

**GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2007**

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**HOUSE BILL 2436\*  
Committee Substitute Favorable 6/3/08  
Committee Substitute #2 Favorable 6/3/08**

Short Title: Modify Appropriations Act of 2007.

(Public)

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Sponsors:

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Referred to:

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May 26, 2008

A BILL TO BE ENTITLED

1 AN ACT TO MODIFY THE CURRENT OPERATIONS AND CAPITAL  
2 APPROPRIATIONS ACT OF 2007; TO CONFORM TO CHANGES IN THE  
3 INTERNAL REVENUE CODE AND REQUIRE AN ADDBACK OF  
4 EIGHTY-FIVE PERCENT OF BONUS DEPRECIATION; TO MAKE OTHER  
5 TAX LAW CHANGES RECOMMENDED BY THE REVENUE LAWS STUDY  
6 COMMITTEE; TO PROVIDE FOR A REFUNDABLE EARNED INCOME TAX  
7 CREDIT EQUAL TO FIVE PERCENT OF THE FEDERAL CREDIT; TO  
8 EXTEND AND INCREASE THE SMALL BUSINESS HEALTH INSURANCE  
9 TAX CREDIT; TO DECREASE DISABLED VETERANS PROPERTY TAX; TO  
10 EXTEND TAX CREDITS FOR LOW-INCOME HOUSING AND MILL  
11 REHABILITATION; TO ESTABLISH A SALES TAX HOLIDAY FOR CERTAIN  
12 ENERGY STAR RATED APPLIANCES; TO ALLOW FOR A  
13 NONREFUNDABLE CREDIT FOR REINVESTMENT IN A MAJOR  
14 RECYCLING FACILITY AND TO SUNSET THE CREDIT FOR INVESTMENTS  
15 IN A LARGE OR MAJOR RECYCLING FACILITY; TO CREATE, SET, AND  
16 INCREASE VARIOUS FEES; AND TO AUTHORIZE SPECIAL OBLIGATION  
17 INDEBTEDNESS FOR VARIOUS CAPITAL PROJECTS.

18 The General Assembly of North Carolina enacts:

19  
20  
21 **PART I. INTRODUCTION AND TITLE OF ACT**

22  
23 **INTRODUCTION**

24 **SECTION 1.1.** The appropriations made in this act are for maximum  
25 amounts necessary to provide the services and accomplish the purposes described in the  
26 budget. Savings shall be effected where the total amounts appropriated are not required  
27 to perform these services and accomplish these purposes and, except as allowed by the

1 State Budget Act, or this act, the savings shall revert to the appropriate fund at the end  
2 of each fiscal year as provided in G.S. 143C-1-2(b).

3  
4 **TITLE**

5 **SECTION 1.2.** This act shall be known as "The Current Operations and  
6 Capital Improvements Appropriations Act of 2008."

7  
8 **PART II. CURRENT OPERATIONS AND EXPANSION/GENERAL FUND**

9  
10 **CURRENT OPERATIONS AND EXPANSION/GENERAL FUND**

11 **SECTION 2.1.** Appropriations from the General Fund of the State for the  
12 maintenance of the State departments, institutions, and agencies, and for other purposes  
13 as enumerated, are adjusted for the fiscal year ending June 30, 2009, according to the  
14 schedule that follows. Amounts set out in brackets are reductions from General Fund  
15 appropriations for the 2008-2009 fiscal year.

16  
17 **Current Operations – General Fund** **FY 2008-2009**

18  
19 **EDUCATION**

20	Community Colleges System Office	\$ 33,174,698
21	Department of Public Instruction	99,492,379
22	University of North Carolina System	
23	Appalachian State University	(599,584)
24	East Carolina University	
25	Academic Affairs	1,150,024
26	Health Affairs	
27	Elizabeth City State University	(35,213)
28	Fayetteville State University	(351,369)
29	NC Agricultural and Technical University	(543,155)
30	North Carolina Central University	(176,670)
31	North Carolina School of the Arts	(312,634)
32	North Carolina State University	
33	Academic Affairs	(1,638,163)
34	Agricultural Extension	(85,900)
35	Agricultural Research	(1,321,250)
36	University of North Carolina at Asheville	(610,621)
37	University of North Carolina at Chapel Hill	
38	Academic Affairs	(1,236,446)
39	Health Affairs	(977,373)
40	Area Health Education Centers	
41	University of North Carolina at Charlotte	(1,211,256)

1	University of North Carolina at Greensboro	(102,626)
2	University of North Carolina at Pembroke	(596,283)
3	University of North Carolina at Wilmington	(972,635)
4	Western Carolina University	(339,745)
5	Winston-Salem State University	(68,787)
6	General Administration	(406,601)
7	University Institutional Programs	38,112,369
8	Related Educational Programs	(51,215,000)
9	North Carolina School of Science and Mathematics	(93,693)
10	UNC Hospitals at Chapel Hill	0
11	<b>Total University of North Carolina Board of Governors</b>	<b>\$ (23,632,611)</b>

**HEALTH AND HUMAN SERVICES**

15	Department of Health and Human Services	
16	Central Management and Support	\$ (8,759,966)
17	Division of Aging	2,500,000
18	Division of Blind Services/Deaf/HH	75,000
19	Division of Child Development	(6,102,422)
20	Division of Education Services	698,940
21	Division of Facility Services	822,028
22	Division of Medical Assistance	(200,308,334)
23	Division of Mental Health	27,189,093
24	NC Health Choice	11,033,268
25	Division of Public Health	5,886,911
26	Division of Social Services	1,734,698
27	Division of Vocation Rehabilitation	(2,000,000)
28	<b>Total Health and Human Services</b>	<b>\$ (167,230,784)</b>

