 15 days after the end of each calendar quarter, every State agency shall file  
20 with the Secretary a written application for a refund of taxes to which this subsection  
21 applies paid by the agency during the quarter. The application shall contain all  
22 information required by the Secretary. The Secretary shall credit the local sales and use  
23 tax refunds directly to the General Fund."

24 (c) This section becomes effective July 1, 1991. G.S. 105-164.14(e), as enacted  
25 by this section, applies to property purchased on or after April 1, 1991.

26  
27 Requested by: Senators Basnight, Plyler

28 —DEPARTMENT OF REVENUE AUTOMATION PROPOSAL

29 Sec. 190. (a) The Department of Revenue shall present a written and verbal  
30 report not later than July 15, 1991, to a full meeting of the Information Technology  
31 Commission and to the Office of State Budget and Management on the emergency  
32 conditions that exist in its information systems operations. The Information Technology  
33 Commission shall make a recommendation to the Office of State Budget and  
34 Management concerning the nature of the emergency and a recommendation on whether  
35 funds should be expended from the Reserve for Data Processing Equipment in the  
36 Office of State Budget and Management to meet the emergency situation.

37 (b) The Information Technology Commission shall appoint from its  
38 membership a five-member subcommittee to analyze the Department of Revenue's  
39 proposal to acquire a mainframe computer and install tax administration software to  
40 enhance its integrated tax administration system. One of the five members of the  
41 subcommittee shall be the State Auditor, who shall serve as its chairman. The  
42 subcommittee shall rely on staff expertise from the Office of State Controller, State  
43 Information Processing Services (SIPS), the Department of Revenue, and management  
44 information systems staff in the other departments represented on the Information

1 Technology Commission to prepare the analysis. This analysis shall address (i) whether  
 2 the Department of Revenue's proposal is practical, (ii) the amount by which the  
 3 proposal will increase tax collections, (iii) the amount of savings to the State the  
 4 proposal will produce by improving tax efficiency, (iv) the amount of savings to the  
 5 State that would result from the receipt of tax payments by electronic funds transfer  
 6 pursuant to the enhanced automation system based on increased investment earnings on  
 7 these payments due to the reduced time lag in receiving and processing the payments,  
 8 and (v) any other relevant issues. The subcommittee's written analytic report, and any  
 9 relevant materials obtained or prepared by the subcommittee, shall be presented to a full  
 10 meeting of the Information Technology Commission not later than October 31, 1991.  
 11 The Information Technology Commission shall deliver a report, incorporating the  
 12 subcommittee's analysis and containing specific recommendations concerning the  
 13 Department of Revenue's proposal, to the Fiscal Research Division and the Automated  
 14 Systems Division of the General Assembly not later than December 31, 1991. The  
 15 Information Technology Commission shall present its report and analysis to the Joint  
 16 Legislative Commission on Governmental Operations on or before March 1, 1992.

17  
 18  
 19 PART 33.—PUBLIC SCHOOLS

20  
 21 Requested by: Senator Conder

22 —SCHOOL ACCOUNTABILITY

23 Sec. 191. Senate Bill 3, introduced in the 1991 Session of the General  
 24 Assembly, clarifies the intent of Senate Bill 2, The School Improvement and  
 25 Accountability Act of 1989, and is intended to streamline the administration of that Act.  
 26 Senate Bill 3 is intended to ensure that the concepts of accountability and flexibility are  
 27 given an opportunity to bring about demonstrable improvements in education, and sets  
 28 forth procedures for providing State assistance and intervention in low-performing  
 29 school units.

30  
 31 Requested by: Senator Ward

32 —TEACHER SALARY SCHEDULE

33 Sec. 192. (a) The following monthly salary schedule shall apply to certified  
 34 personnel of the public schools who are classified as "A"teachers for the 1991-92 fiscal  
 35 year. The schedule contains 30 steps with each step corresponding to one year of  
 36 teaching experience.

37	Years	1991-92
38	<u>Experience</u>	<u>Salary</u>
39	0	\$1,981
40	1	1,981
41	2	2,021
42	3	2,111
43	4	2,141
44	5	2,172

1	6	2,204
2	7	2,263
3	8	2,332
4	9	2,366
5	10	2,400
6	11	2,458
7	12	2,494
8	13	2,530
9	14	2,598
10	15	2,636
11	16	2,706
12	17	2,746
13	18	2,819
14	19	2,897
15	20	2,939
16	21	3,021
17	22	3,065
18	23	3,149
19	24	3,195
20	25	3,241
21	26	3,288
22	27	3,336
23	28	3,386
24	29+	3,436

25 Notwithstanding the salary schedule set out in this subsection, certified personnel of the  
 26 public schools who are classified as "A"teachers for the 1991-92 fiscal year and who  
 27 had 29 or more years of experience during the 1990-91 fiscal year, shall receive a  
 28 monthly salary of \$3,487.

29 (b) The following monthly salary schedule shall apply to certified personnel  
 30 of the public schools who are classified as "G"teachers for the 1991-92 fiscal year. The  
 31 schedule contains 30 steps with each step corresponding to one year of teaching  
 32 experience.

33	Years	1991-92
34	<u>Experience</u>	<u>Salary</u>
35	0	\$2,105
36	1	2,105
37	2	2,147
38	3	2,241
39	4	2,273
40	5	2,306
41	6	2,339
42	7	2,404
43	8	2,469
44	9	2,505

1	10	2,541
2	11	2,609
3	12	2,647
4	13	2,685
5	14	2,724
6	15	2,798
7	16	2,875
8	17	2,916
9	18	2,998
10	19	3,042
11	20	3,125
12	21	3,170
13	22	3,259
14	23	3,306
15	24	3,399
16	25	3,447
17	26	3,497
18	27	3,548
19	28	3,600
20	29+	3,652

21 Notwithstanding the salary schedule set out in this subsection, certified personnel of the  
 22 public schools who are classified as "G"teachers for the 1991-92 fiscal year and who  
 23 had 29 or more years of experience during the 1990-91 fiscal year, shall receive a  
 24 monthly salary of \$3,706.

25 (c) The rules adopted by the State Board of Education for allocating funds to  
 26 individuals shall provide for (i) a seven and one-half percent (7.5%) salary increase for  
 27 teachers with certification based on academic preparation at the six-year degree level;  
 28 (ii) a ten percent (10%) salary increase for teachers with certification based on academic  
 29 preparation at the doctoral degree level; and (iii) annual longevity pay at two and one-  
 30 half percent (2.5%) of base salary only upon the completion of 25 years of State service.

31  
 32 Requested by: Senator Ward  
 33 —DIFFERENTIATED PAY

34 Sec. 193. If the funds appropriated for differentiated pay for the 1991-92  
 35 fiscal year are inadequate to satisfy fully all obligations incurred during the fiscal year  
 36 for differentiated pay, the Director of the Budget shall transfer from the Savings  
 37 Reserve or from reversions adequate funds to satisfy fully the obligations incurred  
 38 during the fiscal year: Provided, however, the State Superintendent of Public Instruction  
 39 shall not permit modifications to local differentiated pay plans for the 1991-92 fiscal  
 40 year that result in (i) an increase in the percentage of differentiated pay funds paid out  
 41 during the current fiscal year or (ii) total expenditures of State funds for differentiated  
 42 pay in excess of two percent (2%) of teacher and administrator salaries and the  
 43 employer's contributions for social security and retirement.

44

1 Requested by: Senators Basnight, Plyler

2 ---SMALL SCHOOL SYSTEM SUPPLEMENTAL FUNDING

3 Sec. 194. (a) The State Board of Education shall allocate funds appropriated for  
4 small school system supplemental funding (i) to each county school administrative unit  
5 with an average daily membership of less than 3,000 students and (ii) to each county  
6 school administrative unit with an average daily membership of from 3,000 to 4,000  
7 students if the county in which the local school administrative unit is located has a  
8 county adjusted property tax base per student that is below the State adjusted property  
9 tax base per student. The allocation formula shall:

- 10 (1) Round all fractions of positions to the next whole position;
- 11 (2) Provide four additional regular classroom teachers;
- 12 (3) Provide additional program enhancement teachers adequate to offer  
13 the standard course of study;
- 14 (4) Change the duty-free period allocation to one teacher assistant per 400  
15 average daily membership;
- 16 (5) Provide a base for the consolidated funds allotment of at least  
17 \$150,000, excluding textbooks; and
- 18 (6) Allot vocational education funds for grade 6 as well as for grades 7-12.

19 If funds appropriated for each fiscal year for small school system supplemental funding  
20 are not adequate to fund fully the program, the State Board of Education shall reduce  
21 the amount allocated to each county school administrative unit on a pro rata basis.

22 (b) A county in which a local school administrative unit receives funds under  
23 this section shall use the funds to supplement and not supplant existing State and local  
24 funding for public schools.

25 The Local Government Commission shall analyze the budgets and the  
26 expenditures of school administrative units that receive funds under this section in light  
27 of their budgets and expenditures for the previous year and shall determine whether  
28 those funds were used to supplement and not supplant State and local funding for public  
29 schools. The Local Government Commission shall report the results of its study to the  
30 State Board of Education, the Joint Legislative Oversight Committee, and the  
31 Appropriations Committees of the Senate and the House of Representatives, prior to  
32 May 1, 1993.

33 (c) As used in this section:

- 34 (1) "Average daily membership" means the final average daily  
35 membership in the most recent year for which county current expense  
36 appropriations and adjusted property tax valuations are available.
- 37 (2) "County adjusted property tax base per student" means the total  
38 assessed property valuation for each county, adjusted using a weighted  
39 average of the three most recent annual sales assessment ratio studies,  
40 divided by the total number of students in average daily membership  
41 who reside within the county.
- 42 (3) "Sales assessment ratio studies" means sales assessment ratio studies  
43 performed by the Department of Revenue under G.S. 105-289(h).

1           (4) " State adjusted property tax base per student" means the sum of all  
2 county adjusted property tax bases divided by the total number of  
3 students in average daily membership who reside within the State.

4           (5) " Weighted average of the three most recent annual sales assessment  
5 ratio studies" means the weighted average of the three most recent  
6 annual sales assessment ratio studies in the most recent years for which  
7 county current expense appropriations and adjusted property tax  
8 valuations are available. If real property in a county has been revalued  
9 one year prior to the most recent sales assessment ratio study, a  
10 weighted average of the two most recent sales assessment ratios shall  
11 be used. If property has been revalued the year of the most recent  
12 sales assessment ratio study, the sales assessment ratio for the year of  
13 revaluation shall be used.  
14

15  
16 **PART 34.—COMMUNITY COLLEGES**

17  
18 Requested by: Senator Ward

19 **—HOLD HARMLESS/COMMUNITY COLLEGES SERVING MILITARY BASES**

20           Sec. 195. The State Board of Community Colleges may use funds available  
21 to it for the 1991-92 fiscal year to allot funds at the 1990-91 budget level to institutions  
22 whose enrollments were adversely affected by Operation Desert Storm so that those  
23 institutions can serve the returning troops. If the institutions do not need these  
24 additional funds to serve returning troops, the additional funds allotted pursuant to this  
25 section shall revert at the end of the 1991-92 fiscal year.  
26

27 Requested by: Senator Ward

28 **—COMMUNITY COLLEGE TUITION INCREASE**

29           Sec. 196. The State Board of Community Colleges shall adopt tuition rates  
30 beginning in the fall quarter of 1991 in the amount of eleven dollars and seventy-five  
31 cents (\$11.75) per credit hour up to a cap of 14 credit hours for in-State students and  
32 one hundred nine dollars and seventy-five cents (\$109.75) per credit hour with a cap of  
33 14 hours for out-of-State students.

34           The State Board of Community Colleges shall adopt tuition rates beginning in  
35 the fall quarter of 1991 in the amount of thirty dollars (\$30.00) per course for  
36 occupational extension courses.  
37

38  
39 **PART 35.—COLLEGES AND UNIVERSITIES**

40  
41 Requested by: Senator Basnight

42 **—UNIVERSITY OF NORTH CAROLINA EVENT FEES AUTHORITY**

43           Sec. 197. The Chancellor and Board of Trustees of each of the constituent  
44 institutions of The University of North Carolina may adopt rules to allow each



1 constituent institution to charge an admission fee of up to one dollar (\$1.00) for any  
2 extra-curricular event that takes place in any facility of the institution. Funds generated  
3 from these fees shall be used by each institution for books and other materials for the  
4 libraries at that institution.

5  
6 Requested by: Senator Lee

7 —UNC FISCAL ACCOUNTABILITY

8 Sec. 198. (a) Chapter 116 of the General Statutes is amended by adding new  
9 sections to read:

10 **"§ 116-44.6. Special responsibility constituent institutions.**

11 The Board of Governors of The University of North Carolina, acting on  
12 recommendation made by the President of The University of North Carolina after  
13 consultation by him with the State Auditor, may designate one or more constituent  
14 institutions of The University as special responsibility constituent institutions. That  
15 designation shall be based on an express finding by the Board of Governors that each  
16 institution to be so designated has the management staff and internal financial controls  
17 that will enable it to administer competently and responsibly all additional management  
18 authority and discretion to be delegated to it. The Board of Governors, on  
19 recommendation of the President, shall adopt rules prescribing management staffing  
20 standards and internal financial controls and safeguards, including the lack of any  
21 significant exceptions or audit findings in the annual financial audit by the State  
22 Auditor's Office, that must be met by a constituent institution before it may be  
23 designated a special responsibility constituent institution and must be maintained in  
24 order for it to retain that designation.

25 **"§ 116-44.7. Appropriations to special responsibility constituent institutions.**

26 All General Fund appropriations made by the General Assembly for continuing  
27 operations of a special responsibility constituent institution of The University of North  
28 Carolina shall be made in the form of a single sum to each budget code of the institution  
29 for each year of the fiscal period for which the appropriations are being made.  
30 Notwithstanding G.S. 143-23(a1), each special responsibility constituent institution may  
31 expend the General Fund monies so appropriated to it in the manner deemed by the  
32 Chancellor to be calculated to maintain and advance the programs and services of the  
33 institutions, consistent with the directives and policies of the Board of Governors. The  
34 preparation, presentation, and review of General Fund budget requests of special  
35 responsibility constituent institutions shall be conducted in the same manner as are  
36 requests of other constituent institutions. The quarterly allotment procedure established  
37 pursuant to G.S.143-17 shall apply to the General Fund appropriations made for the  
38 current operations of each special responsibility constituent institution. All General  
39 Fund monies so appropriated to each special responsibility constituent institution shall  
40 be recorded, reported, and audited in the same manner as are General Fund  
41 appropriations to other constituent institutions.

42 **"§ 116-44.8. Transfer between budget codes.**

43 The Chancellor of a special responsibility constituent institution may authorize the  
44 transfer of monies between the academic affairs budget code and the health affairs

1 budget code, or among the academic affairs budget code and the agricultural programs  
2 budget codes, to be used only for one-time expenditures, where the Chancellor finds  
3 that the transfer will help to maintain and advance the programs and services of the  
4 institution.

5 **"§ 116-44.9. Reversions.**

6 Of the General Fund current operations appropriations credit balance remaining in  
7 each budget code of a special responsibility constituent institution at the close of a fiscal  
8 year, any amount greater than two and one-half percent (2 1/2%) of the General Fund  
9 appropriations for the budget code shall be carried forward by the institution to the next  
10 fiscal year and may be used for one-time expenditures that will not impose additional  
11 financial obligations on the State. This carry forward is subject to a maximum amount  
12 equal to two and one-half percent (2 1/2 %) of the General Fund appropriations for that  
13 budget code.

14 **"§ 116-44.10. Position management.**

15 The Chancellor of a special responsibility constituent institution, when he finds that  
16 to do so would help to maintain and advance the programs and services of the  
17 institution, may establish and abolish positions, acting in accordance with:

- 18 (1) State Personnel policies and procedures if these positions are subject to  
19 the State Personnel Act and if the institution is operating under the  
20 terms of a Performance Agreement or a Decentralization Agreement  
21 authorized under Chapter 126 of the General Statutes; or  
22 (2) Policies and procedures of the Board of Governors if these positions  
23 are exempt from the State Personnel Act.

24 The results achieved by establishing and abolishing positions pursuant to the conditions  
25 set forth in subdivision (1) of this section shall be subject to postauditing by the Office  
26 of State Personnel. Implementation of personnel actions shall be subject to the  
27 availability of funds within the institution's current budget to fund the full annualized  
28 costs of these actions.

29 **"§ 116-44.11. Impact on education.**

30 The Board of Governors shall require each special responsibility constituent  
31 institution to include in its institutional effectiveness plan those assessment measures  
32 that are determined by the Board to be measures that will assure some standard measure  
33 of student learning and development in general undergraduate education at the special  
34 responsibility constituent institutions. The intent of this requirement is to measure the  
35 impact of G.S. 116-44.6 through G.S. 116-44.11, establishing and administering special  
36 responsibility constituent institutions, and their implementation on undergraduate  
37 student learning and development."

38 (b) G.S. 143-53.1 reads as rewritten:

39 **"§ 143-53.1. Setting of benchmarks; increase by Secretary.**

40 On and after July 1, 1990, the expenditure benchmark prescribed by G.S. 143-52  
41 with respect to competitive bid procedures and the bid value benchmark authorized by  
42 G.S. 143-53(2) with respect to rule making by the Secretary of Administration for  
43 competitive bidding shall be ten thousand dollars (\$10,000); provided, the Secretary of  
44 Administration may, in his discretion, increase the benchmarks effective as of the

1 beginning of any fiscal biennium of the State commencing after June 30, 1992, in an  
2 amount whose increase, expressed as a percentage, does not exceed the rise in the  
3 Consumer Price Index during the fiscal biennium next preceding the effective date of  
4 the benchmark increase. For a special responsibility constituent institution of The  
5 University of North Carolina, the benchmark prescribed in this section shall be twenty-  
6 five thousand dollars (\$25,000) on and after July 1, 1991."

7 (c) Report of Results. The Board of Governors shall report quarterly on its  
8 decisions and directives implementing this section to the Joint Education Oversight  
9 Commission. The Board shall report to the 1993 General Assembly by March 31, 1994,  
10 on the fiscal savings, management initiatives, increased efficiency and effectiveness,  
11 and other outcomes made possible by the flexibility provided by this section to the  
12 special responsibility constituent institutions. The report shall include documentation of  
13 any reallocation of resources, the use of nonreverted appropriations, and any additional  
14 costs incurred. The Board shall require annual reports from the special responsibility  
15 constituent institutions, and shall recommend any changes needed in this section to the  
16 1991 General Assembly, Regular Session 1992, or to the 1993 General Assembly.

17 (d) Rules. The Board of Governors shall study the feasibility of updating the  
18 accounting systems and of providing alternatives and options to the systems of all of the  
19 special responsibility constituent institutions of The University of North Carolina. The  
20 Board shall propose this study by using one of these institutions as a model and report  
21 its proposal for a pilot test of these alternatives, including any legislative proposals,  
22 policy recommendations, and costs involved in making any changes, to the 1991  
23 General Assembly by March 31, 1992.

24 (e) This section becomes effective July 1, 1991, except for G.S. 116-44.9 as  
25 written in subsection (a) of this section, which becomes effective July 1, 1992.

26  
27 Requested by: Senator Daniel

28 —UNC EDUCATIONAL CONSORTIA

29 Sec. 199. Of the funds appropriated to the Board of Governors of The  
30 University of North Carolina in this Title, \$450,000 in each year of the 1991 fiscal  
31 biennium shall be allocated by the Board to establish cooperative educational consortia  
32 at Western Carolina University, the University of North Carolina at Greensboro, and the  
33 University of North Carolina at Wilmington. These consortia shall link elementary and  
34 secondary education, higher education, and leadership in the business sector to:

- 35 (1) Improve education practices and enhance economic development;
- 36 (2) Focus research capabilities on educational issues and economic  
37 problems;
- 38 (3) Provide momentum for restructuring of public education to meet the  
39 requirements of the modern era;
- 40 (4) Seek grants and other funds for model projects on promising  
41 educational practices;
- 42 (5) Provide training, educational, and leadership development  
43 opportunities; and

- 1 (6) Provide other initiatives leading to improvements in education and  
2 economic development.  
3  
4

5 PART 35.1.—DEPARTMENT OF TRANSPORTATION  
6

7 Requested by: Senator Plyler  
8 —SECONDARY ROAD PROJECTS

9 Sec. 199.1. Chapter 136 of the General Statutes is amended by adding a new  
10 section to read:

11 "**§ 136-44.2C. Special appropriations for State construction.**

12 Special appropriations for the construction of State highways may be used for the  
13 planning, design, right-of-way acquisition, and construction of highway projects for the  
14 State Highway System and Federal Aid System, including secondary roads, contained in  
15 the Transportation Improvement Program prepared pursuant to G.S. 143B-350(f)(4).  
16 Funding from the special appropriations used for secondary road projects in the  
17 Transportation Improvement Program is not subject to the allocation formula and  
18 restrictions of G.S. 136-44.2, 136-44.2A, or 136-44.5."  
19  
20

21 PART 36.—DEPARTMENT OF CRIME CONTROL AND PUBLIC SAFETY  
22

23 Requested by: Senators Seymour, Marvin, Parnell  
24 —SUMMIT HOUSE

25 Sec. 200. Of the funds appropriated to the Department of Crime Control and  
26 Public Safety for the 1991-92 fiscal year, the sum of \$250,000 shall be used to support  
27 the program at Summit House, a community-based residential alternative to  
28 incarceration for mothers and pregnant women convicted of nonviolent crimes. Summit  
29 House shall report quarterly to the Joint Legislative Commission on Governmental  
30 Operations on the expenditure of State appropriations and on the effectiveness of the  
31 program, including information on the number of clients served, the number of clients  
32 who have their probation revoked, and the number of clients who successfully complete  
33 the program while housed at Summit House.  
34  
35

36 PART 37.—JUDICIAL DEPARTMENT  
37

38 Requested by: Senator Simpson  
39 —SALARIES/ASSISTANT AND DEPUTY CLERKS OF SUPERIOR COURT

40 Sec. 201. Notwithstanding the provisions of G.S. 7A-102(c), assistant clerks  
41 and deputy clerks of superior court shall not receive any automatic increment or merit  
42 increase during the 1991-92 fiscal year or the 1992-93 fiscal year.  
43  
44

1 PART 38.—DEPARTMENT OF JUSTICE

2

3 Requested by: Senator Marvin

4 —DEPARTMENT OF JUSTICE/DRUG INFORMATION SYSTEM

5 Sec. 202. The North Carolina Drug Information System proposed in the  
6 State's 1991 Criminal Justice Improvement and Drug Control Grant application  
7 submitted to the United States Department of Justice, Bureau of Justice Assistance, shall  
8 be housed in the Department of Justice and shall be under the supervision and control of  
9 the Attorney General.

10

11

12 PART 39.—DEPARTMENT OF HUMAN RESOURCES

13

14 Requested by: Senators Basnight, Plyler

15 —REDUCE INFANT MORTALITY

16 Sec. 203. (a) Effective October 1, 1991, the Department of Human  
17 Resources, Division of Medical Assistance, shall provide medical coverage for  
18 nutritional counselling, psycho-social counselling, and predelivery and post partum  
19 home visits by maternity care coordinators and public health nurses, for Medicaid-  
20 eligible pregnant women.

21 (b) Of the funds appropriated in this Title to the Department of Human  
22 Resources, Division of Medical Assistance, the sum of \$356,648 for the 1991-92 fiscal  
23 year and the sum of \$499,310 for the 1992-93 fiscal year shall be used to provide the  
24 State share of the increased coverage for services mandated by this section.

25

26 Requested by: Senator Richardson

27 —DOMICILIARY RATE INCREASE/EXPANSION

28 Sec. 204. Section 133 of Title 1 of this act reads as rewritten:

29 "—DOMICILIARY RATE INCREASE

30 Sec. 133. Effective July 1, 1991, the maximum monthly rate for ambulatory  
31 residents in domiciliary care facilities shall be ~~\$766.00~~ \$832.00 and the maximum  
32 monthly rate for semiambulatory residents shall be ~~\$803.00~~ \$871.00. Effective July 1,  
33 1992, the maximum monthly rates for ambulatory residents shall be increased to  
34 ~~\$777.00~~ \$843.00 and for semiambulatory residents to ~~\$814.00~~ \$882.00."

35

36 Requested by: Senator Richardson

37 —WILLIE M. SECURE TREATMENT FACILITY AUTHORIZATION

38 Sec. 205. G.S. 122C-181(a) reads as rewritten:

39 "(a) Except as provided in subsection (b) of this section, the Secretary shall  
40 operate the following facilities:

41

(1) For the mentally ill:

42

a. Cherry Hospital;

43

b. Dorothea Dix Hospital;

44

c. John Umstead Hospital; and

- 1 d. Broughton Hospital; and  
 2 (2) For the mentally retarded:  
 3 a. Caswell Center;  
 4 b. O'Berry Center;  
 5 c. Murdoch Center;  
 6 d. Western Carolina Center; and  
 7 e. Black Mountain Center; and  
 8 (3) For substance abusers:  
 9 a. Walter B. Jones Alcohol and Drug Abuse Treatment Center at  
 10 Greenville;  
 11 b. Alcohol and Drug Abuse Treatment Center at Butner; and  
 12 c. Alcohol and Drug Abuse Treatment Center at Black Mountain;  
 13 and  
 14 (4) As special care facilities:  
 15 a. Wilson Special Care Center;  
 16 b. Whitaker School; ~~and~~  
 17 c. ~~Wright School.~~ School; and  
 18 d. Butner Adolescent Treatment Center."  
 19

20 Requested by: Senator Royall

21 —MENTAL HEALTH, DEVELOPMENTAL DISABILITIES, AND SUBSTANCE  
 22 ABUSE SERVICES FUNDS

23 Sec. 206. (a) Of the funds appropriated in this Title to the Department of  
 24 Human Resources, Division of Mental Health, Developmental Disabilities, and  
 25 Substance Abuse Services, \$6,000,000 for the 1991-92 fiscal year and \$6,000,000 for  
 26 the 1992-93 fiscal year shall be expended in accordance with the Mental Health Study  
 27 Commission Plans adopted by the General Assembly, in the following amounts:

- 28 (1) Services for the mentally ill \$1,730,000  
 29 (2) Services for the developmentally  
 30 disabled \$1,960,000  
 31 (3) Services for substance abusers \$2,310,000

32 (b) Of the funds allocated in subsection (a) of this section for Services for the  
 33 developmentally disabled, \$230,000 shall be transferred in the 1991-92 fiscal year and  
 34 \$230,000 in the 1992-93 fiscal year to the Department of Environment, Health, and  
 35 Natural Resources, Division of Maternal and Child Health, for the United Cerebral  
 36 Palsy therapeutic preschools.  
 37

38 Requested by: Senators Basnight, Plyler

39 —CHILD SUPPORT FUNDS

40 Sec. 207. (a) Notwithstanding G.S. 114-2.1, the State may enter into a  
 41 consent judgment in the case of Cassell, et al. v. Flaherty, et al., C-C-90-0010-M,  
 42 United States District Court for the Western District of North Carolina, Charlotte  
 43 Division.

1 (b) The consent judgment authorized under subsection (a) of this section is  
2 subject to G.S. 114-2.2.

3 (c) In the event a consent agreement is reached, funds appropriated to enable  
4 the Child Support Enforcement Section, Division of Social Services, Department of  
5 Human Resources to distribute child support collections based upon the date the  
6 payment is withheld from an obligor's disposable income may be used to implement that  
7 consent judgment. Implementation costs may include:

8 (1) Quarterly notices to clients;

9 (2) Toll-free telephone number;

10 (3) Four Account Technician II positions;

11 (4) System enhancements; and

12 (5) Court-ordered costs.

13 (d) The Office of State Budget and Management and the Department of  
14 Human Resources shall provide quarterly reports on expenditures authorized under this  
15 section to the Joint Legislative Commission on Governmental Operations and to the  
16 Fiscal Research Division.

17 (e) The Office of State Budget and Management and the Department of  
18 Human Resources shall report annually on expenditures and progress in achieving  
19 necessary improvements in the distribution of child support collection. Reports shall be  
20 submitted to the Governor, the Joint Legislative Commission on Governmental  
21 Operations, and the Fiscal Research Division not later than May 1, 1992, and annually  
22 thereafter.

23 (f) Funds appropriated to the Department of Human Resources in this Title  
24 for covering expenses incurred as a result of the Cassell, et al. v. Flaherty, et al. lawsuit  
25 shall be deposited in a nonreverting fund account in the Department of Human  
26 Resources, Division of Social Services, that the Department shall establish for this  
27 purpose. Any unexpended and unencumbered funds remaining in the nonreverting  
28 account on July 1, 1995, shall revert to the General Fund on that date. If the State has  
29 not entered into a consent judgment as authorized under this section by September 1,  
30 1991, then this section shall expire on September 1, 1991, and all funds appropriated in  
31 this act for this purpose shall revert to the General Fund.

32  
33 Requested by: Senators Plyler, Walker

34 ---HIGHWAY VENDING PROFITS/MEDICAL EYE CARE

35 Sec. 208. G.S. 111-43 reads as rewritten:

36 "**§ 111-43. Installation of coin-operated vending machines.**

37 In locations where the Department determines that a vending facility may not be  
38 operated or should not continue to operate due to insufficient revenues, the Department  
39 shall have the first opportunity to secure, by negotiation of a contract with one or more  
40 licensed commercial vendors, coin-operated vending machines for the location. Profits  
41 from coin-operated vending machines secured by the Department shall be used by the  
42 Department for the support of vending facilities operated by the visually ~~handicapped.~~  
43 handicapped, except for up to \$300,000 of the highway vending profits each fiscal year

1 that may be used to support the Medical Eye Care Program and to provide needed  
2 technological equipment and related activities within the Division."

3  
4  
5 PART 40.—DEPARTMENT OF ECONOMIC AND COMMUNITY  
6 DEVELOPMENT

7  
8 Requested by: Senator Basnight

9 —VISITOR AND WELCOME CENTER FUNDS

10 Sec. 209. (a) Before any other transfers are made pursuant to G.S. 20-81.3(c) or  
11 (g), the Secretary of Transportation shall allocate and reserve from the "Personalized  
12 Registration Plate Fund" \$50,000 for the 1991-92 fiscal year and \$150,000 for the 1992-  
13 93 fiscal year for personnel to staff Visitor and Welcome Centers as follows:

- 14 (1) \$50,000 for the 1991-92 fiscal year and \$50,000 for the 1992-93 fiscal  
15 year for the Visitor and Welcome Center on U.S. Highway 17 in  
16 Camden County, to be administered by the Albemarle Regional  
17 Planning and Development Office in the Town of Hertford;
- 18 (2) \$50,000 for the 1992-93 fiscal year for the Visitor and Welcome  
19 Center on U.S. Highway 441 in Macon County, to be administered by  
20 a State chartered nonprofit organization or local government agency  
21 under contract with the Department of Transportation; and
- 22 (3) \$50,000 for the 1992-93 fiscal year for the Visitor and Welcome  
23 Center on U.S. Highway 17 South in Brunswick County, to be  
24 administered by the Region O Council of Governments.

25 (b) This section expires June 30, 1993.

26  
27 Requested by: Senator Martin of Pitt

28 —PETROLEUM OVERCHARGE FUNDS ALLOCATION

29 Sec. 210. (a) The funds and interest thereon received from the case of United  
30 States v. Exxon are deposited in the Special Reserve for Oil Overcharge Funds. There  
31 is appropriated from the Special Reserve to the Department of Economic and  
32 Community Development the sum of \$10,900,000 for the 1991-92 fiscal year and the  
33 sum of \$6,001,511 for the 1992-93 fiscal year to be allocated as follows:

- 34 (1) \$2,200,000 for the 1991-92 fiscal year and \$1,200,302 for the 1992-93  
35 fiscal year shall be used for projects under the State Energy  
36 Conservation Plan and Energy Extension Service Program:
- 37 (2) \$2,500,000 for the 1991-92 fiscal year and \$1,380,348 for the 1992-93  
38 fiscal year shall be used for energy conservation programs for  
39 hospitals and schools:
- 40 (3) \$3,200,000 for the 1991-92 fiscal year and \$1,740,438 for the 1992-93  
41 fiscal year shall be used for the Low Income Weatherization Program:
- 42 (4) \$3,000,000 for the 1991-92 fiscal year and \$1,680,423 for the 1992-93  
43 fiscal year shall be used for the Low Income Home Energy Assistance  
44 Program (LIHEAP).



1 (b) There is appropriated from the funds and interest thereon received from the  
2 United States Department of Energy's Stripper Well Litigation (MDL378) which remain  
3 in the Special Reserve for Oil Overcharge Funds to the Department of Economic and  
4 Community Development the sum of \$4,898,489 for the 1992-93 fiscal year to be  
5 allocated as follows:

- 6 (1) \$999,698 shall be used for projects under the State Energy  
7 Conservation Plan and Energy Extension Service Program;
- 8 (2) \$1,119,652 shall be used for energy conservation programs for  
9 hospitals and schools;
- 10 (3) \$1,459,562 shall be used for the Low Income Weatherization Program;  
11 and
- 12 (4) \$1,319,577 shall be used for the Low Income Home Energy Assistance  
13 Program (LIHEAP).

14 (c) Any funds remaining in the Special Reserve for Oil Overcharge Funds after  
15 the allocations made pursuant to subsections (a) and (b) of this section may be expended  
16 only as authorized by the General Assembly. All interest or income accruing from all  
17 deposits or investments of cash balances shall be credited to the Special Reserve for Oil  
18 Overcharge Funds.

19 (d) The funds and interest thereon received from the Diamond Shamrock  
20 Settlement which remain in a reserve in the Office of State Budget and Management for  
21 the Division of Energy to administer the petroleum overcharge funds pursuant to  
22 Section 112 of Chapter 830 of the 1987 Session Laws shall continue to be available to  
23 the Division of Energy in the Department of Economic and Community Development  
24 on an as-needed basis.

25 (e) The Department of Economic and Community Development shall submit  
26 comprehensive annual reports to the General Assembly by May 15, 1992, and January  
27 31, 1993, which detail the use of all petroleum overcharge funds. Any State department  
28 or agency that has received petroleum overcharge funds shall provide all information  
29 requested by the Department of Economic and Community Development for the  
30 purpose of preparing these reports.

31  
32  
33 PART 41.—DEPARTMENT OF ENVIRONMENT, HEALTH, AND NATURAL  
34 RESOURCES

35  
36 Requested by: Senator Martin of Pitt  
37 —EHNR USE OF FEES

38 Sec. 211. (a) If the revenues received pursuant to G.S. 113A-119.1 exceed the  
39 amount in anticipated revenues from this source for the 1991-92 fiscal year or for the  
40 1992-93 fiscal year, then the Department of Environment, Health, and Natural  
41 Resources may use up to \$30,000 of this revenue for the 1991-92 fiscal year and up to  
42 \$50,000 of this revenue for the 1992-93 fiscal year for permitting, education, and  
43 compliance activities, including salaries and necessary support, in the Division of

1 Coastal Management. These funds are in addition to any other funds appropriated for  
2 this purpose.

3 (b) If the revenues received pursuant to G.S. 113A-54.2 exceed the amount in  
4 anticipated revenues from this source for the 1991-92 fiscal year for the 1992-93 fiscal  
5 year, then the Department of Environment, Health, and Natural Resources may use up  
6 to \$140,000 of this revenue for the 1991-92 fiscal year and up to \$160,000 of this  
7 revenue for the 1992-93 fiscal year for education, erosion control plan approval, and  
8 compliance activities in the Sedimentation Control Program, including salaries and  
9 necessary support, in the Division of Land Resources. These funds are in addition to  
10 any other funds appropriated for this purpose.

11 (c) If the revenues received pursuant to G.S. 143-215.28A exceed the amount in  
12 anticipated revenues from this source for the 1991-92 fiscal year or for the 1992-93  
13 fiscal year, then the Department of Environment, Health, and Natural Resources may  
14 use up to \$20,000 of this revenue for the 1991-92 fiscal year and up to \$20,000 of this  
15 revenue for the 1992-93 fiscal year for permitting, education, and compliance activities  
16 in the Dam Safety Program, including salaries and necessary support, in the Division of  
17 Land Resources. These funds are in addition to any other funds appropriated for this  
18 purpose.

19 (d) If the revenues received pursuant to G.S. 143B-290 exceed the amount in  
20 anticipated revenues from this source for the 1991-92 fiscal year or for the 1992-93  
21 fiscal year, then the Department of Environment, Health, and Natural Resources may  
22 use up to \$40,000 of this revenue for the 1991-92 fiscal year and up to \$70,000 of this  
23 revenue for the 1992-93 fiscal year for permitting, education, and compliance activities  
24 in the Mining Program, including salaries and necessary support, in the Division of  
25 Land Resources. These funds are in addition to any other funds appropriated for this  
26 purpose.

27

28 Requested by: Senator Martin of Pitt

29 ---COMMUNITY WATER SYSTEMS PERMIT FEES

30 Sec. 212. If Senate Bill 449, 1991 Session, is ratified, then there is  
31 appropriated from the General Fund to the Department of Environment, Health, and  
32 Natural Resources the sum of \$258,938 for the 1991-92 fiscal year and the sum of  
33 \$621,450 for the 1992-93 fiscal year to support the public water systems program;  
34 provided, however, if the revenues raised from Senate Bill 449, 1991 Session, as  
35 ratified, are less than \$258,938 for the 1991-92 fiscal year or are less than \$621,450 for  
36 the 1992-93 fiscal year, then the appropriation is reduced accordingly.

37

38 Requested by: Senator Martin of Pitt

39 ---HAZARDOUS WASTE INSPECTORS

40 Sec. 213. As industry is permitted that is subject to G.S. 130A-295.02  
41 requiring the establishment of resident inspectors, the Department of Environment,  
42 Health, and Natural Resources may request through the Office of State Budget and  
43 Management the authorization to establish new positions and support costs necessary to

1 comply with G.S. 130A-295.02. The Department shall report these positions as a  
2 continuation item in its next biennial budget request.

3  
4 Requested by: Senator Martin of Pitt

5 ---CLEAN AIR ACT PERMIT FEES

6 Sec. 214. If House Bill 551, 1991 Session, is ratified, then there is  
7 appropriated from the Title V nonreverting account established in G.S. 143-215.3A, as  
8 written in House Bill 551, 1991 Session, to the Department of Environment, Health, and  
9 Natural Resources the sum of \$999,855 for the 1991-92 fiscal year and the sum of  
10 \$3,992,390 for the 1992-93 fiscal year to be used for the development \*and  
11 implementation of the Title V program in accordance with G.S. 143-215.3A, as enacted  
12 by House Bill 551, 1991 Session; provided, however, if the revenues raised from House  
13 Bill 551, 1991 Session, as ratified, are less than \$999,855 for the 1991-92 fiscal year or  
14 are less than \$3,992,390 for the 1992-93 fiscal year, then the appropriation is reduced  
15 accordingly.

16  
17 Requested by: Senator Tally

18 ---LAKE RIM FISH HATCHERY REPAIRS

19 Sec. 215. The Wildlife Resources Commission may use no more than  
20 \$390,297 for the 1991-92 fiscal year to repair the dam at the Lake Rim Fish Hatchery in  
21 Cumberland County.

22  
23 Requested by: Senator Basnight

24 ---COASTAL BOATING GUIDE

25 Sec. 216. The Wildlife Resources Commission shall use funds available to it  
26 for the 1991-92 fiscal year to publish and distribute the North Carolina Coastal Boating  
27 Guide.

28  
29 Requested by: Senator Martin of Pitt

30 ---ASBESTOSIS/SILICOSIS EXAMS FEES

31 Sec. 217. If Senate Bill 359, 1991 Session, is ratified, then there is  
32 appropriated from the General Fund to the Department of Environment, Health, and  
33 Natural Resources the sum of \$112,124 for the 1991-92 fiscal year and the sum of  
34 \$119,479 for the 1992-93 fiscal year for defraying the cost of examinations for  
35 screening for asbestosis or silicosis conducted by the Department; provided, however, if  
36 the revenues raised from Senate Bill 359, 1991 Session, as ratified, are less than  
37 \$112,124 for the 1991-92 fiscal year or are less than \$119,479 for the 1992-93 fiscal  
38 year, then the appropriation is reduced accordingly.