**NATURAL AND ECONOMIC RESOURCES**

32	Department of Agriculture and Consumer Services	\$ 5,010,589
34	Department of Commerce	
35	Commerce	8,140,470
36	Commerce State-Aid	8,259,635
37	NC Biotechnology Center	(155,834)
38	Rural Economic Development Center	59,756,974
40	Department of Environment and Natural Resources	
41	Environment and Natural Resources	13,707,010
42	Clean Water Management Trust Fund	0
44	Department of Labor	770,885

1		
2	<b>JUSTICE AND PUBLIC SAFETY</b>	
3		
4	Department of Correction	\$ 747,470
5		
6	Department of Crime Control and Public Safety	2,970,175
7		
8	Judicial Department	(3,420,656)
9	Judicial Department – Indigent Defense	1,000,000
10		
11	Department of Justice	(426,758)
12		
13	Department of Juvenile Justice and Delinquency Prevention	20,694,280
14		
15	<b>GENERAL GOVERNMENT</b>	
16		
17	Department of Administration	\$ 1,306,562
18		
19	Office of Administrative Hearings	313,544
20		
21	Department of State Auditor	(283,938)
22		
23	Office of State Controller	(110,940)
24		
25	Department of Cultural Resources	
26	Cultural Resources	2,110,579
27	Roanoke Island Commission	(15,000)
28		
29	State Board of Elections	261,583
30		
31	General Assembly	(881,000)
32		
33	Office of the Governor	
34	Office of the Governor	(355,119)
35	Office of State Budget and Management	15,242
36	OSBM – Reserve for Special Appropriations	1,450,000
37	Housing Finance Agency	12,000,000
38		
39	Department of Insurance	
40	Insurance	328,080
41	Insurance – Volunteer Safety Workers' Compensation	(1,150,000)
42		
43	Office of Lieutenant Governor	0
44		

1	Department of Revenue	(1,415,864)
2		
3	Department of Secretary of State	132,056
4		
5	Department of State Treasurer	
6	State Treasurer	0
7	State Treasurer – Retirement for Fire and Rescue Squad Workers	0
8		
9	<b>RESERVES, ADJUSTMENTS AND DEBT SERVICE</b>	
10		
11	Compensation Increases	\$ 366,494,351
12	Salary Adjustment Fund 2007-2009 Biennium	0
13	Teachers' & State Employees' Retirement Contributions	30,237,400
14	Hospitalization Reserve	(5,000,000)
15	Reserve for Eliminated Positions	0
16	No Penalty for Teachers Taking Personal Leave Day	5,000,000
17	Contingency and Emergency Fund	0
18	Information Technology Fund	0
19	Job Development Investment Grants Reserve	22,700,000
20	North Carolina Master Address Dataset	1,000,000
21	Pending Gang Prevention Legislation (HB 274)	10,000,000
22	Debt Service	
23	General Debt Service	(17,500,000)
24	Federal Reimbursement	0
25		
26	<b>TOTAL CURRENT OPERATIONS – GENERAL FUND</b>	<b>\$ 485,495,458</b>

**GENERAL FUND AVAILABILITY STATEMENT**

29           **SECTION 2.2.(a)** Section 2.2.(a) of S.L. 2007-323 is repealed. The General  
30 Fund availability used in adjusting the 2008-2009 budget is shown below:

31		
32		<b>FY 2008-2009</b>
33	Unappropriated Balance from FY 2007-2008, S.L. 2007-323	\$ 270,504,098
34	Net Adjustment – S.L. 2007-540	(1,000,000)
35	Adjustment from Estimated to Actual 2007-2008	
36	Beginning Unreserved Balance	47,867,864
37	Projected Reversions from FY 2007-2008	150,000,000
38	Projected Overcollections from FY 2007-2008	151,500,000
39	Less Earmarkings of Year End Fund Balance	
40	Credit to Savings Reserve	(62,224,083)
41	Credit to Repairs and Renovation Reserve Account	(65,000,000)
42	<b>Beginning Unreserved Fund Balance</b>	<b>\$ 491,647,879</b>
43		
44	<b>Revenues Based on Existing Tax Structure</b>	<b>\$ 19,903,800,000</b>

1		
2	<b>Nontax Revenues</b>	
3	Investment Income	\$ 247,300,000
4	Judicial Fees	204,800,000
5	Disproportionate Share	100,000,000
6	Insurance	62,900,000
7	Other Nontax Revenues	160,600,000
8	Highway Trust Fund Transfer	172,500,000
9	Highway Fund Transfer	17,600,000
10	<b>Subtotal Nontax Revenues</b>	<b>\$ 965,700,000</b>
11		
12	<b>Total General Fund Availability</b>	<b>\$ 21,361,147,879</b>
13		
14	<b>Adjustments to Availability: 2008 Session</b>	
15	Extend Sunset for State Ports Tax Credit	\$ (1,000,000)
16	Extend Credit for Research & Development	(1,000,000)
17	Sales Tax Exemption for American Red Cross	(500,000)
18	Sales Tax Holiday for Energy Efficient Products	(1,200,000)
19	Extend Sunset for Small Business Employee Health	
20	Benefits Tax Credit	(8,500,000)
21	Increase Tax Credit for Small Business Employee	
22	Health Benefits	(1,600,000)
23	Increase Earned Income Tax Credit to 5%	(20,600,000)
24	Provide Property Tax Homestead Exemption	
25	for Military/Disabled Veterans	(8,600,000)
26	Extend and Amend Tax Credit for Reinvestment	(1,000,000)
27	Reserve for Tax Relief	(6,000,000)
28	Health Care Facility Construction Project Fee	
29	Service Regulation Fee Increase	822,028
30	Adjust Securities Filing Fee	1,993,500
31	Reduce Transfer from Highway Trust Fund	(25,000,000)
32	Transfer from Disaster Relief Reserve	21,000,000
33	Transfer from NC Rx Fund Balance	3,500,000
34	Transfer from Tobacco Trust Fund	5,000,000
35	Transfer from Health & Wellness Trust Fund	5,000,000
36	Transfer from Coaching Scholarship Loan Fund	267,000
37	Transfer from Principal Fellows Trust Fund	1,000,000
38	Transfer from NC Community College System	
39	Computer Information System Fund Balance	4,500,000
40	Transfer from Focused Industrial Training Fund Balance	783,246
41	Transfer from Disproportionate Share Receipt Reserve	19,300,000
42	Adjust Transfer from Insurance Regulatory Fund	328,080
43	<b>Subtotal Adjustments to Availability: 2008 Session</b>	<b>\$ (11,506,146)</b>
44		