39  
40 Requested by: Senator Martin of Pitt

41 ---VITAL RECORDS FEES

42 Sec. 218. If Senate Bill 341, 1991 Session, is ratified, then there is  
43 appropriated from the Vital Records Automation Fund established under G.S. 130A-  
44 93.1 as written in Senate Bill 341, to the Department of Environment, Health, and

1 Natural Resources the sum of \$800,000 for the 1991-92 fiscal year and the sum of  
2 \$800,000 for the 1992-93 fiscal year for defraying the cost of automating the vital  
3 records system; provided, however, if the revenues raised from Senate Bill 341, 1991  
4 Session, as ratified, are less than \$800,000 for the 1991-92 fiscal year or are less than  
5 \$800,000 for the 1992-93 fiscal year, then the appropriation is reduced accordingly.

6  
7 Requested by: Senators Royall, Plyler

8 —MILK SANITATION FUNDS

9 Sec. 218.1 Of the funds appropriated to the Department of Environment,  
10 Health, and Natural Resources in this Title, \$210,000 for the 1991-92 fiscal year shall  
11 be sued for the Milk Sanitation Inspection Program.

### 12 13 **TITLE III. - CAPITAL IMPROVEMENTS**

14  
15 Sec. 219. The appropriations made by the 1991 General Assembly for capital  
16 improvements are for constructing, repairing, or renovating State buildings, utilities, and  
17 other capital facilities, for acquiring sites for them where necessary, and for acquiring  
18 buildings and land for State government purposes.

#### 19 20 21 **PART 42.—PROCEDURES FOR DISBURSEMENTS**

22  
23 Sec. 220. The appropriations made by the 1991 General Assembly for capital  
24 improvements shall be disbursed for the purposes provided by this act. Expenditure of  
25 funds shall not be made by any State department, institution, or agency, until an  
26 allotment has been approved by the Governor as Director of the Budget. The allotment  
27 shall be approved only after full compliance with the Executive Budget Act, Article 1 of  
28 Chapter 143 of the General Statutes. Prior to the award of construction contracts for  
29 projects to be financed in whole or in part with self-liquidating appropriations, the  
30 Director of the Budget shall approve the elements of the method of financing of those  
31 projects including the source of funds, interest rate, and liquidation period. Provided,  
32 however, that if the Director of the Budget approves the method of financing a project,  
33 he shall report that action to the Joint Legislative Commission on Governmental  
34 Operations at its next meeting.

35 Where direct capital improvement appropriations include the purpose of  
36 furnishing fixed and movable equipment for any project, those funds for equipment  
37 shall not be subject to transfer into construction accounts except as authorized by the  
38 Director of the Budget. The expenditure of funds for fixed and movable equipment and  
39 furnishings shall be reviewed and approved by the Director of the Budget prior to  
40 commitment of funds.

41 Capital improvement projects authorized by the 1991 General Assembly shall  
42 be completed, including fixed and movable equipment and furnishings, within the limits  
43 of the amounts of the direct or self-liquidating appropriations provided, except as  
44 otherwise provided in this act.

1  
2  
3 PART 43.—CAPITAL IMPROVEMENTS/GENERAL FUND  
4

5           Sec. 221. Allocations are made from The State Capital Facilities Legislative  
6 Bond Fund of 1991 for the 1991-92 fiscal year to provide for capital improvement  
7 projects according to the following schedule:  
8

9 State Capital Facilities Legislative

10 Bond Fund of 1991

1991-92

11 Department of Administration

- 12     1.     New Central Heat Plant (restores  
13           1990-91 funds) \$ 6,594,500  
14

15 Department of Human Resources

- 16     1.     Murdoch Center - Parkview Cottage  
17           Renovation (restores 1990-91 funds) 1,400,000  
18  
19     2.     John Umstead Hospital - Alum  
20           Sludge Treatment Facility     1,100,000  
21  
22     3.     Black Mountain Center - Renovations  
23           (restores previously appropriated funds)     1,300,000  
24

25 Department of Crime Control and Public Safety

- 26     1.     Replace Underground Storage Tanks  
27           to comply with EPA requirements  
28           (National Guard)92,000  
29  
30     2.     Goldsboro Armory -  
31           Total Requirements     2,800,800  
32           Federal Funds     2,057,300  
33           Local Funds     371,750  
34           State Appropriation     371,750  
35  
36     3.     Clinton Armory -  
37           Total Requirements     2,608,500  
38           Federal Funds     1,884,200  
39           Local Funds     362,150  
40           State Appropriation     362,150  
41

42 Department of Environment, Health, and

43     Natural Resources

- 44     1.     Clean Water Revolving Loan

1 Grant Program 6,600,000

2  
3 Office of State Budget

4 1. Reserve for Repairs and Renovations 27,179,600

5  
6 GRAND TOTAL/GENERAL FUND \$  
7 45,000,000

8  
9 This section is effective only if Senate Bill 930, 1991 Session, is ratified.

10  
11 Sec. 221.1. Allocations made in Section 221 of this Title to the Department  
12 of Crime Control and Public Safety for the Armory at Goldsboro and the Armory at  
13 Clinton are contingent upon federal matching funds being available.

14  
15  
16 PART 44.—CAPITAL IMPROVEMENTS/HIGHWAY FUND

17  
18 Sec. 222. Appropriations are made from the Highway Fund for the 1991-92  
19 fiscal year and the 1992-93 fiscal year for use of the Department of Transportation to  
20 provide for capital improvement projects according to the following schedule:

21  
22 **DIVISION OF HIGHWAYS**

23  
24 1991-92 1992-93

- 25  
26 01. Bridge Maintenance Office Complex  
27 Supplemental - Brunswick County \$ 224,000 \$ -  
28  
29 02. Equipment Shop - Carthage - 2,247,000  
30  
31 03. Bridge Maintenance Complex -  
32 Wadesboro 26,000 439,000  
33  
34 04. Gas Pump Canopies - Statewide 398,000 311,000  
35  
36 05. Fencing - Statewide 171,000 -  
37  
38 06. Land Acquisition - Siler City 54,000 -  
39  
40 07. Land Acquisition/Maintenance  
41 Yard - Halifax 13,000 -  
42  
43 08. Land Acquisition/Maintenance  
44 Yard - Trenton 27,000 -

- 1  
2 09. Water and Sewer Connections  
3 - Statewide 308,000 -  
4  
5 09A. Water and Sewer Lines to the  
6 Department of Transportation  
7 facility in Greene County 400,000 -  
8  
9 10. Division Office Complex Phase  
10 II - Fayetteville - 1,688,000  
11  
12 11. Division Office Addition  
13 - Greensboro  
14 Requirements 589,000  
15 Less Receipts (Sale of Land) -589,000  
16 Appropriation - -  
17  
18 12. Landscape Office, Warehouse  
19 and Truck Shed - Asheville  
20 Requirements 472,000  
21 Less Receipts (Sale of Land) -472,000  
22 Appropriation - -  
23  
24 13. Salt Storage Buildings  
25 - Statewide 405,000 67,000  
26  
27 14. Equipment Shop - Mocksville 511,000 -  
28  
29 15. District Office Building  
30 - Albemarle 49,000 247,000  
31  
32 16. Division of Highways/Division  
33 of Motor Vehicles Office  
34 Complex - Graham 67,000 -  
35  
36 17. Sign Shop - Union County - 725,000  
37  
38 18. Design Equipment Shop - Meadows - 41,000  
39  
40 19. Design Equipment Shop - Spindale - 24,000  
41  
42 20. Design Equipment Shop - Washington - 40,000  
43  
44 21. Design Equipment Shop - Wentworth - 44,000

1			
2	22.	Bridge Maintenance Warehouse/Shed	
3		- Union County - 81,000	
4			
5	23.	Design Sign Shop - Carthage - 33,000	
6			
7	24.	Design Resident Engineer Office	
8		- Marion - 18,000	
9			
10	25.	Design Equipment Shop - Kinston - 43,000	
11			
12	TOTAL DIVISION OF HIGHWAYS		\$2,653,000 \$6,048,000
13			

### DIVISION OF MOTOR VEHICLES

1991-92 1992-93

14			
15			
16			
17			
18			
19	01.	Upgrade Electrical Power,	
20		Communication and Computer	
21		Circuits - Raleigh Division	
22		of Motor Vehicles Building	\$ 216,200 \$ -
23			
24	02.	Building Addition - Wilmington	221,900 -
25			
26	03.	Building Addition - Statesville	170,075 -
27			
28	04.	New Office Building - Asheville	635,100 -
29			
30	05.	Roof Replacement (7 Locations)	100,500 -
31			
32	06.	Resurface Parking Lots	
33		(6 Locations)	107,500 -
34			
35	07.	Roof Replacement (7 Locations)	- 103,100
36			
37	08.	Resurface Parking Lots (6 Locations)	- 111,900
38			
39	09.	Building Addition - Goldsboro	- 167,630
40			
41	10.	Building Addition - Whiteville	- 164,770
42			
43	11.	Building Addition - Hillsborough	- 179,200
44			



1	12.	Building Addition - Kinston	- 179,200	
2				
3	13.	Building Addition - Jacksonville	- 174,800	
4				
5				
6		TOTAL DIVISION OF MOTOR VEHICLES		\$1,451,275 \$1,080,600
7				
8		CRIME CONTROL AND PUBLIC SAFETY		
9				
10	01.	State Highway Patrol - Troop H		
11		Headquarters - New Building	\$ 190,000	\$1,348,900
12	02.	SHP-Replacement and Upgrade of		
13		State Highway Patrol Fuel		
14		Facilities	424,700	429,600
15				
16				
17		TOTAL CRIME CONTROL AND		
18		PUBLIC SAFETY		\$614,700 \$1,778,500
19				
20		GRAND TOTAL HIGHWAY FUND		\$4,718,975 \$8,907,100

21  
22  
23 PART 45.—SPECIAL PROVISIONS

24  
25 Requested by: Senators Basnight, Plyler

26 —STATE OFFICE AND LEGISLATIVE BUILDING ALTERATIONS

27 Sec. 223. Renovations, repairs, alterations, or other modifications to the State  
28 office building on the northwest corner of Wilmington and Lane Streets, commonly  
29 known as the New Education Building, and to its grounds necessitated by the occupancy  
30 of that building by members and staff of the General Assembly, and renovations,  
31 repairs, alterations, or other modifications to the Legislative Building and its grounds,  
32 including the mall between the Legislative Building and the New Education Building,  
33 shall be paid for out of funds appropriated for the 1991-92 fiscal year to the Reserve for  
34 Repairs and Renovations in the Office of State Budget and Management.

35  
36 Requested by: Senators Basnight, Plyler

37 —PRISON BOND APPROPRIATIONS

38 Sec. 224. (a) **General Purposes.** The appropriations hereby made by the 1991  
39 General Assembly for capital improvements from the proceeds of the \$200,000,000  
40 State of North Carolina Prison and Youth Services Facilities Bonds authorized by  
41 Chapter 935 of the 1989 Session Laws (the "bond act" ) and approved by the qualified  
42 voters of the State who voted thereon on November 6, 1990, as said bonds may be  
43 issued from time to time (the "bonds" ), are for the purposes of financing the cost of  
44 \$120,000,000 of State prison facilities and youth services facilities, including, without

1 limitation, the cost of constructing capital facilities, renovating or reconstructing  
 2 existing facilities, acquiring equipment related thereto, purchasing land, paying costs of  
 3 issuance of bonds and notes and paying contractual services necessary for the partial  
 4 implementation of the purposes of the bond act, all as defined in and authorized by the  
 5 bond act and as more particularly described in this section.

6 The particular projects within the purposes under the bond act to be financed  
 7 by the \$80,000,000 balance of the \$200,000,000 bond authorization may, as authorized  
 8 by the bond act, be determined by legislative action of the General Assembly during the  
 9 1991 Session or any subsequent session.

10 (b) **Appropriation Procedures.** The appropriations hereby made by the 1991  
 11 General Assembly for the purposes under the bond act shall be disbursed for the  
 12 particular projects authorized by this section. Expenditure of funds shall not be made  
 13 by any State department, institution or agency, until an allotment has been approved by  
 14 the Governor as Director of the Budget. The allotment shall be approved only after full  
 15 compliance with the Executive Budget Act, Article 1 of Chapter 143 of the General  
 16 Statutes.

17 Where direct capital improvement appropriations include furnishing fixed and  
 18 movable equipment for any project, funds for equipment shall not be subject to transfer  
 19 into construction accounts except as authorized by the Director of the Budget. The  
 20 expenditure of funds for fixed and movable equipment and furnishings shall be  
 21 reviewed and approved by the Director of the Budget prior to commitment of funds.

22 Capital improvement projects authorized by this section shall be completed,  
 23 including fixed and movable equipment and furnishings, within the limits of the  
 24 amounts of the appropriations provided, except as otherwise provided in this section.

25 (c) **Descriptions, Custodial Levels, Beds, Projected Allocations.**  
 26 Appropriations are made from bond proceeds for use by the Departments of Correction  
 27 and Human Resources to provide for capital improvement projects as herein provided.

28 The proceeds of bonds and notes shall be expended for paying the cost, as  
 29 defined in the bond act, of prison and youth services facilities, to the extent and as  
 30 provided in this section and subject to change as herein provided, for the following  
 31 projects:

32  
 33 DEPARTMENT OF CORRECTION

35 <u>Project Description</u>	35 <u>Custodial</u>	35 <u>Beds</u>
36 <u>Level</u>		
37 Nash Correctional Institution	Med	128
38 Marion Correctional Center	Med	906
39 Cherry Correctional Center	Min	500
40 Central Prison	Close	144
41 Pasquotank Youth Institution	Med	440
42 Robeson Correctional Center	Min	100
43 NCCIW	Close/Med	256
44 NCCIW - DART and Repairs	Med	52

1	and Renovations		
2	Lumberton Correctional Center	Med	312
3	Eastern Youth Center	Min	300
4	Fountain Correctional Center	Min	100
5	Greene Correctional Center	Min	200
6	Hyde Correctional Center	Med	312
7	Brown Creek Sewing Plant		
8	Pender Furniture Refurbishing		
9	Facility		
10	Columbus Sewing Facility		
11	Caswell Sewing and Tailoring		
12	Equipment		
13	Harnett Dining Hall		
14	Subtotal	3,750	\$105,693,163
15			
16	Contingencies		
17			
18	<u>.187,147</u>		
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5

\$110,880,310

The Eastern Youth Center shall be located in Craven County, provided the county provides a suitable site.

#### DEPARTMENT OF HUMAN RESOURCES-DIVISION OF YOUTH SERVICES

26	7 Secure/nonsecure group homes		
27	9 beds added to Pitt Detention Ctr.		
28	Renovate unused dorms & upgrade		
29	to meet American Correctional		
30	Association Standards		
31	Dillon secure unit, counseling		
32	space, & fencing at 5 facilities		
33	Conversion of dorms to individual		
34	rooms		
35	Increase number of transition		
36	beds - step down & independent		
37	living for Training Schools		
38			\$9,119,690
39			

(d) **Increases in Projected Allocations.** Projected allocations set forth above may be increased to reflect the availability of other funds, including, without limitation, contingency funds, income earned on the investment of bond and note proceeds, funds provided by the issuance of bonds under the remaining \$80,000,000 authorization, and the proceeds of any grants.

1 (e) **Contingency Funds.** The amount allocated for contingencies set forth  
2 above shall be placed by the State Treasurer in a special account in the State Prison and  
3 Youth Services Facilities Bond Fund to be designated the "State Prison and Youth  
4 Services Facilities Contingency Account." The funds in the State Prison and Youth  
5 Services Facilities Contingency Account shall be disbursed in accordance with the  
6 procedures herein established for disbursements from the State Prison and Youth  
7 Services Facilities Bond Fund. The funds in the State Prison and Youth Services  
8 Facilities Contingency Account shall be expended for paying the cost of projects,  
9 including, without limitation, the costs of issuance of bonds and notes, increased project  
10 costs resulting from construction costs exceeding projected costs, inflationary factors  
11 and changes in projects and allocations. Any balance in the State Prison and Youth  
12 Services Facilities Contingency Account may be used for the particular projects to be  
13 financed by the issuance of bonds under the remaining \$80,000,000 authorization.

14 (f) **Administration.** With respect to facilities authorized for the Department  
15 of Correction, the Office of State Budget and Management may contract for and  
16 supervise all aspects of administration, technical assistance, design, construction or  
17 demolition of prison facilities in order to implement the providing of prison facilities  
18 under the provisions of this act without being subject to the requirements of the  
19 following statutes and rules implementing those statutes: G.S. 143-135.26(1), 143-128,  
20 143-129, 143-131, 143-132, 143-134, 143-135.26, 143-64.10 through 143-64.13, 113A-  
21 1 through 113A-10, 113A-50 through 113A-66, 133-1.1(b), 133-1.1(g), and 143-408.1;  
22 provided, however, of the funds allocated under the provisions of this act for the  
23 construction of prison facilities, the Office of State Budget and Management shall have  
24 a verifiable ten percent (10%) goal for participation by minority and women-owned  
25 businesses. All contracts for the design, construction, or demolition of prison facilities  
26 shall include a penalty for failure to complete the work by a specified date.

27 The proposals for prison facilities authorized in this section shall be invited  
28 by advertisement in newspapers having general circulation in the State. The form of  
29 advertisement shall be prepared in the form of Section 301 of the State Construction  
30 Manual of the Department of Administration, and shall be published in one issue of the  
31 newspaper. A minimum of at least seven full days shall lapse between the date of  
32 publication and the date of the opening of bids. Initiation of the advertisement shall be  
33 by the Office of State Budget and Management.

34 The Office of State Budget and Management shall consider alternative  
35 delivery systems that could expedite the delivery of prison facilities. Such delivery  
36 systems as design-build, using modular or conventional building systems, shall be  
37 considered. However, in order for such alternatives to be used, the Department of  
38 Correction must approve the proposed design for operational programming and cost of  
39 operations and maintenance.

40 (g) **Changes.** To the extent that funds are not required to be expended for  
41 the specific projects described in this section, appropriations authorized herein may be  
42 used to construct, reconstruct or renovate prison industrial and forestry enterprises  
43 facilities, as mentioned in G.S. 148-2, at prison facilities statewide, as replacement  
44 projects, but no such funds may be used for operating expenditures. Prior to taking any

1 action under subsection (g), the Governor may consult with the Advisory Budget  
2 Commission. In considering taking any action under subsection (g) in respect to funds  
3 not required to be expended for specific projects described in this act, the Governor may  
4 consider the particular projects to be financed by the issuance of bonds under the  
5 remaining \$80,000,000 bond authorization and may use any such funds for the cost of  
6 any such particular projects to be financed.

7 (h) **Quarterly Reports.** The Office of State Budget and Management in  
8 respect to prison facilities and the Department of Human Resources in respect to youth  
9 services facilities shall provide quarterly reports to the Chairman of the Appropriations  
10 Committee and the Base Budget Committee in the Senate, the Chairman of the  
11 Appropriations Committee in the House, the Joint Legislative Commission on  
12 Governmental Operations, and the Fiscal Research Division as to any changes in  
13 projects and allocations made under this section.

14  
15 Requested by: Senators Basnight, Plyler

16 ---RESERVE FOR ADMINISTRATION AND OPERATION OF NEW UNITS

17 Sec. 225. Of the funds appropriated from the General Fund to the  
18 Department of Correction for the 1992-93 fiscal year in Title II of this act, a reserve of  
19 \$10,246,368 shall be used to administer and operate the new prison units being  
20 constructed with the bond proceeds appropriated in this Title. The positions shall not  
21 become effective more than 90 days prior to the completion date of the facilities with  
22 the exception of Department of Correction administrative staff, Division of Prisons  
23 administrative staff, superintendents, assistant superintendents, administrative services  
24 managers, plant maintenance supervisors, and secretaries at the Marion Correctional  
25 Institution, Cherry Correctional Center, Pasquotank Youth Institution, Lumberton  
26 Correctional Center, Hyde Correctional Center, Greene Correctional Center, and  
27 Eastern Youth Center.

28  
29 Requested by: Senators Basnight, Plyler

30 ---PITT COUNTY DETENTION CENTER ADDITION/RESERVE FUND

31 Sec. 226. Of the funds appropriated to the Department of Human Resources  
32 for the 1992-93 fiscal year in Title II of this act, a reserve of \$60,000 shall be used to  
33 administer and operate the addition to the Pitt County Detention Center being  
34 constructed with the bond proceeds appropriated in this Title.

35  
36 Requested by: Senator Soles

37 ---WATER LINES/COLUMBUS COUNTY NEW HIGH SCHOOL

38 Sec. 226.1. The Director of the Budget shall use up to \$250,000 from interest  
39 accumulated in the Clean Water Revolving Loan and Grant Program in the 1991-92  
40 fiscal year for increasing the size of water and sewer lines, and related pumping  
41 facilities, planned for extension to the new high school in Columbus County along  
42 highway 701 north of Tabor City.

43  
44 Requested by: Senators Basnight, Plyler

1 ---RESERVE FOR ADVANCE PLANNING

2           Sec. 227. The Office of State Budget and Management shall report to the  
3 Joint Legislative Commission on Governmental Operations and to the Fiscal Research  
4 Division on how it intends to spend funds from the Reserve for Advance Planning at  
5 least 45 days before it spends the funds.

6           The Office of State Budget and Management shall also report the results of  
7 any project on which it uses funds from the Reserve for Advance Planning to the Joint  
8 Legislative Commission on Governmental Operations and to the Fiscal Research  
9 Division.

10

11 Requested by: Senators Basnight, Plyler

12 ---ENCUMBERED APPROPRIATIONS AND PROJECT RESERVE FUND

13           Sec. 228. When each capital improvement project appropriated by the 1991  
14 General Assembly, other than those projects under the Board of Governors of The  
15 University of North Carolina, is placed under construction contract, direct  
16 appropriations shall be encumbered to include all costs for construction, design,  
17 investigation, administration, movable equipment, and a reasonable contingency.  
18 Unencumbered direct appropriations remaining in the project budget shall be placed in a  
19 project reserve fund credited to the Office of State Budget and Management. Funds in  
20 the project reserve may be used for emergency repair and renovation projects at State  
21 facilities with the approval of the Director of the Budget. The project reserve fund may  
22 be used, at the discretion of the Director of the Budget, to allow for award of contracts  
23 where bids exceed appropriated funds, if those projects supplemented were designed  
24 within the scope intended by the applicable appropriation or any authorized change in it,  
25 and if, in the opinion of the Director of the Budget, all means to award contracts within  
26 the appropriation were reasonably attempted. At the discretion of the Director of the  
27 Budget, any balances in the project reserve fund shall revert to the original source.

28

29 Requested by: Senators Basnight, Plyler

30 ---PROJECT COST INCREASE

31           Sec. 229. Upon the request of the administration of a State department or  
32 institution, the Director of the Budget may, when in his opinion it is in the best interest  
33 of the State to do so, increase the cost of a capital improvement project. Provided,  
34 however, that if the Director of the Budget increases the cost of a project, he shall report  
35 that action to the Joint Legislative Commission on Governmental Operations at its next  
36 meeting. The increase may be funded from gifts, federal or private grants, special fund  
37 receipts, excess patient receipts above those budgeted at University of North Carolina  
38 Hospitals at Chapel Hill, or direct capital improvement appropriations to that  
39 department or institution.

40

41 Requested by: Senators Basnight, Plyler

42 ---NEW PROJECT AUTHORIZATION

43           Sec. 230. Upon the request of the administration of any State department or  
44 institution, the Governor may authorize the construction of a capital improvement

1 project not specifically authorized by the General Assembly if such project is to be  
2 funded by gifts, federal or private grants, special fund receipts, excess patient receipts  
3 above those budgeted at University of North Carolina Hospitals at Chapel Hill, or self-  
4 liquidating indebtedness. Provided, however, that if the Director of the Budget  
5 authorizes the construction of such a capital improvement project, he shall report that  
6 action to the Joint Legislative Commission on Governmental Operations at its next  
7 meeting.

8

9 Requested by: Senators Basnight, Plyler

10 ---ADVANCE PLANNING OF CAPITAL IMPROVEMENT PROJECTS

11 Sec. 231. Funds which become available by gifts, excess patient receipts  
12 above those budgeted at University of North Carolina Hospitals at Chapel Hill, federal  
13 or private grants, receipts becoming a part of special funds by act of the General  
14 Assembly or any other funds available to a State department or institution may be  
15 utilized for advance planning through the working drawing phase of capital  
16 improvement projects, upon approval of the Director of the Budget. The Director of the  
17 Budget may make allocations from the Advance Planning Fund for advance planning  
18 through the working drawing phase of capital improvement projects, except that this  
19 revolving fund may not be utilized by the Board of Governors of The University of  
20 North Carolina or the State Board of Community Colleges.

21

22 Requested by: Senators Basnight, Plyler

23 ---APPROPRIATIONS LIMITS/REVERSION OR LAPSE

24 Sec. 232. Except as permitted in previous sections of this act, the  
25 appropriations for capital improvements made by the 1991 General Assembly may be  
26 expended only for specific projects set out by the 1991 General Assembly and for no  
27 other purpose. Construction of all capital improvement projects enumerated by the  
28 1991 General Assembly shall be commenced, or self-liquidating indebtedness with  
29 respect to them shall be incurred, within 12 months following the first day of the fiscal  
30 year in which the funds are available. If construction contracts on those projects have  
31 not been awarded or self-liquidating indebtedness has not been incurred within that  
32 period, the direct appropriation for those projects shall revert to the original source, and  
33 the self-liquidating appropriation shall lapse; except that direct appropriations may be  
34 placed in a reserve fund as authorized in this act. This deadline with respect to both  
35 direct and self-liquidating appropriations may be extended up to an additional 12  
36 months if circumstances and conditions warrant such extension.

37

38

39

**TITLE IV. - BUDGET REFORM**

40

41

42 PART 46.—BUDGET REFORM

43

1           Sec. 233. The Executive Budget Act, Article 1 of Chapter 143 of the General  
2 Statutes, is amended by adding the following new sections:

3 **"§ 143-2.1. Growth in General Fund expenditures limited.**

4       (a) The increase in the General Fund Operating Budget proposed by the  
5 Governor and the increase in the General Fund Operating Budget enacted by the  
6 General Assembly each fiscal year shall not be greater, in percentage terms when  
7 compared to the enacted General Fund Operating Budget for the immediately preceding  
8 fiscal year, than the average annual percentage increase in State personal income for the  
9 most recent five-year period for which State personal income data has been compiled by  
10 the United States Department of Commerce. For the purpose of this subsection, the  
11 General Fund Operating Budget includes any appropriations for local tax  
12 reimbursements and local tax-sharing. If the enacted budget for the immediately  
13 preceding fiscal year contains any appropriations for a period of less than the full fiscal  
14 year, the General Fund Operating Budget for that year shall be adjusted to reflect a full  
15 year of funding for the partial-year appropriations.

16       The recommended and enacted budget shall fully fund all positions.

17       (b) The Governor and the Fiscal Research Division of the General Assembly  
18 shall submit a tentative estimate of the General Fund revenue for the current fiscal year  
19 and the succeeding five fiscal years to the General Assembly no later than February 1 of  
20 each year. The estimate shall include a report on the average annual percentage  
21 increase in State personal income during the most recent five-year period. The  
22 Governor and the Fiscal Research Division shall submit a final estimate of the General  
23 Fund revenue for the current fiscal year and the succeeding five fiscal years and a final  
24 report on the average annual percentage increase in State personal income during the  
25 most recent five-year period to the General Assembly no later than May 1 of each year.

26 **"§ 143-2.2. Appropriation of General Fund credit balance.**

27       The General Assembly shall appropriate up to one-half of any credit balance  
28 remaining in the General Fund each fiscal year as provided in G.S. 143-2.3. If the  
29 General Assembly appropriates any anticipated credit balance remaining in the General  
30 Fund at the end of the fiscal year ending immediately prior to the beginning of the fiscal  
31 year covered by the budget, that part of the credit balance not appropriated to the  
32 Savings Reserve Account may be appropriated only for capital improvements or other  
33 one-time expenditures with a fiscal impact only in that fiscal year. Any unanticipated  
34 General Fund revenue shall be considered part of the General Fund credit balance and  
35 shall be appropriated as provided in this section.

36 **"§ 143-2.3. Savings Reserve Account.**

37       (a) There is established a Savings Reserve Account as a special account in the  
38 State treasury. Effective with the credit balance remaining in the General Fund at the  
39 end of the 1991-92 fiscal year, the General Assembly hereby appropriates to the Savings  
40 Reserve Account one-half of any General Fund credit balance at the end of each fiscal  
41 year ending immediately prior to the fiscal year covered by the budget. At the end of  
42 each fiscal year, the State Treasurer shall transfer the amount of revenue in the Savings  
43 Reserve Account that exceeds eight percent (8%) of the General Fund Operating Budget



1 for the fiscal year ending that June 30, including local government tax reimbursements  
2 and local government tax sharing funds, to the General Fund.

3 (b) The General Assembly may make appropriations out of the Savings Reserve  
4 Account. The Director of the Budget may transfer funds from the Savings Reserve  
5 Account to the General Fund if the Director of the Budget determines that (i) the  
6 aggregate revenues collected and available during a fiscal year are not sufficient to pay  
7 all of the appropriations for that fiscal year in full, pursuant to the provisions of G.S.  
8 143-25; or (ii) receipts during a fiscal year, when added to the General Fund credit  
9 balance at the beginning of the fiscal year, will not be sufficient to meet budgeted  
10 expenditures, pursuant to the provisions of Article III, Section 5(3) of the Constitution  
11 of North Carolina. If the Director of the Budget decides not to transfer the funds from  
12 the Savings Reserve Account as provided in this section, then the Director of the Budget  
13 shall administer the budget so as to prevent any overdraft or deficit as provided in G.S.  
14 143-25 and Article III, Section 5(3) of the Constitution.

15 **"§ 143-2.4. Annual budget.**

16 The Governor shall propose and the General Assembly shall enact a budget  
17 covering one fiscal year only, that being the fiscal year commencing on July 1 of the  
18 year of enactment of the bill. The General Assembly shall enact the General Fund  
19 Operating Budget by June 15 of the year immediately preceding the year for which the  
20 budget is being prepared. The General Assembly shall authorize and certify in the  
21 General Fund Operating Budget the anticipated revenues of the General Fund for the  
22 fiscal year addressed in the Budget."

23 Sec. 234. Effective June 30, 1993, statutory authority for all programs  
24 operated by the State and established on or before July 1, 1991, other than payment of  
25 debt service, expires and all authority for appropriating and expending funds by the  
26 State lapses. Statutory authority for each program established after July 1, 1991, expires  
27 five years after the program's effective date.

28 Sec. 235. Any fiscal analysis by the Governor, the Office of State Budget and  
29 Management, or the Fiscal Research Division of the General Fund budget outlook or  
30 proposed legislation affecting General Fund revenues or expenditures shall encompass  
31 the upcoming five-year period. In addition, legislation proposing to appropriate funds  
32 from the General Fund for capital expenditures shall contain an estimate of the annual  
33 operating and maintenance costs for the first 20 years of the life of the capital facility.

34 Sec. 236. Article 1 of Chapter 143 of the General Statutes is amended by  
35 adding a new section to read:

36 **"§ 143-10.3. Budget to include item for repair and renovation.**

37 The Office of State Budget and Management shall require each department, bureau,  
38 board, commission, institution, and agency to include in its budget requests a dollar  
39 amount for each square foot of building space it occupies to be placed in a reserve for  
40 repairs and renovations. The General Assembly shall set in each Capital Improvements  
41 Appropriations Act the dollar amount per square foot to be included in each budget  
42 request for the following fiscal year. The reserve for repairs and renovations shall be  
43 administered by the Office of State Budget and Management and allocated based on

1 repair and renovation priorities derived from the Facility Condition Assessment  
2 Program of the Office of State Construction."

3 Sec. 237. (a) G.S. 147-10.2 reads as rewritten:

4 **"§ 143-10.2. Limit on number of State employees.**

5 The total number of permanent State funded employees, ~~excluding~~ including  
6 employees in the State's public school system funded by way of State aid to local public  
7 school ~~units,~~ units and employees in the Department of Transportation funded by way of  
8 the Highway Fund or the Highway Trust Fund, shall not be increased by the end of any  
9 State fiscal year by a greater percentage than the percentage rate of the residential  
10 population growth for the State of North Carolina. The percentage rates shall be  
11 computed by the Office of State Budget and Management. The population growth shall  
12 be computed by averaging the rate of residential population growth in each of the  
13 preceding 10 fiscal years as stated in the annual estimates of residential population in  
14 North Carolina made by the United States Census Bureau. The growth rate of the  
15 number of employees shall be computed by averaging the rate of growth of State  
16 employees in each of the preceding 10 fiscal years as of July 1 of each fiscal year as  
17 stated in the State Budget."

18 (b) Section 17 of Chapter 799 of the 1989 Session Laws is repealed.

19 Sec. 238. (a) The Fiscal Trends Commission is created. The Commission shall  
20 review the long-term fiscal trends identified by the Economic Future Study Commission  
21 and analyze the impact of these and other trends on the State budget during the 1990s.  
22 The Commission's work shall include:

- 23 (1) Monitoring the implementation of the State budget reform measures  
24 adopted in this act.
- 25 (2) Analyzing options to address the effect on the State budget of federal  
26 legislative and judicial mandates.
- 27 (3) Reviewing the condition of programs directed at ensuring an adequate  
28 work force for the 1990s.
- 29 (4) Analyzing options to address the General Fund budget shortfall  
30 beginning in the 1993-94 fiscal year due to the sunset of the temporary  
31 corporate income surtax levied in this act.
- 32 (5) Reviewing the effectiveness of current education reform initiatives and  
33 developing recommendations to improve these initiatives.

34 (b) The Commission shall consist of 24 members to be appointed as follows:

- 35 (1) Two members of the Senate appointed by the President Pro Tempore  
36 of the Senate.
- 37 (2) Six public members appointed by the President Pro Tempore of the  
38 Senate.
- 39 (3) Two members of the House of Representatives appointed by the  
40 Speaker of the House of Representatives.
- 41 (4) Six public members appointed by the Speaker of the House of  
42 Representatives.
- 43 (5) Two members of the General Assembly appointed by the Governor.
- 44 (6) Six public members appointed by the Governor.

1 The President Pro Tempore of the Senate, the Speaker of the House of  
2 Representatives, and the Governor shall ensure that the members of the Commission are  
3 representative of all North Carolinians, including representatives of business and  
4 industry, professionals, educators, ethnic groups, environmental advocates, low-income  
5 citizens, and consumers. The three appointing officers shall jointly designate one  
6 member to serve as chair of the Commission.

7 (c) The Commission shall submit an interim report of its findings and  
8 recommendations on or before the first day of the 1991 Session (1992 Regular Session)  
9 of the General Assembly by filing a report with the President Pro Tempore of the Senate  
10 and the Speaker of the House of Representatives. The interim report shall include a  
11 recommendation on how to implement the evaluation and sunseting of State programs  
12 under Section 234 of this act. The Commission shall submit a final report of its findings  
13 and recommendations to the 1993 General Assembly on or before the convening of the  
14 1993 General Assembly by filing a report with the Speaker of the House of  
15 Representatives and the President Pro Tempore of the Senate. The Commission shall  
16 terminate upon filing its final report.

17 (d) Members appointed to the Commission shall serve until the Commission  
18 makes its final report. Vacancies on the Commission shall be filled by the same  
19 appointing officer who made the original appointments.

20 (e) The Commission may contract for consultant services as provided by  
21 G.S. 120-32.02. Upon approval of the Legislative Services Commission, the Legislative  
22 Administrative Officer shall assign professional and clerical staff to assist in the work of  
23 the Commission. Clerical staff shall be furnished to the Commission through the offices  
24 of House and Senate supervisors of clerks. The expenses of employment of the clerical  
25 staff shall be borne by the Commission. The Commission may meet in the Legislative  
26 Building or the Legislative Office Building upon the approval of the Legislative  
27 Services Commission. The Commission, while in the discharge of official duties, may  
28 exercise all the powers provided under the provisions of G.S. 120-19 through G.S. 120-  
29 19.4.

30 (f) Members of the Commission shall receive per diem, subsistence, and  
31 travel allowances as follows:

- 32 (1) Commission members who are also General Assembly members, at  
33 the rate established in G.S. 120-3.1.
  - 34 (2) Commission members who are officials or employees of the State or  
35 local government agencies, at the rate established in G.S. 138-6.
  - 36 (3) All other Commission members, at the rate established in G.S. 138-5.
- 37  
38

## 39 TITLE V. - REVENUE RECONCILIATION

### 40 41 42 PART 47.—INSURANCE TAX CHANGES AND ASSESSMENT

43  
44 Sec. 239. G.S. 105-228.5 reads as rewritten:

1 **"§ 105-228.5. Taxes measured by gross premiums.**

2 Every insurance company and every Articles 65 and 66 of Chapter 58 corporation  
3 shall pay to the Commissioner of Insurance, at the time and rates provided in this  
4 section, a tax measured by gross premiums from business done in this State during the  
5 preceding calendar year, or, for Articles 65 and 66 of Chapter 58 corporations, a tax  
6 measured by gross collections from membership dues, exclusive of receipts from cost  
7 plus plans, received by such corporations during the preceding calendar year.

8 Gross premiums from business done in this State in the case of life insurance and  
9 annuity contracts, including any supplemental contracts thereto providing for disability  
10 benefits, accidental death benefits, or other special benefits, shall for the purposes of the  
11 taxes levied in this section mean any and all premiums collected in the calendar year  
12 (other than for contracts for reinsurance) for policies the premiums on which are paid by  
13 or credited to persons, firms or corporations resident in this State, or in the case of group  
14 policies for any contracts of insurance covering persons resident within this State, with  
15 no deduction for considerations paid for annuity contracts which are subsequently  
16 returned except as below specified, and with no other deduction whatsoever except for  
17 premiums returned under one or more of the following conditions: premiums refunded  
18 on policies rescinded for fraud or other breach of contract; premiums which were paid  
19 in advance on life insurance contracts and subsequently refunded to the insured,  
20 premium payer, beneficiary or estate; and in the case of group annuity contracts the  
21 premiums returned by reason of a change in the composition of the group covered. Said  
22 gross premiums shall be deemed to have been collected for the amounts as provided in  
23 the policy contracts for the time in force during the year, whether satisfied by cash  
24 payment, notes, loans, automatic premium loans, applied dividend or in any other  
25 manner whatsoever, except in the case of premiums waived by any of said companies  
26 pursuant to a contract for waiver of premium in case of disability.

27 An insurer, in computing its premium taxes, shall pay premium taxes on a premium  
28 for the purchase of annuities at the time the contract holder elects to commence annuity  
29 benefits, instead of at the time the premium is collected.

30 Every insurer, in computing the premium tax, shall exclude from the gross amount  
31 of premiums all premiums received on or after July 1, 1973, from policies or contracts,  
32 issued in connection with the funding of a pension, annuity or profit-sharing plan,  
33 qualified or exempt under sections 401, 403, 404, 408, 457 or 501 of the Code as  
34 defined in G.S. 105-134.1(1) and the gross amount of all such premiums shall be  
35 exempt from the tax levied by this section.

36 Gross premiums from business done in this State in the case of contracts for fire  
37 insurance, casualty insurance, and any other type of insurance except life and annuity  
38 contracts as above specified, including contracts of insurance required to be carried by  
39 the Workers' Compensation Act, shall for the purposes of the taxes levied in this section  
40 mean any and all premiums written during the calendar year, or the equivalent thereof in  
41 the case of self-insurers under the Workers' Compensation Act, for contracts covering  
42 property or risks in this State, other than for contracts of reinsurance, whether such  
43 premiums are designated as premiums, deposits, premium deposits, policy fees,  
44 membership fees, or assessments. Gross premiums shall be deemed to have been written

1 for the amounts as provided in the policy contracts, new and renewal, becoming  
2 effective during the year irrespective of the time or method of making payment or  
3 settlement for such premiums, and with no deduction for dividends whether returned in  
4 cash or allowed in payment or reduction of premiums or for additional insurance, and  
5 without any other deduction except for return of premiums, deposits, fees or  
6 assessments for adjustment of policy rates or for cancellation or surrender of policies.