1	<b>Revised General Fund Availability for 2008-2009 Fiscal Year</b>	<b>\$ 21,349,641,733</b>
2		
3	<b>Total General Fund Appropriations for 2008-2009 Fiscal Year</b>	<b>\$ (21,349,641,733)</b>
4		
5	<b>Unappropriated Balance Remaining</b>	<b>\$ 0</b>
6		

7           **SECTION 2.2.(b)** Notwithstanding the provisions of G.S. 143C-4-3, the  
8 State Controller shall transfer sixty-five million dollars (\$65,000,000) from the  
9 unreserved fund balance to the Repairs and Renovations Reserve Account on June 30,  
10 2008. This subsection becomes effective June 30, 2008.

11           **SECTION 2.2.(c)** Funds transferred under this section to the Repairs and  
12 Renovations Reserve Account are appropriated for the 2008-2009 fiscal year to be used  
13 in accordance with G.S. 143C-4-3.

14           **SECTION 2.2.(c1)** Notwithstanding G.S. 143C-4-2, the State Controller  
15 shall transfer only sixty-two million two hundred twenty-four thousand eighty-three  
16 dollars (\$62,224,083) from the unreserved fund balance to the Savings Reserve Account  
17 on June 30, 2008. This is not an "appropriation made by law", as that phrase is used in  
18 Article V, Section 7(1) of the North Carolina Constitution. This subsection becomes  
19 effective June 30, 2008.

20           **SECTION 2.2.(d)** Seciton 2.2.(d) of S.L. 2007-323 reads as rewritten.

21           **"SECTION 2.2.(d)** Notwithstanding the provisions of G.S. 105-187.9(b)(1), the  
22 sum to be transferred under that subdivision for the 2007-2008 fiscal year is one  
23 hundred seventy million dollars (\$170,000,000) and for the 2008-2009 fiscal year is ~~one~~  
24 ~~hundred seventy million dollars (\$170,000,000).~~ one hundred forty-five million dollars  
25 (\$145,000,000)."

26           **SECTION 2.2.(e)** Notwithstanding G.S. 143C-9-3, of the funds credited to  
27 the Tobacco Trust, the sum of five million dollars (\$5,000,000) shall be transferred from  
28 the Department of Agriculture and Consumer Services, Budget Code 23703 (Tobacco  
29 Trust Fund), to the State Controller to be deposited in Nontax Budget Code 19978 (Intra  
30 State Transfers) to support General Fund appropriations for the 2008-2009 fiscal year.

31           **SECTION 2.2.(f)** Notwithstanding G.S. 143C-9-3, of the funds credited to  
32 the Health Trust Account, the sum of five million dollars (\$5,000,000) that would  
33 otherwise be deposited in the Fund Reserve shall be transferred from the Department of  
34 State Treasurer, Budget Code 23460 (Health and Wellness Trust Fund), to the State  
35 Controller to be deposited in Nontax Budget Code 19978 (Intra State Transfers) to  
36 support General Fund appropriations for the 2008-2009 fiscal year.

37           **SECTION 2.2.(g)** On July 1, 2008, the State Controller shall transfer  
38 twenty-one million dollars (\$21,000,000) from the Disaster Reserve Fund to Nontax  
39 Budget Code 19978 (Intra State Transfers) to support General Fund appropriations for  
40 the 2008-2009 fiscal year.

41           **SECTION 2.2.(h)** On July 1, 2008, the State Controller shall transfer  
42 nineteen million three hundred thousand dollars (\$19,300,000) from the  
43 Disproportionate Share Receipt Reserve, to Nontax Budget Code 19978 (Intra State  
44 Transfers) to support General Fund appropriations for the 2008-2009 fiscal year.

1           **SECTION 2.2.(i)** Transfers of additional availability in the amount of ten  
 2 million fifty thousand two hundred forty-six dollars (\$10,050,246) are made to the  
 3 General Fund pursuant to Sections 8.9, 9.1, 9.4, and 10.1 of this act.

4  
 5 **PART III. CURRENT OPERATIONS/HIGHWAY FUND**

6  
 7 **CURRENT OPERATIONS AND EXPANSION/HIGHWAY FUND**

8           **SECTION 3.1.** Appropriations from the State Highway Fund for the  
 9 maintenance and operation of the Department of Transportation and for other purposes  
 10 as enumerated are adjusted for the fiscal year ending June 30, 2009, according to the  
 11 following schedule. Amounts set out in brackets are reductions from Highway Fund  
 12 Appropriations for the 2008-2009 fiscal year.

	<b>2008-2009</b>
13	
14 Department of Transportation	
15     Administration	(9,583,308)
16	
17     Repairs and Renovations	14,334,221
18	
19     Division of Highways	
20         Administration	0
21         Construction	1,807,592
22         Maintenance	19,342,804
23         Planning and Research	0
24         OSHA Program	0
25	
26     Ferry Operations	1,000,000
27	
28     Public Transportation	0
29	
30     Airports	0
31	
32     Railroads	1,000,000
33	
34     Governor's Highway Safety Program	0
35	
36     Division of Motor Vehicles	195,266
37	
38     State Aid to Municipalities	1,807,592
39	
40     Transfers to Other State Agencies	431,491
41	
42     Reserve for Compensation Increases	14,762,342
43	
44     Reserve for Teachers' and State Employees' Retirement Contributions	1,462,000



1  
2 **TOTAL** **\$46,560,000**

3  
4 **HIGHWAY FUND AVAILABILITY STATEMENT**

5 **SECTION 3.2.** Section 3.2 of S.L. 2007-323 is repealed. The Highway Fund  
6 availability used in adjusting the 2008-2009 fiscal year budget is shown below:

7  
8 **Highway Fund Availability Statement** **2008-2009**

9  
10 Unappropriated Balance From Previous Year 0  
11 Beginning Fund Balance 35,000,000  
12 Estimated Revenue 1,822,550,000  
13 Total Highway Fund Availability \$1,857,550,000

14  
15 **PART IV HIGHWAY TRUST FUND APPROPRIATIONS**

16  
17 **HIGHWAY TRUST FUND**

18 **SECTION 4.1.** Appropriations from the State Highway Trust Fund for the  
19 maintenance and operation of the Department of Transportation and for other purposes  
20 as enumerated are adjusted for the fiscal year ending June 30, 2009, according to the  
21 following schedule. Amounts set out in brackets are reductions from Highway Trust  
22 Fund Appropriations for the 2008-2009 fiscal year.

23  
24 **Current Operations – Highway Trust Fund** **2008-2009**

25  
26 Intrastate System (40,691,943)  
27 Urban Loops (16,454,126)  
28 Aid to Municipalities (4,269,533)  
29 Secondary Roads (7,687,965)  
30 Program Administration 3,627,360  
31 Transfer to General Fund (25,143,793)  
32 North Carolina Turnpike Authority 25,000,000

33  
34 **Total** **(\$65,620,000)**

35  
36 **HIGHWAY TRUST FUND AVAILABILITY STATEMENT**

37 **SECTION 4.2.** Section 4.2 of S.L. 2007-323 is repealed. The Highway Trust  
38 Fund availability used in adjusting the 2008-2009 fiscal year budget is shown below:

39  
40 **Highway Trust Fund Availability** **\$1,073,160,000**

41  
42 **PART V. OTHER AVAILABILITY AND APPROPRIATIONS**

**CIVIL PENALTIES AND FORFEITURES/FUND AVAILABILITY AND APPROPRIATION**

**SECTION 5.1.(a)** Section 5.1(a) of S.L. 2007-323 reads as rewritten:

"**SECTION 5.1.(a)** Availability. – The availability used to support appropriations made in this act from the Civil Penalty and Forfeiture Fund is based upon estimated collections of fines and forfeitures from the agencies and in the amounts listed below:

	FY 2007-2008	<del>FY 2007-2008</del>	FY 2008-2009
Department of Revenue	\$63,000,000	<del>\$63,000,000</del>	<u>\$85,200,000</u>
Department of Transportation	\$15,000,000	<del>\$15,000,000</del>	<u>\$22,000,000</u>
Employment Security Commission	\$ 3,000,000	<del>\$3,000,000</del>	<u>\$4,200,000</u>
Department of Insurance	\$ 1,000,000	<del>\$1,000,000</del>	<u>\$600,000</u>
University of North Carolina	\$ 3,500,000	<del>\$3,500,000</del>	<u>\$3,600,000</u>
Other Agencies	\$10,000,000	<del>\$10,000,000</del>	<u>\$10,900,000</u>
Total Funds Available	\$95,500,000	<del>\$95,500,000</del>	<u>\$126,500,000"</u>

**SECTION 5.1.(b)** Section 5.1(b) of S.L. 2007-323 reads as rewritten:

"**SECTION 5.1.(b)** Appropriations. – Appropriations are made from the Civil Penalty and Forfeiture Fund for the fiscal ~~biennium~~-year ending June 30, 2009, as follows:

	FY 2007-2008	<del>FY 2007-2008</del>	FY 2008-2009
School Technology Fund	\$18,000,000	<del>\$18,000,000</del>	
State Public School Fund	\$77,500,000	<del>\$77,500,000</del>	<u>\$108,500,000</u>
Total Appropriation	\$95,500,000	<del>\$95,500,000</del>	<u>\$126,500,000"</u>

**EDUCATION LOTTERY**

**SECTION 5.2.(a)** Pursuant to G.S. 18C-164, the revenue used to support appropriations made in this act is transferred from the State Lottery Fund in the amount of three hundred eighty-five million five hundred thousand dollars (\$385,500,000) for the 2008-2009 fiscal year.

**SECTION 5.2.(b)** Notwithstanding G.S. 18C-164(b), funds in the amount of forty-one million thirty thousand two hundred twelve dollars (\$41,030,212) shall be transferred from the Education Lottery Reserve Fund to the Education Lottery Fund to support appropriations made in this act. Of these funds, nineteen million seven hundred fifty thousand dollars (\$19,750,000) shall be allocated for class size reduction and twenty-one million two hundred eighty thousand two hundred twelve dollars (\$21,280,212) shall be allocated to the Public School Building Capital Fund for the 2008-2009 fiscal year. Any unexpended funds not needed for these purposes shall be transferred back to the Education Lottery Reserve Fund at the end of the 2008-2009 fiscal year.