7 In determining the amount of gross premiums from business in this State all gross  
8 premiums received in this State, or credited to policies written or procured in this State,  
9 or derived from business written in this State shall be deemed to be for contracts  
10 covering persons, property or risks resident or located in this State except for such  
11 premiums as are properly reported and properly allocated as being received from  
12 business done in some other nation, territory, state or states, and except for premiums  
13 from policies written in federal areas for persons in military service who pay premiums  
14 by assignment of service pay.

15 The tax rate to be applied to gross premiums collected on contracts applicable to  
16 liabilities under the Workers' Compensation Act shall be two and five-tenths percent  
17 (2.5%). The tax rate to be applied to gross premiums collected on annuities and all other  
18 insurance contracts issued by insurers shall be ~~one and seventy-five hundredths percent~~  
19 ~~(1.75%)~~ one and eight hundred seventy-five thousandths percent (1.875%) for taxable  
20 years beginning on or after January 1, 1991, and before January 1, 1992, and one and  
21 nine-tenths percent (1.9%) for taxable years beginning on or after January 1, 1992. The  
22 tax rate to be applied to amounts collected on contracts of insurance applicable to fire  
23 and lightning coverage (except marine and automobile policies) shall be one and thirty-  
24 three hundredths percent (1.33%) in addition to the ~~one and seventy-five hundredths~~  
25 ~~percent (1.75%)~~ above two percent (2%) tax. Twenty-five percent (25%) of the net  
26 proceeds of the one and thirty-three hundredths percent (1.33%) tax on amounts  
27 collected on contracts of insurance applicable to fire and lightning coverage shall be  
28 deposited in the Rural Volunteer Fire Department Fund established in Articles 84  
29 through 88 of Chapter 58 of the General Statutes. Effective July 1, 1988, the tax rate to  
30 be applied to gross premiums and/or gross collections from membership dues, exclusive  
31 of receipts from cost plus plans, received by Articles 65 and 66 of Chapter 58  
32 corporations shall be one-half of one percent (1/2 of 1%).

33 The taxes levied herein measured by premiums and/or membership dues shall be in  
34 lieu of all other taxes upon insurance companies except: fees and licenses under this  
35 Article, or as specified in Articles 1 through 64 of Chapter 58 of the General Statutes of  
36 North Carolina as amended; taxes imposed by Articles 84 through 88 of Chapter 58 of  
37 the General Statutes of North Carolina; taxes imposed by Article 5 of Chapter 105 of  
38 the General Statutes of North Carolina as amended; and ad valorem taxes upon real  
39 property and personal property owned in this State.

40 For the tax above levied as measured by gross premiums and/or gross collections  
41 from membership dues exclusive of receipts from cost plus plans the president,  
42 secretary, or other executive officer of each insurance company and Articles 65 and 66  
43 of Chapter 58 corporation doing business in this State shall within the first 15 days of  
44 March file with the Commissioner of Insurance a full and accurate report of the total

1 gross premiums as above defined or the total gross collections from membership dues  
2 exclusive of receipts from cost plus plans collected in this State during the preceding  
3 calendar year. The report shall be in such form and contain such information as the  
4 Commissioner of Insurance may specify, and the report shall be verified by the oath of  
5 the company official transmitting the same or by some principal officer at the home or  
6 head office of the company or association in this country. At the time of making such  
7 report the taxes above levied with respect to the gross premiums or the gross collections  
8 from membership dues shall be paid to the Commissioner of Insurance. The provisions  
9 above shall likewise apply as to reports and taxes for any firm, corporation, or  
10 association exchanging reciprocal or interinsurance contracts, and said reports and taxes  
11 shall be transmitted by their attorneys-in-fact.

12 Insurance companies and Articles 65 and 66 of Chapter 58 corporations subject to  
13 the tax imposed by this section with a premium tax liability of ten thousand dollars  
14 (\$10,000) or more for business done in North Carolina during the immediately  
15 preceding year shall remit three equal quarterly installments with each installment equal  
16 to at least twenty-seven and one-half percent (27 1/2%) of the premium tax liability  
17 incurred in the immediately preceding taxable year. The quarterly installment payments  
18 shall be made on or before April 15, June 15, and October 15 of each taxable year. The  
19 company shall remit the balance by the following March 15 in the same manner  
20 provided in this section for annual returns. For taxable years beginning on or after  
21 January 1, 1989, each of the three quarterly installments shall be equal to at least thirty-  
22 three and one-third percent (33 1/3%) and payment of these installments shall be made  
23 on or before April 15, June 15, and October 15 of each taxable year. The balance shall  
24 be remitted by the following March 15 in the same manner provided in this section for  
25 annual returns.

26 The Commissioner of Insurance may, by regulation, permit an insurance company to  
27 pay less than the required estimated payment when the insurer reasonably believes that  
28 the total estimated payments made for the current year will exceed the total anticipated  
29 tax liability for the year.

30 If a company does not meet the installment payment requirement of this section, the  
31 Commissioner of Insurance shall assess a penalty on underpayments that is equal to the  
32 interest rate adopted by the Secretary of Revenue under G.S. 105-241.1(i). Any  
33 overpayment shall be credited to the company and applied against the taxes imposed  
34 upon the company under this Article.

35 The provisions as to reports and taxes as measured by gross premiums shall not  
36 apply to farmers' mutual assessment fire insurance companies or to fraternal orders or  
37 societies that do not operate for a profit and do not issue policies on any person except  
38 members.

39 With respect to the taxes levied in this section on the equivalent of premiums of self-  
40 insurers under the provisions of the Workers' Compensation Act, the reports required  
41 herein shall be transmitted to and the taxes collected by the Insurance Commissioner as  
42 provided in G.S. 97-100(j)."

43 Sec. 239.2. Article 6 of Chapter 58 of the General Statutes is amended by  
44 adding a new section to read:

1 **"§ 58-6-25. Insurance regulatory fee.**

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

3 (1) Fund. The Department of Insurance Fund created in this section.

4 (2) Health maintenance organization. A health maintenance organization  
5 under the jurisdiction of the Commissioner of Insurance and the  
6 Department of Insurance.

7 (3) Insurance entity. An entity subject to the premium taxes levied under  
8 G.S. 105-228.5 and G.S. 105-228.8.

9 (b) Purpose. It is the policy of the State of North Carolina to provide necessary  
10 and proper regulation of the insurance industry and various other industries by the  
11 Commissioner and the Department. The cost of such regulation is a burden incident to  
12 the privilege of operating under the jurisdiction of the Commissioner and the  
13 Department. Therefore, for the purpose of defraying this cost, entities subject to the  
14 jurisdiction of the Commissioner and the Department shall pay a regulatory fee. The  
15 proceeds of the fee shall be used only to pay the expenses incurred by the  
16 Commissioner and the Department in regulating the insurance industry and other  
17 industries and the general administrative expenses of the State incident thereto.

18 (c) Fee Levied. There is levied on each insurance entity and on each health  
19 maintenance organization an annual fee to defray the cost to the Department of  
20 regulating the insurance industry and other industries and the general administrative  
21 expenses of the State incident thereto. This fee is in addition to all other fees and taxes.  
22 The fee on each insurance entity shall be at a percentage rate of the entity's premium tax  
23 liability for the taxable year. In determining an insurance entity's premium tax liability  
24 for a taxable year, additional taxes imposed by G.S. 105-228.8 shall be disregarded.  
25 The fee on each health maintenance organization shall be at a percentage rate of the  
26 premiums collected by it during the immediately preceding calendar year.

27 (d) Rates. The rates of the fee for the 1991 taxable year shall be (i) five and one-  
28 half percent (5.5%) for insurance entities and (ii) one-fourth of one percent (0.25%) for  
29 health maintenance organizations. For subsequent taxable years, the rates shall be the  
30 percentage rates established by the General Assembly. When the Department prepares  
31 its budget request for each upcoming fiscal year, the Department shall propose a  
32 percentage rate of the fee levied in this section. The Governor shall submit that  
33 proposed rate to the General Assembly each fiscal year. The General Assembly shall  
34 set by law the percentage rate of the fee levied in this section. The percentage rate may  
35 not exceed the rate necessary to generate funds sufficient to defray the estimated cost of  
36 the operations of the Department for each upcoming fiscal year, including a reasonable  
37 margin for a reserve fund. The amount of the reserve may not exceed one-third of the  
38 estimated cost of operating the Department for each upcoming fiscal year. In  
39 calculating the amount of the reserve, the General Assembly shall consider all relevant  
40 factors that may affect the cost of operating the Department or a possible unanticipated  
41 increase or decrease in North Carolina premiums or other fee revenue. If the  
42 Department experiences a revenue shortfall, the Commissioner shall implement a  
43 temporary regulatory fee surcharge to avert the deficiency that would otherwise occur.

1 The rate of this surcharge may not exceed one-third of the fee levied under this section  
2 for insurance entities and for health maintenance organizations.

3 (e) Returns; When Payable. Every insurance entity and health maintenance  
4 organization shall, on or before the date the fee levied in this section is due, prepare and  
5 render a report on a form prescribed by the Commissioner. The report shall state the  
6 entity's or organization's total North Carolina premiums for the preceding year and shall  
7 be accompanied by any supporting documentation that the Commissioner may by rule  
8 require.

9 The fee levied on each insurance entity is payable at the time the insurance entity  
10 remits its premium tax. If the insurance entity is required to remit installment payments  
11 of premiums tax under G.S. 105-228.5 for a taxable year, it shall also remit installment  
12 payments of the fee levied in this section for that taxable year on the same basis as the  
13 premium tax installment payments. The fee levied on each health maintenance  
14 organization is payable at the time the health maintenance organization files its annual  
15 report under G.S. 58-67-55.

16 (f) Use of Proceeds. The Department of Insurance Fund is created in the  
17 Department of State Treasurer. The proceeds of the fee levied in this section and all  
18 fees collected under Articles 69 through 71 of Chapter 58 of the General Statutes and  
19 under Articles 9 and 9C of Chapter 143 of the General Statutes shall be credited to the  
20 Fund. The Fund shall be placed in an interest-bearing account and any interest or other  
21 income derived from the Fund shall be credited to the Fund. Moneys in the Fund may  
22 be spent only pursuant to appropriation by the General Assembly. The Fund is subject  
23 to the provisions of the Executive Budget Act, except that no unexpended surplus of the  
24 Fund shall revert to the General Fund. All money credited to the Fund shall be used  
25 only to pay the expenses of the Commissioner and the Department that are incurred in  
26 regulating the insurance industry and other industries in this State and the general  
27 administrative expenses of the State incident thereto."

28 Sec. 239.3. Notwithstanding the provisions of G.S. 58-6-25, as enacted by  
29 this act, each entity subject to the premium taxes levied under G.S. 105-228.5 and G.S.  
30 105-228.8 shall pay an installment payment of the fee levied in G.S. 58-6-25 for the  
31 1991 taxable year on October 15, 1991. This installment payment shall be equal to two  
32 and seventy-five hundredths percent (2.75%) of the entity's premium tax liability for the  
33 immediately preceding taxable year. Notwithstanding the provisions of G.S. 58-6-25,  
34 as enacted by this act, each health maintenance organization under the jurisdiction of the  
35 Commissioner of Insurance and the Department of Insurance shall pay an installment  
36 payment of the fee levied in G.S. 58-6-25 for the 1991 taxable year on October 15,  
37 1991. This installment payment shall be equal to one-eighth of one percent (1/8 of 1%)  
38 of the premiums collected by the health maintenance organization during the  
39 immediately preceding taxable year. The balance of the fee imposed for the 1991  
40 taxable year shall be remitted by March 15, 1992.

41 Sec. 239.4. G.S. 105-228.8(e) reads as rewritten:

42 "(e) This section shall not apply to special purpose obligations or assessments  
43 based on premiums imposed in connection with particular kinds of insurance, to the  
44 regulatory fee imposed under G.S. 58-6-25, or to dedicated special purpose taxes based



1 on premiums. For purposes of this section, seventy-five percent (75%) of the one and  
2 thirty-three hundredths percent (1.33%) tax on amounts collected on contracts of  
3 insurance applicable to fire and lightning coverage shall not be a special purpose  
4 obligation or assessment or a dedicated special purpose tax within the meaning of this  
5 subsection."

6 Sec. 239.5. G.S. 58-69-40 reads as rewritten:

7 **"§ 58-69-40. Disposition of fees.**

8 In the event an application for license filed hereunder is not approved, the  
9 Commissioner shall retain ten dollars (\$10.00) of the fee paid ~~to him~~ in connection with  
10 ~~said application, the application~~ and return the balance to the applicant. All fees  
11 collected by the Commissioner ~~hereunder shall be available to the Department of~~  
12 ~~Insurance for paying the expense incurred in connection with the administration of this~~  
13 ~~Article.~~ under this Article shall be credited to the Department of Insurance Fund created  
14 under G.S. 58-6-25."

15 Sec. 239.6. G.S. 58-70-45 reads as rewritten:

16 **"§ 58-70-45. Disposition of permit fees.**

17 All permit fees collected ~~hereunder under this Article~~ shall be credited to the account  
18 ~~of the Commissioner for the specific purpose of providing the personnel, equipment and~~  
19 ~~supplies necessary to enforce this Article, but the State Budget Officer shall have the~~  
20 ~~right to budget the revenues received in accordance with the requirements of the~~  
21 ~~Commissioner for the purposes herein required, and at the end of the fiscal year, if any~~  
22 ~~sum whatever shall remain to the credit of the Commissioner, derived from the sources~~  
23 ~~herein referred to, the same shall revert to the general treasury of the State to be~~  
24 ~~appropriated as other funds.~~ Department of Insurance Fund created under G.S. 58-6-25."

25 Sec. 239.7. G.S. 58-71-180 reads as rewritten:

26 **"§ 58-71-180. Disposition of fees.**

27 Fees collected by the Commissioner pursuant to this Article shall be ~~paid into the~~  
28 ~~general fund of the State.~~ credited to the Department of Insurance Fund created under  
29 G.S. 58-6-25."

30 Sec. 239.8. Article 9D of Chapter 143 of the General Statutes is amended by  
31 adding a new section to read:

32 **"§ 143-151.21. Disposition of fees.**

33 Fees collected by the Commissioner under this Article shall be credited to the  
34 Department of Insurance Fund created under G.S. 58-6-25."

35 Sec. 239.9. The Commissioner of Insurance shall, from time to time as the  
36 balance of the Fund in G.S. 58-6-25 attains levels sufficient to carry out the purposes in  
37 G.S. 58-6-25, transfer money from the Department of Insurance Fund to the General  
38 Fund to repay the money appropriated to the Department of Insurance from the General  
39 Fund for the 1991-92 fiscal year, plus accrued interest at a rate determined by the State  
40 Treasurer from the date the money is appropriated.

41 Sec. 239.10. Article 62 of Chapter 58 of the General Statutes is amended by  
42 adding a new section to read:

43 **"§ 58-62-78. Credits for assessments paid.**

1 (a) A member insurer may offset against its premium tax liability to this State an  
2 assessment described in G.S. 58-62-40 and levied on or after the effective date of this  
3 section to the extent of twenty percent (20%) of the amount of the assessment for each  
4 of the five calendar years following the year in which the assessment was paid. In the  
5 event a member insurer ceases doing business, all uncredited assessments may be  
6 credited against its premium tax liability for the year in which it ceases doing business.  
7 The amount of the credit allowed by this section may not exceed the insurer's premium  
8 tax liability for the taxable year.

9 (b) Any sums that are acquired by refund, pursuant to G.S. 58-62-40, from the  
10 Association by member insurers, and that have previously been offset against premium  
11 taxes as provided in subsection (a) of this section, shall be paid by such insurers to this  
12 State in such manner as the Commissioner requires. The Association shall notify the  
13 Commissioner that such refunds have been made."

14 Sec. 239.11. G.S. 58-48-75 is repealed.

15 Sec. 239.12. Article 48 of Chapter 58 of the General Statutes is amended by  
16 adding a new section to read:

17 **"§ 58-48-76. Credits for assessments paid.**

18 (a) A member insurer may offset against its premium tax liability to this State an  
19 assessment described in G.S. 58-48-35 and levied on or after the effective date of this  
20 section to the extent of twenty percent (20%) of the amount of the assessment for each  
21 of the five calendar years following the year in which the assessment was paid. In the  
22 event a member insurer ceases doing business, all uncredited assessments may be  
23 credited against its premium tax liability for the year in which it ceases doing business.  
24 The amount of the credit allowed by this section may not exceed the insurer's premium  
25 tax liability for the taxable year.

26 (b) Any sums that are acquired by refund, pursuant to G.S. 58-48-35, from the  
27 Association by member insurers, and that have previously been offset against premium  
28 taxes as provided in subsection (a) of this section, shall be paid by such insurers to this  
29 State in such manner as the Commissioner requires. The Association shall notify the  
30 Commissioner that such refunds have been made."

31  
32  
33 PART 48.—SALES TAX CHANGES

34  
35 Sec. 240. G.S. 105-164.4 reads as rewritten:

36 **"§ 105-164.4. Tax imposed on retailers.**

37 (a) A privilege tax is imposed on a retailer at the following percentage rates of  
38 the retailer's net taxable sales, or gross receipts from the lease or rental of tangible  
39 personal property, as appropriate: sales or gross receipts, as appropriate. The general  
40 rate of tax is four percent (4%).

41 (1) At the rate of three percent (3%) of The general rate of tax applies to  
42 the sales price of each item or article of tangible personal property that  
43 is sold at retail and is not subject to tax under another subdivision in  
44 this section.

- 1           (1a) ~~At the rate of two percent (2%) of~~ The rate of two percent (2%) applies  
2 to the sales price of each manufactured home sold at retail, including  
3 all accessories attached to the manufactured home when it is delivered  
4 to the purchaser, not to exceed three hundred dollars (\$300.00).  
5 purchaser. The maximum tax is three hundred dollars (\$300.00) per  
6 article. Each section of a manufactured home that is transported  
7 separately to the site where it is to be erected is a separate article.
- 8           (1b) ~~At the rate of two percent (2%) of~~ The rate of two percent (2%) applies  
9 to the sales price of each aircraft, boat, railway car, or locomotive sold  
10 at retail, including all accessories attached to the item when it is  
11 delivered to the purchaser, not to exceed one thousand five hundred  
12 dollars (\$1,500). ~~purchaser. The maximum tax is one thousand five~~  
13 hundred dollars (\$1,500) per article.
- 14           (1c) ~~At the rate of one percent (1%) of~~ The rate of one percent (1%) applies  
15 to the sales price ~~on~~ of the following ~~items~~: articles:  
16           a. Horses or mules by whomsoever sold.  
17           b. Semen to be used in the artificial insemination of animals.  
18           c. Sales of fuel, other than electricity or piped natural gas, to  
19 farmers to be used by them for any farm purposes other than  
20 preparing food, heating dwellings and other household  
21 purposes. The quantity of fuel purchased or used at any one  
22 time shall not in any manner be a determinative factor as to  
23 whether any sale or use of fuel is or is not subject to the one  
24 percent (1%) rate of tax imposed herein.  
25           d. Sales of fuel, other than electricity or piped natural gas, to  
26 manufacturing industries and manufacturing plants for use in  
27 connection with the operation of such industries and plants  
28 other than sales of fuels to be used for residential heating  
29 purposes. The quantity of fuel purchased or used at any one  
30 time shall not in any manner be a determinative factor as to  
31 whether any sale or use of fuel is or is not subject to the ~~one~~  
32 percent (1%) rate of tax imposed herein. rate of tax provided in  
33 this subdivision.  
34           e. Sales of fuel, other than electricity or piped natural gas, to  
35 commercial laundries or to pressing and dry-cleaning  
36 establishments for use in machinery used in the direct  
37 performance of the laundering or the pressing and cleaning  
38 service.  
39           f. Sales to freezer locker plants of wrapping paper, cartons and  
40 supplies consumed directly in the operation of such plant.
- 41           (1d) ~~At the rate of one percent (1%) of the sales price, subject to a~~  
42 maximum tax of eighty dollars (\$80.00) per article, on the following  
43 items: The rate of one percent (1%) applies to the sales price of the

1 following articles. The maximum tax is eighty dollars (\$80.00) per  
2 article.