**SECTION 5.2.(c)** Notwithstanding G.S. 18C-164(d), the appropriations made from the Education Lottery Fund for the 2008-2009 fiscal year are as follows:

(1) Class Size Reduction	\$127,864,291
(2) Prekindergarten Program	84,635,709
(3) Public School Building Capital Fund	175,480,212
(4) Scholarships for Needy Students	38,550,000

1 Total \$426,530,212

2  
3 **INFORMATION TECHNOLOGY FUND AVAILABILITY AND**  
4 **APPROPRIATION**

5 **SECTION 5.3.** Section 5.3 of S.L. 2007-323 reads as rewritten:

6 "SECTION 5.3.(a) The availability used to support appropriations made in this act  
7 from the Information Technology Fund established in G.S. 147-33.72H is as follows:

	<b>FY 2007-2008</b>	<b>FY 2008-2009</b>
10 Receipts from Information		
11 Technology Enterprise Fee	\$9,800,000	\$9,800,000
12		
13 BEACON/Data Integration Funds	\$5,000,000	\$5,000,000
14		
15 Interest Income	\$100,000	\$100,000
16		
17 IT Fund Balance June 30	\$600,000	\$690,000
18		
19 Appropriation from General Fund	\$4,140,000	\$2,840,000
20		
21 <u>Receipts for ESRI</u>	<u>0</u>	<u>\$600,000</u>
22		
23 <u>Reversions</u>	<u>0</u>	<u>\$200,000</u>
24		
25 <b>Total Funds Available</b>	<b>\$19,640,000</b>	<b>\$18,430,000</b>
26		<b><u>\$19,230,000</u></b>

27  
28 "SECTION 5.3.(b) Appropriations are made from the Information Technology  
29 Fund for the 2007-2009 fiscal biennium as follows:

	<b>FY 2007-2008</b>	<b>FY 2008-2009</b>
31 <b>Office of Information Technology Services</b>		
32		
33 Information Technology Operations	\$9,452,835	<del>\$8,152,835</del>
34		<u>\$9,451,778</u>
35 Information Technology Projects	\$4,497,165	<del>\$4,497,165</del>
36		<u>\$4,129,362</u>
37 BEACON/Data Integration Funds	\$5,000,000	\$5,000,000
38		
39 <b>Total</b>	<b>\$18,950,000</b>	<b><del>\$17,650,000</del></b>
40		<b><u>\$18,581,140</u></b>

41  
42 "SECTION 5.3.(c) State agencies supported by the ESRI licenses shall be billed for  
43 a proportionate share of the cost to provide the Office of Information Technology  
44 Services with the funding necessary to pay for enterprise licenses.



1 are appropriated for and in the amounts required to meet the legal  
2 requirements of the trust agreement for the 2007-2008 fiscal year and  
3 the 2008-2009 fiscal year.

4 ~~All these cash balances, federal funds, departmental receipts, grants, and gifts shall~~  
5 ~~be expended and reported in accordance with the provisions of the State Budget Act,~~  
6 ~~except as otherwise provided by law and this section.~~

7 "SECTION 6.1.(b) Receipts collected in a fiscal year in excess of the amounts  
8 authorized by this section shall remain unexpended and unencumbered until  
9 appropriated by the General Assembly in a subsequent fiscal year, unless the  
10 expenditure of overrealized receipts in the fiscal year in which the receipts were  
11 collected is authorized by the State Budget Act.

12 Overrealized receipts are appropriated up to the amounts necessary to implement  
13 this subsection.

14 In addition to the consultation and reporting requirements set out in G.S. 143C-6-4,  
15 the Office of State Budget and Management shall report to the Joint Legislative  
16 Commission on Governmental Operations and to the Fiscal Research Division of the  
17 Legislative Services Office within 30 days after the end of each quarter on any  
18 overrealized receipts approved for expenditure under this subsection by the Director of  
19 the Budget. The report shall include the source of the receipt, the amount overrealized,  
20 the amount authorized for expenditure, and the rationale for expenditure.

21 "SECTION 6.1.(c) Notwithstanding subsections (a) and (b) of this section, there is  
22 appropriated from the Reserve for Reimbursements to Local Governments and Shared  
23 Tax Revenues for each fiscal year an amount equal to the amount of the distributions  
24 required by law to be made from that reserve for that fiscal year."  
25

## 26 EXPENDITURES OF FUNDS IN RESERVES LIMITED

27 SECTION 6.2. All funds appropriated by this act into reserves may be  
28 expended only for the purposes for which the reserves were established.  
29

## 30 BUDGET CODE CONSOLIDATIONS

31 SECTION 6.3. Notwithstanding G.S. 143C-6-4, the Office of State Budget  
32 and Management may adjust the enacted budget by making transfers among purposes or  
33 programs for the purpose of consolidating budget and fund codes or eliminating inactive  
34 budget and fund codes. The Office of State Budget and Management shall change the  
35 authorized budget to reflect these adjustments.  
36

## 37 CONSULTATION NOT REQUIRED PRIOR TO ESTABLISHING OR 38 INCREASING FEES PURSUANT TO THE STATE BUDGET ACT

39 SECTION 6.4. Notwithstanding G.S. 12-3.1, an agency is not required to  
40 consult with the Joint Legislative Commission on Governmental Operations prior to  
41 establishing or increasing a fee as authorized or anticipated in this act.  
42

## 43 STUDY OF LAPSED SALARY USE

44 SECTION 6.5. Section 6.18(b) of S.L. 2007-323 reads as rewritten:

1        "**SECTION 6.18.(b)** The Office of State Budget and Management shall report its  
2 ~~findings~~ findings, including an estimate of the total amount of lapsed salaries by each  
3 State agency, to the Joint Legislative Commission on Governmental Operations by  
4 ~~April 30, 2008.~~February 1, 2009."