3 a. Sales of machines and machinery, whether animal or motor  
4 drawn or operated, and parts and accessories for such machines  
5 and machinery to farmers for use by them in the planting,  
6 cultivating, harvesting or curing of farm crops, and sales of  
7 machines and machinery and parts and accessories for such  
8 machines and machinery to dairy operators, poultry farmers,  
9 egg producers, and livestock farmers for use by them in the  
10 production of dairy products, poultry, eggs or livestock, except  
11 such machines, machinery, equipment, parts, and accessories  
12 that come within the provisions of G.S. 105-164.13(4c).

13 The term 'machines and machinery' as used in this  
14 subdivision is defined as follows:

15 The term shall include all vehicular implements, designed  
16 and sold for any use defined in this subdivision, which are  
17 operated, drawn or propelled by motor or animal power, but  
18 shall not include vehicular implements which are operated  
19 wholly by hand, and shall not include any motor vehicles  
20 required to be registered under Chapter 20 of the General  
21 Statutes.

22 The term shall include all nonvehicular implements and  
23 mechanical devices designed and sold for any use defined in  
24 this subdivision, which have moving parts, or which require the  
25 use of any motor or animal power, fuel, or electricity in their  
26 operation but shall not include nonvehicular implements which  
27 have no moving parts and are operated wholly by hand.

28 The term shall also include metal flues sold for use in curing  
29 tobacco, whether such flues are attached to handfired furnaces  
30 or used in connection with mechanical burners.

31 b. Sales of mill machinery or mill machinery parts and accessories  
32 to manufacturing industries and plants, and sales to contractors  
33 and subcontractors purchasing mill machinery or mill  
34 machinery parts and accessories for use by them in the  
35 performance of contracts with manufacturing industries and  
36 plants, and sales to subcontractors purchasing mill machinery or  
37 mill machinery parts and accessories for use by them in the  
38 performance of contracts with general contractors who have  
39 contracts with manufacturing industries and plants. As used in  
40 this paragraph, the term 'manufacturing industries and plants'  
41 does not include delicatessens, cafes, cafeterias, restaurants, and  
42 other similar retailers that are principally engaged in the retail  
43 sale of foods prepared by them for consumption on or off their  
44 premises.

- 1 c. Sales of central office equipment and switchboard and private  
2 branch exchange equipment to telephone companies regularly  
3 engaged in providing telephone service to subscribers on a  
4 commercial basis, and sales to these companies of prewritten  
5 computer programs used in providing telephone service to their  
6 subscribers.
- 7 d. Sales to commercial laundries or to pressing and dry cleaning  
8 establishments of machinery used in the direct performance of  
9 the laundering or the pressing and cleaning service and of parts  
10 and accessories thereto.
- 11 e. Sales to freezer locker plants of machinery used in the direct  
12 operation of said freezer locker plant and of parts and  
13 accessories thereto.
- 14 f. Sales of broadcasting equipment and parts and accessories  
15 thereto and towers to commercial radio and television  
16 companies which are under the regulation and supervision of  
17 the Federal Communications Commission.
- 18 g. Sales to farmers of bulk tobacco barns and racks and all parts  
19 and accessories thereto and similar apparatus used for the  
20 curing and drying of any farm produce.
- 21 h. Sales to farmers of grain, feed or soybean storage facilities and  
22 accessories thereto, whether or not dryers are attached, and all  
23 similar apparatus and accessories thereto for the storage of  
24 grain, feed or soybeans.
- 25 i. Sales of containers to farmers or producers for use in the  
26 planting, producing, harvesting, curing, marketing, packaging,  
27 sale, or transporting or delivery of their products when such  
28 containers do not go with and become part of the sale of their  
29 products at wholesale or retail.

30 (2) ~~At the applicable percentage rate of~~ The applicable percentage rate  
31 applies to the gross receipts derived from the lease or rental of tangible  
32 personal property by a person who is engaged in the business of  
33 leasing or renting tangible personal property, or is a retailer and leases  
34 or rents property of the type sold by the retailer. The applicable  
35 percentage rate is the rate and the maximum tax, if any, that applies to  
36 a sale of the property that is leased or rented. A person who leases or  
37 rents property shall also collect the tax imposed by this section on the  
38 separate retail sale of the property.

39 (3) Operators of hotels, motels, tourist homes, tourist camps, and similar  
40 type businesses and persons who rent private residences and cottages  
41 to transients are considered retailers under this Article. ~~There is levied~~  
42 ~~upon every such retailer a tax of three percent (3%) of the gross~~  
43 ~~receipts derived~~ A tax at the general rate of tax is levied on the gross  
44 receipts derived by these retailers from the rental of any rooms,

1 lodgings, or accommodations furnished to transients for a  
2 consideration. This tax does not apply to any private residence or  
3 cottage that is rented for less than 15 days in a calendar year or to any  
4 room, lodging, or accommodation supplied to the same person for a  
5 period of 90 or more continuous days.

6 As used in this subdivision, the term 'persons who rent to transients'  
7 means (i) owners of private residences and cottages who rent to  
8 transients and (ii) rental agents, including 'real estate brokers' as  
9 defined in G.S. 93A-2, who rent private residences and cottages to  
10 transients on behalf of the owners. If a rental agent is liable for the tax  
11 imposed by this subdivision, the owner is not liable.

- 12 (4) ~~Every person, firm or corporation person engaged in the business of~~  
13 ~~operating a pressing club, cleaning plant, hat blocking establishment,~~  
14 ~~dry cleaning plant, laundry (including wet or damp wash laundries and~~  
15 ~~businesses known as laundrettes and laundralls), dry cleaning,~~  
16 ~~pressing, or hat-blocking establishment, a laundry, or any similar~~  
17 ~~business, or engaged in the business of renting clean linen or towels or~~  
18 ~~wearing apparel, or any similar business, or engaged in the business of~~  
19 ~~soliciting cleaning, pressing, hat blocking, laundering or linen rental~~  
20 ~~business for any of the aforementioned these businesses, shall be~~  
21 ~~considered "retailers" for the purposes of this Article. is considered a~~  
22 ~~retailer under this Article. There is hereby levied upon every such~~  
23 ~~person, firm or corporation a tax of three percent (3%) of the gross~~  
24 ~~receipts derived. A tax at the general rate of tax is levied on the gross~~  
25 ~~receipts derived by these retailers from services rendered in engaging~~  
26 ~~in any of the occupations or businesses named in this subdivision.~~  
27 ~~subdivision, and every person, firm or corporation subject to the~~  
28 ~~provisions of this subdivision shall register and secure a license in the~~  
29 ~~manner hereinafter provided in this section, and, insofar as practicable,~~  
30 ~~all other provisions of this Article shall be applicable with respect to~~  
31 ~~the tax herein provided for. The tax imposed by this subdivision does~~  
32 ~~not apply to receipts derived from coin or token-operated washing~~  
33 ~~machines, extractors, and dryers. The taxes levied in this subdivision~~  
34 ~~are additional privilege or license taxes for the privilege of engaging in~~  
35 ~~the occupations or businesses named herein. Any person, firm or~~  
36 ~~corporation engaged in cleaning, pressing, hat blocking, laundering~~  
37 ~~for, or supplying clean linen or towels or wearing apparel to, another~~  
38 ~~person, firm or corporation engaged in soliciting shall not be required~~  
39 ~~to pay the three percent (3%) tax on its gross receipts derived through~~  
40 ~~such solicitor, if the soliciting person, firm or corporation has~~  
41 ~~registered with the Department, secured the license hereinafter~~  
42 ~~required and has paid the tax at the rate of three percent (3%) of the~~  
43 ~~total gross receipts derived from business solicited. The tax imposed~~  
44 ~~by this subdivision does not apply to gross receipts derived from~~

1 services performed for resale by a retailer that pays the tax on the total  
2 gross receipts derived from the services.

3 (4a) ~~At the rate of three percent (3%) of~~ The rate of three percent (3%)  
4 applies to the gross receipts derived by a utility from sales of  
5 electricity, piped natural gas, or local telecommunications service as  
6 defined by G.S. 105-120(e). A person who operates a utility is  
7 considered a retailer under this Article.

8 (4b) A person who sells tangible personal property at a flea market, other  
9 than ~~his~~ the person's own household personal property, is considered a  
10 retailer under this Article. A tax at the general rate of tax is levied on  
11 ~~that person at the rate of three percent (3%) of~~ the sales price of each  
12 article sold by ~~him~~ the retailer at the flea market. A person who leases  
13 or rents space to others at a flea market may not lease or rent this space  
14 unless the retailer requesting to rent or lease the space ~~furnishes~~  
15 ~~evidence that he has obtained~~ shows the license or a copy of the  
16 license required by this Article. ~~Article or other evidence of~~  
17 compliance. A person who leases or rents space at a flea market shall  
18 keep records of retailers ~~to whom he has~~ who have leased or rented  
19 space at the flea market. As used in this subdivision, the term 'flea  
20 market' means a place where space is rented to a person for the  
21 purpose of selling tangible personal property.

22 (4c) ~~At the~~ The rate of six and one-half percent (6 1/2%) ~~of~~ applies to the  
23 gross receipts derived from providing toll telecommunications services  
24 or private telecommunications services as defined by G.S. 105-120(e)  
25 that both originate from and terminate in the State and are not subject  
26 to the privilege tax under G.S. 105-120. Any business entity that  
27 provides ~~the service outlined above~~ these services is considered a  
28 retailer under this Article. This subdivision does not apply to  
29 telephone membership corporations as described in Chapter 117 of the  
30 General Statutes.

31 (b) The tax levied in this section shall be collected from the retailer and paid by  
32 him at the time and in the manner as hereinafter provided. Provided, however, that any  
33 person engaging or continuing in business as a retailer shall pay the tax required on the  
34 net taxable sales of such business at the rates specified when proper books are kept  
35 showing separately the gross proceeds of taxable and nontaxable sales of tangible  
36 personal property in such form as may be accurately and conveniently checked by the  
37 Secretary or his duly authorized agent. If such records are not kept separately the tax  
38 shall be paid as a retailer on the gross sales of business and the exemptions and  
39 exclusions provided by this Article shall not be allowed. The tax levied in this section is  
40 in addition to all other taxes whether levied in the form of excise, license or privilege or  
41 other taxes.

42 (c) Any person who engages or continues in any business for which a privilege  
43 tax is imposed by this Article shall immediately after July 1, 1979, apply for and obtain  
44 from the Secretary upon payment of the sum of five dollars (\$5.00) a license to engage

1 in and conduct such business upon the condition that the person shall pay the tax  
2 accruing to the State under this Article; the person shall thereby be duly licensed and  
3 registered to engage in and conduct such business. Except as hereinafter provided, a  
4 license issued under this subsection shall be a continuing license until revoked for  
5 failure to comply with the provisions of this Article. However, any person who has  
6 heretofore applied for and obtained the license, if the license was in force and effect as  
7 of July 1, 1979, shall not be required to apply for and obtain a new license.

8 Any person who ceases to be engaged in any business for which a privilege tax is  
9 imposed by this Article, and who remains continuously out of business for a period of  
10 five years shall apply for and obtain a new license from the Secretary upon the payment  
11 of a tax of five dollars (\$5.00), and any license previously issued under this section shall  
12 be void. The burden of proof after such period shall be upon the taxpayer to show that  
13 he did engage in such business within the period, and that no new license is required.

14 A retailer who sells tangible personal property at a flea market shall conspicuously  
15 display his sales tax license when making sales at the flea market."

16 Sec. 241. G.S. 105-164.6(b) reads as rewritten:

17 ~~"(b) There is hereby levied and there shall be collected from every person, firm, or~~  
18 ~~corporation, an excise tax of three percent (3%) of the purchase price of all tangible~~  
19 ~~personal property purchased or used which shall enter into or become a part of any~~  
20 ~~building or other kind of structure in this State, including all materials, supplies, fixtures~~  
21 ~~and equipment of every kind and description which shall be annexed thereto or in any~~  
22 ~~manner become a part thereof. The tax shall be levied against the purchaser of such~~  
23 ~~property. Provided, that where the purchaser is a contractor, the contractor and owner~~  
24 ~~shall be jointly and severally liable for the tax, but the liability of the owner shall be~~  
25 ~~deemed satisfied if before final settlement between them the contractor furnishes to the~~  
26 ~~owner an affidavit certifying that the tax has been paid. Provided further, that where the~~  
27 ~~purchaser is a subcontractor, the contractor and subcontractor shall be jointly and~~  
28 ~~severally liable for the tax, but the liability of the contractor shall be deemed satisfied if~~  
29 ~~before final settlement between them the subcontractor furnishes to the contractor an~~  
30 ~~affidavit certifying that the tax has been paid. An excise tax at the general rate of tax set~~  
31 ~~in G.S. 105-164.4 is imposed on the purchase price of tangible personal property~~  
32 ~~purchased inside or outside the State that becomes a part of a building or other structure~~  
33 ~~in the State. The purchaser of the property is liable for the tax. If the purchaser is a~~  
34 ~~contractor, the contractor and owner are jointly and severally liable for the tax; if the~~  
35 ~~purchaser is a subcontractor, the subcontractor and contractor are jointly and severally~~  
36 ~~liable for the tax. The liability of an owner or contractor who did not purchase the~~  
37 ~~property is satisfied if the purchaser delivers to the owner or contractor before final~~  
38 ~~settlement between them an affidavit certifying that the tax has been paid."~~

39 Sec. 242. G.S. 105-164.10 reads as rewritten:

40 **"§ 105-164.10. Retail bracket system.**

41 For the convenience of the retailer in collecting the tax due ~~at the rate of three~~  
42 ~~percent (3%) and to facilitate the administration of this Article, every retailer engaged in~~  
43 ~~or continuing within this State in a business for which a license, privilege or excise tax~~



1 is required by this Article shall add to the sale price and collect from the purchaser on  
2 all taxable retail sales an amount equal to the following:

- 3 (1) No amount on sales of less than 10¢.
- 4 (2) 1¢ on sales of 10¢ and over but not in excess of 35¢.
- 5 (3) 2¢ on sales of 36¢ and over but not in excess of 70¢.
- 6 (4) 3¢ on sales of 71¢ and over but not in excess of \$1.16.
- 7 (5) Sales over \$1.16 — straight 3% with major fractions governing.

8 Use of the above bracket does not relieve the retailer from the duty and liability to  
9 remit to the Secretary an amount equal to three percent (3%) of the gross receipts  
10 derived from all taxable retail sales subject to the three percent (3%) rate during the  
11 taxable period.

12 Whenever a sales or use tax is due at a rate of less than three percent (3%), the tax  
13 shall be computed by multiplying the sales or purchase price by the applicable rate and  
14 by rounding the result off to the nearest whole cent. The use of this method in  
15 computing the sales or use tax shall not relieve a taxpayer from the duty and liability of  
16 remitting to the Secretary an amount equal to the applicable rates times gross receipts  
17 subject to taxation at the lesser rates. under this Article, the Secretary shall prescribe  
18 tables that compute the tax due on sales by rounding off the amount of tax due to the  
19 nearest whole cent. The Secretary shall issue a separate table for each rate of tax that  
20 may apply to a sale, including the general rate established in G.S. 105-164.4,  
21 preferential rates, and combined State and local rates. Use of the tables prescribed by  
22 the Secretary does not relieve a retailer of liability for the applicable rate of tax due on  
23 the gross receipts or net taxable sales of the retailer."

24 Sec. 243. G.S. 105-164.13(18) reads as rewritten:

25 "(18) Funeral expenses, including coffins and caskets, not to exceed one  
26 thousand five hundred dollars (\$1,500). All other funeral expenses,  
27 including gross receipts for services rendered, shall be taxable at the  
28 rate of three percent (3%). general rate of tax set in G.S. 105-164.4.  
29 However, 'services rendered' shall not include those services which  
30 have been taxed pursuant to G.S. 105-164.4(4), or to those services  
31 performed by any beautician, cosmetologist, hairdresser or barber  
32 employed by or at the specific direction of the family or personal  
33 representative of a deceased; and 'funeral expenses' and 'services  
34 rendered' shall not include death certificates procured by or at the  
35 specific direction of the family or personal representative of a  
36 deceased. Where coffins, caskets or vaults are purchased direct and a  
37 separate charge is paid for services, the provisions of this subdivision  
38 shall apply to the total for both."

39 Sec. 244. G.S. 105-465 reads as rewritten:

40 "**§ 105-465. County election as to adoption of local sales and use tax.**

41 The board of elections of any county, upon the written request of the board of county  
42 commissioners thereof, or upon receipt of a petition signed by qualified voters of the  
43 county equal in number to at least fifteen percent (15%) of the total number of votes  
44 cast in the county, at the last preceding election for the office of Governor, shall call a

1 special election for the purpose of submitting to the voters of the county the question of  
2 whether a one percent (1%) sales and use tax as hereinafter provided will be levied.

3 The special election shall be held under the same rules and regulations applicable to  
4 the election of members of the General Assembly. No new registration of voters shall be  
5 required. All qualified voters in the county who are properly registered not later than 21  
6 days (excluding Saturdays and Sundays) prior to the election shall be entitled to vote at  
7 said election. The county board of elections shall give at least 20 days' public notice  
8 prior to the closing of the registration books for the special election.

9 The county board of election shall prepare ballots for the special election which shall  
10 contain the words, 'FOR the one percent (1%) local sales and use tax only on those  
11 items presently covered by the ~~three percent (3%)~~ four percent (4%) sales and use tax,'  
12 and the words, 'AGAINST the one percent (1%) local sales and use tax only on those  
13 items presently covered by the ~~three percent (3%)~~ four percent (4%) sales and use tax,'  
14 with appropriate squares so that each voter may designate his vote by his cross (X)  
15 mark.

16 The county board of elections shall fix the date of the special election; provided,  
17 however, that the special election shall not be held on the date of any biennial election  
18 for county officers, nor within 60 days thereof, nor within one year from the date of the  
19 last preceding special election under this section."

20 Sec. 245. G.S. 105-467 reads as rewritten:

21 **"§ 105-467. Scope of sales tax.**

22 The sales tax which may be imposed under this Article is limited to a tax at the rate  
23 of one percent (1%) of:

- 24 (1) The sales price of those articles of tangible personal property now  
25 subject to the ~~three percent (3%)~~ general rate of sales tax imposed by  
26 the State under G.S. 105-164.4(a)(1) and (4b);
- 27 (2) The gross receipts derived from the lease or rental of tangible personal  
28 property when the lease or rental of the property is subject to the ~~three~~  
29 ~~percent (3%)~~ general rate of sales tax imposed by the State under G.S.  
30 105-164.4(a)(2);
- 31 (3) The gross receipts derived from the rental of any room or lodging  
32 furnished by any hotel, motel, inn, tourist camp or other similar  
33 accommodations now subject to the ~~three percent (3%)~~ general rate of  
34 sales tax imposed by the State under G.S. 105-164.4(a)(3); and
- 35 (4) The gross receipts derived from services rendered by laundries, dry  
36 cleaners, ~~cleaning plants and similar type and other~~ businesses now  
37 subject to the ~~three percent (3%)~~ general rate of sales tax imposed by  
38 the State under G.S. 105-164.4(a)(4).

39 The sales tax authorized by this Article does not apply to sales that are taxable by the  
40 State under G.S. 105-164.4 but are not specifically included in subdivisions (1) through  
41 (4) of this section.

42 The exemptions and exclusions contained in G.S. 105-164.13 and the refund  
43 provisions contained in G.S. 105-164.14 shall apply with equal force and in like manner  
44 to the local sales and use tax authorized to be levied and imposed under this Article. A

1 taxing county shall have no authority, with respect to the local sales and use tax  
2 imposed under this Article to change, alter, add to or delete any refund provisions  
3 contained in G.S. 105-164.14, or any exemptions or exclusions contained in G.S. 105-  
4 164.13 or which are elsewhere provided for.

5 The local sales tax authorized to be imposed and levied under the provisions of this  
6 Article shall apply to such retail sales, leases, rentals, rendering of services, furnishing  
7 of rooms, lodgings or accommodations and other taxable transactions which are made,  
8 furnished or rendered by retailers whose place of business is located within the taxing  
9 county. The tax imposed shall apply to the furnishing of rooms, lodging or other  
10 accommodations within the county which are rented to transients. For the purpose of  
11 this Article, the situs of a transaction is the location of the retailer's place of business."

12 Sec. 246. G.S. 105-468 reads as rewritten:

13 **"§ 105-468. Scope of use tax.**

14 The use tax which may be imposed under this Article shall be at the rate of one  
15 percent (1%) of the cost price of each item or article of tangible personal property when  
16 it is not sold but used, consumed or stored for use or consumption in the taxing county,  
17 except that no tax shall be imposed upon tangible personal property when the property  
18 would be taxed by the State at a rate of ~~other than three percent (3%)~~ other than the  
19 general rate of tax set in G.S. 105-164.4 if it were taxable under G.S. 105-164.6.

20 Every retailer engaged in business in this State and in the taxing county and required  
21 to collect the use tax levied by G.S. 105-164.6 shall also collect the one percent (1%)  
22 use tax when such property is to be used, consumed or stored in the taxing county, one  
23 percent (1%) use tax to be collected concurrently with the State's use tax; but no retailer  
24 not required to collect the use tax levied by G.S. 105-164.6 shall be required to collect  
25 the one percent (1%) use tax. The use tax contemplated by this section shall be levied  
26 against the purchaser, and the purchaser's liability for the use tax shall be extinguished  
27 only upon payment of the use tax to the retailer, where the retailer is required to collect  
28 the tax, or to the Secretary of Revenue, or to the taxing county, as appropriate, where  
29 the retailer is not required to collect the tax.

30 Where a local sales or use tax has been paid with respect to tangible personal  
31 property by the purchaser, either in another taxing county within the State, or in a taxing  
32 jurisdiction outside the State where the purpose of the tax is similar in purpose and  
33 intent to the tax which may be imposed pursuant to this Article, the tax paid may be  
34 credited against the tax imposed under this section by a taxing county upon the same  
35 property. If the amount of sales or use tax so paid is less than the amount of the use tax  
36 due the taxing county under this section, the purchaser shall pay to the Secretary of  
37 Revenue or to the taxing county, as appropriate, an amount equal to the difference  
38 between the amount so paid in the other taxing county or jurisdiction and the amount  
39 due in the taxing county. The Secretary of Revenue or the taxing county, as  
40 appropriate, may require such proof of payment in another taxing county or jurisdiction  
41 as is deemed to be necessary. The use tax levied under this Article is not subject to  
42 credit for payment of any State sales or use tax not imposed for the benefit and use of  
43 counties and municipalities. No credit shall be given under this section for sales or use

1 taxes paid in a taxing jurisdiction outside this State if that taxing jurisdiction does not  
2 grant similar credit for sales taxes paid under this Article."

3 Sec. 247. G.S. 105-470, 105-485, and 105-500 and Article 41 of Chapter 105  
4 of the General Statutes are repealed.

5 Sec. 248. Chapter 1096 of the 1967 Session Laws is amended as follows:

6 (1) The title is amended by deleting the phrase "THREE PER CENT  
7 SALES AND USE TAX." and substituting the phrase "SALES AND  
8 USE TAX AT THE GENERAL STATE RATE OF TAX SET IN G.S.  
9 105-164.4."

10 (2) Section 4 is amended by deleting the phrase "three per cent (3%)" each  
11 time it appears and substituting the phrase "general rate of".

12 (3) Section 5 is amended by deleting the phrase "of other than three  
13 percent (3%)" and substituting the phrase "other than the general rate  
14 of tax set in G.S. 105-164.4".

15 (4) Section 7 is repealed.

16 (5) Section 10.1(d) is amended by deleting the phrase "Items on Which the  
17 State Now Imposes a Three Percent (3%) Sales Tax." and substituting  
18 the phrase "Scope."

19 Sec. 249. (a) Approval under the Local Government Sales and Use Tax Act,  
20 Article 39 of Chapter 105 of the General Statutes, or under the Mecklenburg County  
21 Sales and Use Tax Act, Chapter 1096 of the 1967 Session Laws, as amended, of one  
22 percent (1%) local sales and use taxes in addition to the three percent (3%) State sales  
23 and use taxes constitutes approval of one percent (1%) local sales and use taxes in  
24 addition to the four percent (4%) State sales and use taxes.

25 (b) Approval under the Supplemental Local Government Sales and Use Tax Act,  
26 Article 40 of Chapter 105 of the General Statutes, of one-half percent (1/2%) local sales  
27 and use taxes in addition to the one percent (1%) local sales and use taxes and three  
28 percent (3%) State sales and use taxes constitutes approval of one-half percent (1/2%)  
29 local sales and use taxes in addition to the one percent (1%) local sales and use taxes  
30 and the four percent (4%) State sales and use taxes.

31 (c) Approval under the Additional Supplemental Local Government Sales and  
32 Use Tax Act, Article 42 of Chapter 105 of the General Statutes, of one-half percent  
33 (1/2%) local sales and use taxes in addition to the one and one-half percent (1-1/2%)  
34 local sales and use taxes and three percent (3%) State sales and use taxes constitutes  
35 approval of one-half percent (1/2%) local sales and use taxes in addition to the one and  
36 one-half percent (1-1/2%) local sales and use taxes and the four percent (4%) State sales  
37 and use taxes.

38 Sec. 250. The provisions of this Part increasing the State sales and use tax  
39 from three percent (3%) to four percent (4%) do not apply to construction materials  
40 purchased to fulfill a lump sum or unit price contract entered into or awarded before the  
41 effective date of the increase or entered into or awarded pursuant to a bid made before  
42 the effective date of the increase when the construction materials would otherwise be  
43 subject to the State sales and use tax at the rate of four percent (4%).  
44

1  
2 PART 49.—CORPORATE INCOME TAX CHANGES

3  
4 Sec. 251. G.S. 105-130.2 reads as rewritten:

5 **"§ 105-130.2. Definitions.**

6 ~~For the purpose of this Division, and unless otherwise required by the context: The~~  
7 following definitions apply in this Division:

- 8 (1) ~~'Code' means the Code.~~ – The Internal Revenue Code as enacted as of  
9 January 1, 1990, and includes 1991, including any provisions enacted  
10 as of that date which become effective either before or after that date.
- 11 (1a) ~~The word 'corporation'—~~Corporation. – This term includes joint-stock  
12 companies or associations and insurance companies.
- 13 (1b) C Corporation. – A corporation that is not an S Corporation.
- 14 (1c) Department. – The Department of Revenue.
- 15 (2) ~~The words 'domestic corporation' mean any Domestic corporation.~~ – A  
16 corporation organized under the laws of this State.
- 17 (3) ~~The words 'fiscal year' mean an Fiscal year.~~ – An income year, ending  
18 on the last day of any month other than December. A corporation  
19 which pursuant to the provisions of the Code has elected to compute  
20 its income tax liability to the United States on the basis of an annual  
21 period varying from 52 to 53 weeks shall compute its taxable income  
22 for the purposes of this division on the basis of the same period used  
23 by such the corporation in accordance with the Code in computing its  
24 tax liability to the United States for such income year.
- 25 (4) ~~The words 'foreign corporation' mean any Foreign corporation.~~ – Any  
26 corporation other than a domestic corporation.
- 27 (5) ~~The words 'income year' or 'taxable year' mean the Income year.~~ – The  
28 calendar year or the fiscal year upon the basis of which the net income  
29 is computed under this division; provided, that if Division. If no fiscal  
30 year has been established, they mean the income year is the calendar  
31 year. year, except that in In the case of a return made for a fractional  
32 part of a year under the provisions of this Division or under rules or  
33 regulations prescribed by the Secretary of Revenue, the words 'income  
34 year' or 'taxable year' mean Secretary, the income year is the period for  
35 which such the return is made.
- 36 (5a) S Corporation. – Defined in G.S. 105-131(b).
- 37 (5b) Secretary. – The Secretary of Revenue.
- 38 (5c) State net income. – Federal taxable income adjusted as provided in  
39 G.S. 105-130.5 and, in the case of a corporation that has income from  
40 business activity that is taxable both within and without this State,  
41 allocated and apportioned to this State as provided in G.S. 105-130.4.
- 42 (5d) Taxable year. – Income year.
- 43 (6) ~~The word 'taxpayer' includes any Taxpayer.~~ – A corporation subject to  
44 the tax imposed by this Division."

1           Sec. 252. G.S. 105-130.3 reads as rewritten:

2   **"§ 105-130.3. Corporations.**

3       A tax is imposed on the State net income of every C Corporation doing business in  
4 this State at seven percent (7%) of the corporation's State net income. An S Corporation  
5 is not subject to the tax levied in this section.

6       ~~Every corporation doing business in this State shall pay annually an income tax~~  
7 ~~equivalent to seven percent (7%) of its net income or the portion thereof allocated and~~  
8 ~~apportioned to this State, except that an S Corporation subject to the provisions of~~  
9 ~~Division I S of this Article shall not be subject to the tax levied by this section.~~

10       ~~The net income or net loss of such corporation shall be the same as 'taxable income'~~  
11 ~~as defined in the Code subject to the adjustments provided in G.S. 105-130.5.~~

12       ~~If the entire business of the corporation is done within this State or if the corporation~~  
13 ~~is not taxable in another state within the meaning of subsection (b) of G.S. 105-130.4,~~  
14 ~~the tax shall be measured by the entire net income of the corporation for the income~~  
15 ~~year.~~

16       ~~If the business of the corporation is taxable both within and without this State, its~~  
17 ~~entire net income or net loss shall be allocated and apportioned in accordance with the~~  
18 ~~provisions of G.S. 105-130.4."~~

19       Sec. 253. Division I of Article 4 of Chapter 105 of the General Statutes is  
20 amended by adding a new section to read:

21   **"§ 105-130.3A. Temporary surtax.**

22       In addition to the income tax imposed by G.S. 105-130.3, every taxpayer required to  
23 file a return under this Division shall pay an income tax surtax equal to one and one-  
24 fourth percent (1 1/4%) of the taxpayer's State net income for the taxable year. This  
25 surtax is due at the time prescribed in G.S. 105-130.17 for filing corporation income tax  
26 returns."

27           Sec. 254. G.S. 115C-546.1, as in effect July 1, 1991, reads as rewritten:

28   **"§ 115C-546.1. Creation of Fund; administration.**

29       (a) There is created the Public School Building Capital Fund. The Fund shall be  
30 used to assist county governments in meeting their public school building capital needs.

31       (b) ~~Beginning October 1, 1987, and each month thereafter through July 31, 1988,~~  
32 ~~the Secretary of Revenue shall deposit with the State Treasurer in the Public School~~  
33 ~~Building Capital Fund one seventh (1/7) of the corporate income tax net collections~~  
34 ~~received during the previous month by the Department of Revenue under Division I of~~  
35 ~~Article 4 of Chapter 105 of the General Statutes. Beginning July 1, 1988, the The~~  
36 ~~Secretary of Revenue shall, on a quarterly basis, deposit with the State Treasurer in the~~  
37 ~~Public School Building Capital Fund an amount equal to one-fourteenth of the net~~  
38 ~~collections received during the previous quarter by the Department of Revenue under~~  
39 ~~G.S. 105-130.3 minus two million five hundred thousand dollars (\$2,500,000) less than~~  
40 ~~one fourteenth (1/14) of the corporate income tax net collections received during the~~  
41 ~~previous quarter by the Department of Revenue under Division I of Article 4 of Chapter~~  
42 ~~105 of the General Statutes. (\$2,500,000). All funds deposited in the Public School~~  
43 ~~Building Capital Fund shall be invested as provided in G.S. 147-69.2 and G.S. 147-69.3.~~

1 (c) The Fund shall be administered by the Office of State Budget and  
2 Management."

3 Sec. 255. Notwithstanding G.S. 105-163.41, no addition to tax may be made  
4 under that statute for a taxable year beginning on or after January 1, 1991, and before  
5 January 1, 1992, with respect to an underpayment of corporation income surtax to the  
6 extent the underpayment was created or increased by this act.

7  
8  
9 PART 50.—INTERNAL REVENUE CODE UPDATE

10  
11 Sec. 256. G.S. 105-2.1 reads as rewritten:

12 **"§ 105-2.1. Internal Revenue Code definition.**

13 As used in this Article, the term 'Code' means the Internal Revenue Code as enacted  
14 as of ~~January 1, 1990, January 1, 1991,~~ and includes any provisions enacted as of that  
15 date which become effective either before or after that date."

16 Sec. 257. G.S. 105-114(b)(1) reads as rewritten:

17 "(1) The term 'Code' means the Internal Revenue Code as enacted as of  
18 ~~January 1, 1990, January 1, 1991,~~ and includes any provisions enacted  
19 as of that date which become effective either before or after that date."

20 Sec. 258. G.S. 105-130.2(1) reads as rewritten:

21 "(1) 'Code' means the Internal Revenue Code as enacted as of ~~January 1,~~  
22 ~~1990, January 1, 1991,~~ and includes any provisions enacted as of that  
23 date which become effective either before or after that date."

24 Sec. 259. G.S. 105-131(b)(1) reads as rewritten:

25 "(1) 'Code' means the Internal Revenue Code as enacted as of ~~January 1,~~  
26 ~~1990, January 1, 1991,~~ and includes any provisions enacted as of that  
27 date which become effective either before or after that date."

28 Sec. 260. G.S. 105-134.1(1) reads as rewritten:

29 "(1) Code. The Internal Revenue Code as enacted as of ~~January 1, 1990,~~  
30 ~~January 1, 1991,~~ including any provisions enacted as of that date  
31 which become effective either before or after that date. ~~date, but not~~  
32 ~~including sections 63(e)(4) and 151(d)(3)."~~

33 Sec. 261. G.S. 105-134.6(b)(8) reads as rewritten:

34 "(8) The amount by which the taxpayer's ~~mortgage interest deduction~~  
35 ~~deductions allowed under the Code was reduced pursuant to section~~  
36 ~~163(g) of the Code. were reduced, and the amount of the taxpayer's~~  
37 ~~deductions that were not allowed, because the taxpayer elected a~~  
38 ~~federal tax credit in lieu of a deduction, to the extent that a similar~~  
39 ~~credit is not allowed by this Division for the amount."~~

40 Sec. 262. G.S. 105-134.6(c)(4) reads as rewritten:

41 "(4) The amount by which the taxpayer's standard deduction has been  
42 increased for inflation under section 63(c)(4) of the Code and the  
43 amount by which the taxpayer's personal exemptions have been  
44 increased for inflation under section ~~151(d)(3)~~ 151(d)(4) of the Code.

1           For the purpose of this subdivision, if the taxpayer's personal  
2           exemptions have been reduced by the applicable percentage under  
3           section 151(d)(3) of the Code, the amount by which the personal  
4           exemptions have been increased for inflation is also reduced by the  
5           applicable percentage."

6           Sec. 263. G.S. 105-163.1(1) reads as rewritten:

7           "(1) Code. – The Internal Revenue Code as enacted as of January 1, 1990,  
8           January 1, 1991, including any provisions enacted as of that date  
9           which become effective either before or after that date."

10          Sec. 264. G.S. 105-212(f) reads as rewritten:

11          "(f) As used in this section, the term 'Code' means the Internal Revenue Code as  
12          enacted as of January 1, 1990, January 1, 1991, and includes any provisions enacted as  
13          of that date which become effective either before or after that date."

14  
15  
16   PART 51.—CONVEYANCE TAX CHANGES

17  
18          Sec. 265. G.S. 105-228.30 reads as rewritten:

19   "**§ 105-228.30. Imposition of excise stamp tax.**

20          (a) There is hereby levied an excise tax on each deed, instrument or writing by  
21          which any lands, tenements or other realty shall be granted, assigned or otherwise  
22          conveyed to, or vested in, the purchaser or purchasers, or any other person or persons.  
23          The tax imposed hereby shall be at the rate of ~~fifty cents (50¢)~~ one dollar (\$1.00) on  
24          each five hundred dollars (\$500.00) or fractional part thereof of the consideration or  
25          value of the interest or property conveyed ~~(exclusive of the value of any lien or~~  
26          ~~encumbrance remaining thereon at the time of sale).~~ conveyed. The tax hereby  
27          ~~imposed and levied~~ shall be paid by the transferor ~~or transferors~~ to the register of deeds  
28          of the county wherein the real estate is situated prior to recording the instrument of  
29          conveyance; provided that, if the instrument transfers any parcel of real estate lying in  
30          two or more counties, the tax shall be paid to the county wherein the greater part of the  
31          real estate with respect to value lies. ~~Except as otherwise hereinafter provided, the~~  
32          ~~proceeds of the tax herein levied~~ shall be retained by the county and placed in its  
33          ~~general funds.~~

34          (b) The register of deeds of each county shall remit the proceeds of the tax levied  
35          by this section to the county finance officer to be distributed on a monthly basis as  
36          follows: one-half of the net proceeds shall be retained by the county and placed in its  
37          general fund and one-half of the net proceeds shall be remitted to the State Treasurer.  
38          Of the proceeds remitted to the State Treasurer, fifteen percent (15%) shall be credited  
39          to the Recreation and Natural Heritage Trust Fund established under G.S. 113-77.7 and  
40          the remainder shall be credited to the General Fund. Of the money credited to the  
41          Recreation and Natural Heritage Trust Fund, up to twenty-five percent (25%) may be  
42          used to purchase property that has historical value. As used in this subsection, the term  
43          'net proceeds' means gross proceeds less the cost to the county of collecting and  
44          administering the tax."



1  
2  
3 PART 52.—TOBACCO TAX CHANGES.  
4

5 Sec. 266. The heading to Article 2A of Chapter 105 of the General Statutes  
6 reads as rewritten:

7 **"SCHEDULE B-A. CIGARETTE-TOBACCO PRODUCTS TAX."**

8 Sec. 267. Article 2A of Chapter 105 of the General Statutes is amended as  
9 follows:

- 10 (1) By designating G.S. 105-113.2 through G.S. 105-113.4 as Part 1 with  
11 the heading "General Provisions."  
12 (2) By designating G.S. 105-113.5 through G.S. 105-113.34 as Part 2 with  
13 the heading "Cigarette Tax."  
14 (3) By designating G.S. 105-113.35 through G.S. 105-113.40 as Part 3  
15 with the heading "Tax on Other Tobacco Products."

16 Sec. 268. G.S. 105-113.2 reads as rewritten:

17 **"§ 105-113.2. Short title.**

18 This Article may be cited as the 'Cigarette-Tobacco Products Tax Act' or 'Cigarette  
19 Tobacco Products Tax Article.'"

20 Sec. 269. G.S. 105-113.4 reads as rewritten:

21 **"§ 105-113.4. Definitions.**

22 The following ~~words, terms, and phrases when used in this Article have the~~  
23 ~~meanings ascribed to them in this section, except where the context clearly indicates a~~  
24 ~~different meaning:~~ definitions apply in this Article:

25 (1) Cigar. – A roll of tobacco wrapped in a substance that contains  
26 tobacco, other than a cigarette.

27 (1)(2) 'Cigarette' means—Cigarette. – Any of the following:

28 a. Any A roll of tobacco wrapped in paper or in any a substance  
29 that does not ~~containing tobacco, and contain tobacco.~~

30 b. Any A roll of tobacco wrapped in any a substance ~~containing~~  
31 that contains tobacco ~~which, and that, because of its~~  
32 appearance, the type of tobacco used in the filler, or its  
33 packaging and labeling, is likely to be offered ~~to, to~~ or  
34 purchased by ~~consumers by~~ a consumer as a cigarette described  
35 in ~~subparagraph subpart (1) a~~ ~~above.~~ of this subdivision.

36 (2) 'Secretary' means Secretary of Revenue of the State of North  
37 Carolina. Cost price. – The price a person liable for the tax on  
38 tobacco products imposed by Part 3 of this Article paid for the  
39 products, before any discount, rebate, or allowance or the tax  
40 imposed by that Part.