## 6        **AUTHORIZATION TO ESTABLISH RECEIPT-SUPPORTED POSITIONS**

7            **SECTION 6.6.** Notwithstanding any other provision of law, a department,  
8 institution, or other agency of State government may establish receipt-supported  
9 positions authorized in this act upon approval by the Director of the Budget. The  
10 Director, if necessary, may establish a receipt-supported position pursuant to this  
11 section at an annual salary amount different from the salary amount set out in this act if  
12 (i) funds are available from the proposed funding source and (ii) the alternative salary  
13 amount remains within the established salary range grade identified for the job  
14 classification of the affected receipt-supported position established in this act. The  
15 Director shall not change the job classifications or increase the number of  
16 receipt-supported positions specified in this act without prior consultation with the Joint  
17 Legislative Commission on Governmental Operations.

## 19        **CONTINUATION REVIEW OF CERTAIN FUNDS, PROGRAMS, AND** 20 **DIVISIONS**

21            **SECTION 6.7.(a)** It is the intent of the General Assembly to establish a  
22 process to periodically and systematically review the funds, agencies, divisions, and  
23 programs financed by State government. This process shall be known as the  
24 Continuation Review Program. The Continuation Review Program is intended to assist  
25 the General Assembly in determining whether to continue, reduce, or eliminate funding  
26 for the State's funds, agencies, divisions, and programs subject to continuation review.

27            **SECTION 6.7.(b)** The Appropriations Committees of the House of  
28 Representatives and the Senate may direct State departments and agencies to conduct  
29 continuation reviews as described in subsection (c) of this section. The Fiscal Research  
30 Division may issue instructions to the State departments and agencies subject to  
31 continuation review regarding the expected content and format of the reports required  
32 by this section. No later than December 1, 2008, the following agencies shall report to  
33 the Fiscal Research Division:

- 34            (1) Tarheel Challenge – Department of Crime Control and Public Safety.
- 35            (2) Spot Safety Program – Department of Transportation.
- 36            (3) Safety Inspection Program – Department of Commerce.
- 37            (4) North Carolina Center for Textile Technology – Community College  
38            System.
- 39            (5) Adolescent Pregnancy Prevention Programs – Department of Health  
40            and Human Services.
- 41            (6) Parking Office – Department of Administration.

42            **SECTION 6.7.(c)** The continuation review reports required in this section  
43 shall include the following information:

- 1 (1) A description of the fund, agency, division, or program mission, goals,  
2 and objectives.
- 3 (2) The statutory objectives for the fund, agency, division, or program and  
4 the problem or need addressed.
- 5 (3) The extent to which the fund, agency, division, or program's objectives  
6 have been achieved.
- 7 (4) The fund, agency, division, or program's functions or programs  
8 performed without specific statutory authority.
- 9 (5) The performance measures for each fund, agency, division, or program  
10 and the process by which the performance measures determine  
11 efficiency and effectiveness.
- 12 (6) Recommendations for statutory, budgetary, or administrative changes  
13 needed to improve efficiency and effectiveness of services delivered to  
14 the public.
- 15 (7) The consequences of discontinuing funding.
- 16 (8) Recommendations for improving services or reducing costs or  
17 duplication.
- 18 (9) The identification of policy issues that should be brought to the  
19 attention of the General Assembly.
- 20 (10) Other information necessary to fully support the General Assembly's  
21 Continuation Review Program along with any information included in  
22 instructions from the Fiscal Research Division.

23 **SECTION 6.7.(d)** State departments and agencies identified in subsection  
24 (b) of this section shall submit a final report to the General Assembly by March 1, 2009.  
25

## 26 STATE SUPPORT OF OUR MILITARY PERSONNEL

27 **SECTION 6.8.** The General Assembly finds that North Carolina has a rich  
28 military heritage and is the site of some of the nation's major military installations,  
29 including Camp Lejeune, Fort Bragg, Pope Air Force Base, Seymour Johnson Air Force  
30 Base, New River Marine Corps Air Station, United States Coast Guard Air Station,  
31 Elizabeth City, and Cherry Point Marine Corps Air Station. The General Assembly  
32 further finds that North Carolina is the home to more than 770,000 veterans of our  
33 nation's armed forces and about 120,000 active-duty military personnel, one of the  
34 largest active-duty military populations in our entire country. In appreciation of and  
35 gratitude to those North Carolinians, both living and deceased, who have served in our  
36 armed forces in service to our country, the General Assembly provides funding for and  
37 support of the following initiatives:

- 38 (1) Defense and Security Technology Accelerator.
- 39 (2) Military Morale, Welfare, and Recreation Fund.
- 40 (3) "More at Four" for children of deployed military personnel.
- 41 (4) Traumatic Brain Injury (TBI) Services.
- 42 (5) Fayetteville Tech 3-D Technology Project.
- 43 (6) National Guard Pension Fund.
- 44 (7) National Guard Tuition Assistance Program.

- 1 (8) National Guard Armory Rehabilitations.
- 2 (9) Master Planning for Future Armory Needs.
- 3 (10) Land Buffers and Latrines for Camp Butner.
- 4 (11) Property Tax Homestead Exemption for Disabled Veterans.

## 6 **FEDERAL AND OTHER RECEIPTS FROM PENDING GRANT AWARDS**

7 **SECTION 6.9.** Notwithstanding G.S. 143C-6-4, State agencies may, with  
8 approval of the Director of the Budget, spend funds received from grants awarded  
9 subsequent to the enactment of this act, provided the applications for the grants were  
10 made prior to May 14, 2008. The Office of State Budget and Management shall work  
11 with the recipient State agencies to budget grants award according to the annual  
12 program needs and within the parameters of the respective granting entities. Depending  
13 on the nature of the award, additional State personnel may be employed on a permanent  
14 or time-limited basis. The Office of State Budget and Management shall consult with  
15 the Joint Legislative Commission on Governmental Operations prior to expending any  
16 funds received from grant awards. Funds received from such grants are hereby  
17 appropriated and shall be incorporated into the certified budget of the recipient State  
18 agency.