41 (3) 'Distributor' means ~~any~~ Distributor. – Any person, wherever  
42 resident or located, who purchases unstamped cigarettes directly  
43 from the manufacturer thereof and stores, sells or otherwise disposes

- 1 of the same; and also any person who manufactures or produces  
2 cigarettes or causes them to be manufactured or produced.
- 3 (4) ~~'In this State' or 'within this State' means within the exterior limits~~  
4 ~~of the State of North Carolina, and includes all territory within such~~  
5 ~~limits owned by, leased by or ceded to the United States of America.~~
- 6 (5) ~~'Licensed distributor' means any distributor, as defined in~~  
7 ~~this Article, Licensed distributor. – A distributor licensed under the~~  
8 ~~provisions Part 2 of this Article.~~
- 9 (6) ~~'Manufacturer' means any Manufacturer. – A person engaged in the~~  
10 ~~manufacture or production of cigarettes. who manufactures or~~  
11 ~~produces tobacco products.~~
- 12 (7) ~~'Package' means the Package. – The individual packet, can, box~~  
13 ~~or other container used to contain and to convey cigarettes~~  
14 ~~products to the consumer.~~
- 15 (8) ~~'Person' means and includes any Person. – An individual, a~~  
16 ~~firm, copartnership, joint venture, a partnership, an association, a~~  
17 ~~corporation, estate, trust, business trust, receiver, syndicate, or any~~  
18 ~~other organization or group or combination acting as a unit, the State~~  
19 ~~or any of its political subdivisions, and the plural as well as the~~  
20 ~~singular number. unit.~~
- 21 (9) ~~'Retail dealer' means any Retail dealer. – A person other~~  
22 ~~than a distributor engaged in this State in the business of selling~~  
23 ~~cigarettes at retail. who sells a tobacco product to the ultimate~~  
24 ~~consumer of the product.~~
- 25 (10) ~~'Selling' or 'sale' means any sale, transfer, exchange, barter,~~  
26 ~~gift, or offer for sale and distribution, in any manner or by any~~  
27 ~~means whatsoever. Sale. – A transfer, a trade, an exchange, or a~~  
28 ~~barter, in any manner or by any means, with or without~~  
29 ~~consideration.~~
- 30 (11) ~~'Stamp' means any Stamp. – Any impression, device, stamp, label~~  
31 ~~label, or print manufactured, printed~~  
32 ~~by the Secretary under Part 2 of this Article.~~
- 33 (11a) ~~Secretary. – The Secretary of Revenue.~~
- 34 (11b) ~~Smokeless tobacco product. – A tobacco product other than a cigar~~  
35 ~~or a cigarette.~~
- 36 (12) ~~'Unstamped' means not Unstamped. Not bearing a North~~  
37 ~~Carolina cigarette tax stamp prescribed by the Secretary under this~~  
38 ~~Article. stamp.~~
- 39 (13) ~~'Use' means the Use. – The exercise of any right or power over~~  
40 ~~cigarettes, incident to the ownership or possession thereof, other~~  
41 ~~than the making of a sale thereof in the course of engaging in a~~  
42 ~~business of selling cigarettes and shall include cigarettes. The term~~  
43 ~~includes the keeping or retention of cigarettes for use.~~

1           (14) Tobacco product. – A product that contains tobacco and is intended  
2           for inhalation or oral use.

3           (15) Wholesale dealer. – A person who makes tobacco products other  
4           than cigarettes or who acquires tobacco products other than  
5           cigarettes for sale to another wholesale dealer or to a retail dealer.

6           Sec. 270. G.S. 105-113.3 reads as rewritten:

7   "**§ 105-113.3. Purpose. Scope of tax; administration.**

8       It is hereby declared to be the intent and purpose of this Article that the incidence of  
9       the tax herein provided for shall rest upon the ultimate consumer and not upon the  
10      grower or processor of leaf tobacco or upon the manufacturer of cigarettes. This tax  
11      shall be paid to the State only once, regardless of the number of times the cigarettes may  
12      be sold in this State, but it is the intent of this Article that such tax shall be added to the  
13      sales price and passed on from successive sellers to successive purchasers so that it may  
14      be included in the ultimate purchase price of the final or last purchaser. The amount of  
15      the tax may be stated separately from the price of cigarettes on all price display signs,  
16      sales or delivery slips, bills and statements which advertise or indicate the price, but it is  
17      not required that it be stated in such manner or in any other manner. The provisions of  
18      this section shall in no way affect the assessment, levy or collection of the taxes  
19      provided for by this Article, as the same may be more specifically provided herein with  
20      respect to activities hereinafter described, but merely states the general intent with  
21      respect to this Article. (a) Scope. – The taxes imposed by this Article shall be collected  
22      only once on the same tobacco product. Except as permitted by Article 2 of this  
23      Chapter, a city or county may not levy a privilege license tax on the sale of tobacco  
24      products.

25      (b) Administration. – Except as provided in this section, Article 9 of this Chapter  
26      applies to this Article. If a person fails or refuses to pay a tax due under this Article, a  
27      penalty shall be added to the tax due in an amount equal to fifty percent (50%) of the tax  
28      due."

29      Sec. 271. G.S. 105-113.5 reads as rewritten:

30   "**§ 105-113.5. Privilege tax levied.**

31      In addition to all other taxes and fees, a tax is hereby levied upon the sale or  
32      possession for sale within this State, by distributors, of all cigarettes at the rate of ~~one~~  
33      ~~mill two and one-half mills~~ per individual cigarette.

34      The tax hereby levied shall not apply to free distribution of sample cigarettes in  
35      packages containing five or fewer cigarettes nor to any package of cigarettes  
36      customarily donated free of charge by manufacturers of cigarettes to employees in  
37      factories where cigarettes are manufactured in this State where such packages of  
38      cigarettes are not taxed by the federal government."

39      Sec. 272. G.S. 105-113.7 reads as rewritten:

40   "**§ 105-113.7. Tax with respect to inventory on effective date of Article. ~~tax~~**  
41      **increase.**

42      Every ~~person distributor~~ subject to the taxes levied in G.S. 105-113.5 and G.S. 105-  
43      ~~113.6~~ this Article who, on the effective date of a tax increase under this Article, has on  
44      hand any cigarettes shall file a complete inventory ~~thereof~~ of the cigarettes within 20

1 days thereafter, after the effective date of the increase, and shall pay an additional tax to  
2 the Secretary at the time of when filing such inventory a tax with respect thereto  
3 computed at the rate set forth in G.S. 105-113.5 and G.S. 105-113.6. All provisions of  
4 this Article relative to the collection, verification and administration of the tax herein  
5 imposed shall, insofar as pertinent, be applicable to the tax imposed by this section, but  
6 the affixing of stamps as evidence of the payment of such tax by persons subject to the  
7 taxes levied in G.S. 105-113.6 shall not be necessary except as the Secretary by  
8 regulation or administrative rule may require. the inventory. The amount of tax due is  
9 the amount due based on the difference between the former tax rate and the increased  
10 tax rate."

11 Sec. 273. G.S. 105-113.35 reads as rewritten:

12 "**§ 105-113.35. Interest and penalty. Tax on tobacco products other than cigarettes.**

13 If any person shall neglect, fail or refuse to pay any tax due under this Article,  
14 interest shall be added thereto at the rate established pursuant to G.S. 105-241.1(i) from  
15 the date due until paid and there shall also be added to said tax an amount equal to fifty  
16 percent (50%) thereof. (a) Tax. – An excise tax is levied on tobacco products other than  
17 cigarettes at the rate of two percent (2%) of the cost price of the products. This tax does  
18 not apply to the following:

- 19 (1) A tobacco product sold outside the State.
- 20 (2) A tobacco product sold to the federal government.
- 21 (3) Sample smokeless tobacco products and cigars distributed without  
22 charge.

23 (b) Primary Liability. – The wholesale dealer or retail dealer who first acquires or  
24 otherwise handles tobacco products subject to the tax imposed by this section is liable  
25 for the tax imposed by this section. A wholesale dealer or retail dealer who brings into  
26 this State a tobacco product made outside the State is the first person to handle the  
27 tobacco product in this State. A wholesale dealer or retail dealer who is the original  
28 consignee of a tobacco product that is made outside the State and is shipped into the  
29 State is the first person to handle the tobacco product in this State.

30 (c) Secondary Liability. – A retail dealer who acquires non-tax-paid tobacco  
31 products subject to the tax imposed by this section from a wholesale dealer is liable for  
32 any tax due on the tobacco products. A retail dealer who is liable for tax under this  
33 subsection may not deduct a discount from the amount of tax due when reporting the  
34 tax."

35 Sec. 274. G.S. 105-113.36 reads as rewritten:

36 "**§ 105-113.36. General administrative provisions of Revenue Act applicable.**  
37 **Wholesale dealer and retail dealer must obtain license.**

38 All provisions not inconsistent with this Article contained in Article 9 entitled  
39 "General Administration; Penalties and Remedies" of Subchapter I of Chapter 105 of  
40 the General Statutes, including but not limited to administration, auditing, making  
41 returns, promulgation of administrative rules and regulations by the Secretary,  
42 additional taxes, assessment procedure, imposition and collection of taxes of the lien  
43 thereof, assessments, refunds and penalties are hereby made a part of this Article and  
44 shall be applicable thereto.

1 A wholesale dealer shall obtain for each place of business a continuing tobacco  
2 products license and shall pay a tax of twenty-five dollars (\$25.00) for the license. A  
3 retail dealer shall obtain for each place of business a continuing tobacco products  
4 license and shall pay a fee of ten dollars (\$10.00) for the license. A 'place of business' is  
5 a place where a wholesale dealer makes tobacco products other than cigarettes or a  
6 wholesale dealer or a retail dealer receives or stores non-tax-paid tobacco products other  
7 than cigarettes."

8 Sec. 275. G.S. 105-113.37 reads as rewritten:

9 **"§ 105-113.37. Secretary to make rules and regulations. Payment of tax.**

10 ~~Subject to the provisions of G.S. 105-262, the Secretary is hereby authorized and~~  
11 ~~empowered to make all reasonable regulations and administrative rules necessary for~~  
12 ~~the efficient administration and enforcement of this Article not inconsistent with the~~  
13 ~~provisions of this Article. Upon request, he shall furnish any taxpayer with a copy of~~  
14 ~~such rules and regulations. All provisions with respect to reviews and appeals from the~~  
15 ~~Secretary's decisions as provided by G.S. 105-241.2, 105-241.3 and 105-241.4 of the~~  
16 ~~General Statutes shall be applicable to this Article.~~

17 (a) Monthly Report. – Except for tax on a designated sale under subsection (b),  
18 the taxes levied by this Article are payable when a report is required to be filed. A  
19 report is due on a monthly basis. A monthly report covers sales and other activities  
20 occurring in a calendar month and is due within 20 days after the end of the month  
21 covered by the report. A report shall be filed on a form provided by the Secretary and  
22 shall contain the information required by the Secretary.

23 (b) Designation of Exempt Sale. – A wholesale dealer who sells a tobacco  
24 product to a person who has notified the wholesale dealer in writing that the person  
25 intends to resell the item in a transaction that is exempt from tax under G.S. 105-  
26 113.35(1) or (2) may, when filing a monthly report under subsection (a), designate the  
27 quantity of tobacco products sold to the person for resale. A wholesale dealer shall  
28 report a designated sale on a form provided by the Secretary.

29 A wholesale dealer is not required to pay tax on a designated sale when filing a  
30 monthly report. The wholesale dealer shall pay the tax due on all other sales in  
31 accordance with this section. A wholesale dealer or a customer of a wholesale dealer  
32 may not delay payment of the tax due on a tobacco product by failing to pay tax on a  
33 sale that is not a designated sale or by overstating the quantity of tobacco products that  
34 will be resold in a transaction exempt under G.S. 105-113.35(1) or (2).

35 A person who does not sell a tobacco product in a transaction exempt under G.S.  
36 105-113.35(1) or (2) after a wholesale dealer has failed to pay the tax due on the  
37 sale of the item to the person in reliance on the person's written notification of intent is  
38 liable for the tax and any penalties and interest due on the designated sale. If the  
39 Secretary determines that a tobacco product reported as a designated sale is not sold as  
40 reported, the Secretary shall assess the person who notified the wholesale dealer of an  
41 intention to resell the item in an exempt transaction for the tax due on the sale and any  
42 applicable penalties and interest. A wholesale dealer who does not pay tax on a tobacco  
43 product in reliance on a person's written notification of intent to resell the item in an  
44 exempt transaction is not liable for any tax assessed on the item.

1 (c) Refund. – A wholesale dealer or retail dealer who pays tax on a tobacco  
2 product that is exempt from the tax may obtain a refund for the amount of tax paid by  
3 filing an application for refund with the Secretary on a form provided by the Secretary.  
4 An application for a refund must be submitted within the time allowed by G.S. 105-266  
5 or G.S. 105-266.1."

6 Sec. 276. G.S. 105-113.38 reads as rewritten:

7 **"§ 105-113.38. Tax to be paid only once. Bond.**

8 ~~Whenever the tax levied by this Article has been computed and paid to the State~~  
9 ~~with respect to any cigarettes as provided by this Article, and appropriate stamps~~  
10 ~~affixed, the same shall not be required to be paid again to the State regardless of how~~  
11 ~~many times such cigarettes may thereafter be sold or resold, but the seller may add to~~  
12 ~~his sales price thereafter the amount of such tax. Bond. – The Secretary may require a~~  
13 ~~wholesale dealer or a retail dealer to furnish a bond in an amount that adequately~~  
14 ~~protects the State from loss if the dealer fails to pay taxes due under this Part. A bond~~  
15 ~~shall be conditioned on compliance with this Part, shall be payable to the State, and~~  
16 ~~shall be in the form required by the Secretary. The Secretary shall proportion a bond~~  
17 ~~amount to the anticipated tax liability of the wholesale dealer or retail dealer. The~~  
18 ~~Secretary shall periodically review the sufficiency of bonds required of dealers and shall~~  
19 ~~increase the amount of a required bond when the amount of the bond furnished no~~  
20 ~~longer covers the anticipated tax liability of the wholesale dealer or retail dealer."~~

21 Sec. 277. G.S. 105-113.39 reads as rewritten:

22 **"§ 105-113.39. Local units prohibited to tax. Discount.**

23 ~~No city, town or county shall levy any privilege license tax with respect to the sale~~  
24 ~~of cigarettes other than as permitted by Article 2 of Subchapter I of Chapter 105 of the~~  
25 ~~General Statutes.~~

26 A wholesale dealer or a retail dealer who is primarily liable under G.S. 113.35(b)  
27 for the excise taxes imposed by this Part and who files a timely report under  
28 G.S. 105-113.37 may deduct from the amount due with the report a discount of four  
29 percent (4%). This discount covers losses due to damage to tobacco products, expenses  
30 incurred in preparing the records and reports required by this Part, and the expense of  
31 furnishing a bond."

32 Sec. 278. G.S. 105-113.40 reads as rewritten:

33 **"§ 105-113.40. Effective date of this Article. Records of sales, inventories, and**  
34 **purchases to be kept.**

35 ~~This Article shall be in full force and effect on and after July 1, 1969, or on the first~~  
36 ~~day of the month next after the ninetieth day from its ratification, whichever is the later~~  
37 ~~date. However, the Secretary is authorized, prior to that time, to do all things necessary~~  
38 ~~to the implementation of the provisions of this Article, including making regulations~~  
39 ~~and administrative rules, procuring the manufacture of stamps, and providing for sale of~~  
40 ~~the same, in order to secure effective administration of this Article on and after its~~  
41 ~~effective date. Every wholesale dealer and retail dealer shall keep accurate records of~~  
42 ~~the dealer's purchases, inventories, and sales of tobacco products. These records shall~~  
43 ~~be open at all times for inspection by the Secretary or an authorized representative of~~  
44 ~~the Secretary."~~

1  
2  
3 **TITLE VI. - OTHER**  
4

5  
6 PART 53.—MISCELLANEOUS APPROPRIATIONS PROVISIONS  
7

8           Sec. 279. The sections under this Title apply to Titles I, II, and III of this act.  
9

10 Requested by: Senators Basnight, Plyler

11 —EFFECT OF HEADINGS

12           Sec. 280. The headings to the Parts and sections of this act are a convenience  
13 to the reader and are for reference only. The headings do not expand, limit, or define  
14 the text of this act.  
15

16 Requested by: Senators Basnight, Plyler

17 —EXECUTIVE BUDGET ACT REFERENCE

18           Sec. 281. The provisions of the Executive Budget Act, Chapter 143, Article 1  
19 of the General Statutes, are reenacted and shall remain in full force and effect and are  
20 incorporated in Titles I, II, and III of this act by reference.  
21

22 Requested by: Senators Basnight, Plyler

23 —COMMITTEE REPORT

24           Sec. 282. The Senate Appropriations Committee Report on Base Budget  
25 Reductions and Expansion Budget, dated June 11, 1991, which was distributed in the  
26 Senate and used to explain this act, shall indicate action by the General Assembly on  
27 this act and shall therefore be used to construe this act, as provided in G.S. 143-15 of the  
28 Executive Budget Act, and for these purposes shall be considered a part of this act.  
29

30 Requested by: Senators Basnight, Plyler

31 —MOST TEXT APPLIES ONLY TO 1991-93

32           Sec. 283. Except for statutory changes or other provisions that clearly  
33 indicate an intention to have effects beyond the 1991-93 biennium, the textual  
34 provisions of this act shall apply only to funds appropriated for and activities occurring  
35 during the 1991-93 biennium.  
36

37 Requested by: Senators Basnight, Plyler

38 —SEVERABILITY CLAUSE

39           Sec. 284. If any section or provision of this act is declared unconstitutional or  
40 invalid by the courts, it does not affect the validity of the act as a whole or any part  
41 other than the part so declared to be unconstitutional or invalid.  
42

43 Requested by: Senators Basnight, Plyler

44 —EFFECTIVE DATE

1           Sec. 285. Except as otherwise provided, Titles I, II, and III of this act become  
2 effective July 1, 1991.

3  
4  
5 PART 54.—MISCELLANEOUS REVENUE PROVISIONS

6  
7 —EFFECTIVE DATE

8           Sec. 286. Section 237 of this act becomes effective July 1, 1992; Section 238  
9 of this act becomes effective July 1, 1991; the remainder of Part 46 of this act becomes  
10 effective for budgets beginning with the budget for the 1992-93 fiscal year, except that  
11 G.S. 143-2.3, as enacted by Part 46 of this act, becomes effective beginning with the  
12 credit balance at the end of the 1991-92 fiscal year. Sections 239.10, 239.11, and  
13 239.12 of this act become effective July 1, 1991; the remainder of Part 47 of this act is  
14 effective for taxable years beginning on or after January 1, 1991. Part 48 of this act  
15 becomes effective July 1, 1991, and applies to sales made on or after that date. Section  
16 254 of this act becomes effective July 1, 1991; the remainder of Part 49 of this act is  
17 effective for taxable years beginning on or after January 1, 1991, and expires effective  
18 for taxable years beginning on or after January 1, 1993. Part 50 of this act is effective  
19 for taxable years beginning on or after January 1, 1991. Part 51 of this act becomes  
20 effective July 1, 1991, and applies to transfers made on or after that date. Sections 271  
21 and 272 of this act become effective July 1, 1991; the remainder of Part 52 of this act  
22 becomes effective January 1, 1992. The remainder of Titles IV, V, and VI of this act is  
23 effective upon ratification.

24  
25 —SAVINGS CLAUSE

26           Sec. 287. This act does not affect the rights or liabilities of the State, a  
27 taxpayer, or another person arising under a statute amended or repealed by this act  
28 before its amendment or repeal; nor does it affect the right to any refund or credit of a  
29 tax that would otherwise have been available under the amended or repealed statute  
30 before its amendment or repeal.

31  
32 —DEPARTMENT OF REVENUE FUNDS

33           Sec. 288. To pay for the additional costs of implementing the provisions of  
34 this act in a timely manner, the Department of Revenue shall retain the sum of five  
35 hundred thousand dollars (\$500,000) from collections received by the Department  
36 during July 1991 under Article 5 of Chapter 105 of the General Statutes.