## 20 **IMPROVE DISASTER RECOVERY AND BUSINESS CONTINUITY**

21 **SECTION 6.10.(a)** The State Chief Information Officer (CIO) shall utilize  
22 the business and disaster recovery plans submitted under G.S. 147-33.89 and any other  
23 information at the CIO's disposal to determine whether State agencies have made  
24 adequate preparations for backing up critical applications.

25 **SECTION 6.10.(b)** In cases where backup is not sufficient to minimize any  
26 disruptions in critical State services caused by natural or man-made disasters, the State  
27 CIO, in conjunction with the agencies and the Office of State Budget and Management,  
28 shall develop plans to utilize the Western Data Center for providing backup.

29 **SECTION 6.10.(c)** By December 1, 2008, the State CIO shall report to the  
30 Joint Legislative Oversight Committee on Information Technology on the number of  
31 critical State applications without adequate backup, the State agencies utilizing the  
32 applications, and the plans for providing adequate backup.

33 **SECTION 6.10.(d)** This section does not apply to the General Assembly, to  
34 the Judicial Department, or to The University of North Carolina and its constituent  
35 institutions.

## 37 **MULTIYEAR CONTRACTS FOR INFORMATION TECHNOLOGY**

38 **SECTION 6.11.(a)** Notwithstanding the cash management provisions of  
39 G.S. 147-86.11, the Office of Information Technology Services (ITS) may procure  
40 information technology goods and services for periods not exceeding three years where  
41 the terms require payment of all or a portion of the purchase price at the beginning of  
42 the agreement. All of the following conditions must be met before payment for these  
43 agreements may be disbursed:

- 44 (1) Any advance payment complies with the ITS budget.



1 (2) The State Controller receives conclusive evidence that the proposed  
2 agreement would be more cost-effective than a multiyear agreement  
3 that complies with G.S. 147-86.11.

4 (3) The procurement complies in all other respects with applicable statutes  
5 and rules.

6 (4) The proposed agreement contains contract terms that protect the  
7 financial interests of the State against contractor nonperformance or  
8 insolvency through the creation of escrow accounts for funds, source  
9 codes, or both, or by other reasonable means that have legally binding  
10 effect.

11 (5) Participating State agencies shall agree in writing to provide their  
12 proportionate share of funding over the term of the multiyear contract.

13 **SECTION 6.11.(b)** The Office of State Budget and Management (OSBM)  
14 shall ensure that the savings from any authorized agreement will be included in the ITS  
15 calculation of rates before OSBM annually approves the proposed rates.

16 **SECTION 6.11.(c)** The Office of Information Technology shall report to the  
17 Office of State Budget and Management on any State agency budget impacts resulting  
18 from the multiyear contracts.

19 **SECTION 6.11.(d)** By January 1, 2009, then quarterly thereafter, the Office  
20 of Information Technology Services shall submit a written report of any authorizations  
21 granted under this section to the Joint Legislative Oversight Committee on Information  
22 Technology and to the Fiscal Research Division.

## 23 **DOCUMENT MANAGEMENT/DIGITAL SIGNATURE PILOT**

24 **SECTION 6.12.(a)** Funds. – Of the funds appropriated to the Office of  
25 Information Technology Services (ITS) for the 2008-2009 fiscal year, the sum of two  
26 hundred thousand dollars (\$200,000) shall be used to pilot a statewide electronic  
27 document management system that will include a digital signature capability. ITS shall  
28 identify a State agency for the pilot, which shall develop the following program  
29 requirements:  
30

31 (1) Creation of a uniform and consistent set of policies and procedures for  
32 managing and preserving electronic records through their life cycle in  
33 an efficient, effective, and economical manner.

34 (2) Development, establishment, and promotion of statewide electronic  
35 records management training and certification programs.

36 (3) Promotion of the use of public records in digital format.

37 (4) Development of statewide procurement standards for the electronic  
38 records infrastructure.

39 (5) Provision of guidance and assistance to all customers on issues relating  
40 to public records in digital formats including, but not limited to,  
41 e-mail, e-commerce, electronic signature encryption, filings, public  
42 Web pages, metadata, and system documentation.

43 **SECTION 6.12.(b)** By April 1, 2009, the Office of Information Technology  
44 Services shall submit a written report to the Joint Legislative Oversight Committee on

1 Information Technology and to the Fiscal Research Division on the status and  
2 effectiveness of the electronic document management pilot.

3  
4 **STATE GEOGRAPHIC INFORMATION/CONSOLIDATION**  
5 **IMPLEMENTATION**

6 **SECTION 6.13.** The State Chief Information Officer (SCIO), the Office of  
7 State Budget and Management (OSBM), and the Geographic Information Coordinating  
8 Council (GICC) shall develop a detailed plan to implement the recommendations  
9 contained in the Geographic Information System Study mandated by Section 6.13 of  
10 S.L. 2007-323. The implementation plan shall include, at a minimum, details relating to  
11 all of the following:

- 12 (1) The current and future costs of unconsolidated State agency GIS  
13 efforts and an estimate of savings to be realized by the consolidation of  
14 GIS efforts.
- 15 (2) A cost estimate for implementing the consolidation plan, with specific  
16 costs associated with each study report recommendation and the  
17 amount of any additional funding requirements to accomplish the  
18 consolidation and transfer.
- 19 (3) An accounting of funds, furniture, equipment, and other operational  
20 resources to be transferred from the Department of Environment and  
21 Natural Resources (DENR) to the SCIO to support the Center for  
22 Geographic Information and Analysis (CGIA) and the GICC.
- 23 (4) A description of personnel positions to be (i) transferred from DENR  
24 to SCIO and the sources and amount of funding associated with each  
25 position and (ii) eliminated due to the consolidation, if any.
- 26 (5) Any new positions required and the costs associated with each new  
27 position.
- 28 (6) Projects that can be consolidated as part of the plan implementation  
29 and the State agencies or contractors, or both, responsible for each of  
30 those projects.
- 31 (7) A time line for implementation, including specific benchmarks.

32 By December 1, 2008, this detailed implementation plan shall be submitted to the  
33 Chairs of the House and Senate Appropriations Committees and to the Fiscal Research  
34 Division of the Legislative Services Office.

35  
36 **SINGLE ELECTRONIC MAIL SYSTEM**

37 **SECTION 6.14.(a)** The State Chief Information Officer shall develop a  
38 detailed plan for transitioning State agencies, departments, and institutions to a single  
39 statewide electronic mail system by January 1, 2010. This plan shall be coordinated  
40 with every organization not currently using the Office of Information Technology  
41 Services (ITS) electronic mail system and shall specifically address any issues identified  
42 by these organizations.

43 **SECTION 6.14.(b)** The plan shall be presented to the State Chief  
44 Information Officer and the Joint Legislative Oversight Committee on Information

1 Technology by November 1, 2008, and may be implemented after consultation with the  
2 Committee.

3 **SECTION 6.14.(c)** In preparing the Governor's proposed budget for  
4 2009-2011, OSBM may utilize the plan required under subsection (b) of this section.

5 **SECTION 6.14.(d)** This provision shall not apply to the General Assembly,  
6 the Judicial Department, or The University of North Carolina and its constituent  
7 institutions. These agencies may utilize the electronic mail service operated by the  
8 Office in accordance with the statutes, policies, and rules of the Office.

9  
10 **PART VII. PUBLIC SCHOOLS**

11  
12 **CHILDREN WITH DISABILITIES**

13 **SECTION 7.1.** The State Board of Education shall allocate funds for  
14 children with disabilities on the basis of three thousand three hundred eighty-six dollars  
15 and eighty-four cents (\$3,386.84) per child for a maximum of 172,079 children for the  
16 2008-2009 school year. Each local school administrative unit shall receive funds for the  
17 lesser of (i) all children who are identified as children with disabilities or (ii) twelve and  
18 five-tenths percent (12.5%) of the 2008-2009 allocated average daily membership in the  
19 local school administrative unit.

20 The dollar amounts allocated under this section for children with disabilities  
21 shall also adjust in accordance with legislative salary increments, retirement rate  
22 adjustments, and health benefit adjustments for personnel who serve children with  
23 disabilities.

24  
25 **FUNDS FOR ACADEMICALLY GIFTED CHILDREN**

26 **SECTION 7.2.** The State Board of Education shall allocate funds for  
27 academically or intellectually gifted children on the basis of one thousand one hundred  
28 thirty-seven dollars and nineteen cents (\$1,137.19) per child. A local school  
29 administrative unit shall receive funds for a maximum of four percent (4%) of its  
30 2008-2009 allocated average daily membership, regardless of the number of children  
31 identified as academically or intellectually gifted in the unit. The State Board shall  
32 allocate funds for no more than 59,063 children for the 2008-2009 school year.

33 The dollar amounts allocated under this section for academically or  
34 intellectually gifted children shall also adjust in accordance with legislative salary  
35 increments, retirement rate adjustments, and health benefit adjustments for personnel  
36 who serve academically or intellectually gifted children.

37  
38 **FUNDS TO IMPLEMENT THE ABCS OF PUBLIC EDUCATION**

39 **SECTION 7.3.(a)** The State Board of Education shall use funds  
40 appropriated in this act for State Aid to Local School Administrative Units to provide  
41 incentive funding for schools that met or exceeded the projected levels of improvement  
42 in student performance during the 2007-2008 school year, in accordance with the ABCs  
43 of Public Education Program. In accordance with State Board of Education policy:

- 1 (1) Incentive awards in schools that achieve higher than expected  
2 improvements may be:  
3 a. Up to one thousand five hundred dollars (\$1,500) for each  
4 teacher and for certified personnel; and  
5 b. Up to five hundred dollars (\$500.00) for each teacher assistant.  
6 (2) Incentive awards in schools that meet the expected improvements may  
7 be:  
8 a. Up to seven hundred fifty dollars (\$750.00) for each teacher and  
9 for certified personnel; and  
10 b. Up to three hundred seventy-five dollars (\$375.00) for each  
11 teacher assistant.

12 **SECTION 7.3.(b)** The State Board of Education may use funds appropriated  
13 to the State Public School Fund to implement the consolidated assistance program, as  
14 directed in Section 7.6(b) of S.L. 2006-66. The Board shall report to the Joint  
15 Legislative Education Oversight Committee by January 15, 2009, on any restructuring  
16 of the program pursuant to this section.  
17

#### 18 **NORTH CAROLINA VIRTUAL PUBLIC SCHOOL**

19 **SECTION 7.4.(a)** Section 7.20(d) of S.L. 2007-323 reads as rewritten:

20 **"SECTION 7.20.(d)** The State Board of Education shall implement an allotment  
21 formula developed pursuant to Section 7.16(d) of S.L. 2006-66, for funding e-learning,  
22 effective in the ~~2008-2009~~2009-2010 fiscal year. NCVPS shall be available at no cost to  
23 all students in North Carolina who are enrolled in North Carolina's public schools,  
24 Department of Defense schools, and schools operated by the Bureau of Indian Affairs.  
25 The Department of Public Instruction shall communicate to local school administrative  
26 units all applicable guidelines regarding the enrollment of nonpublic school students in  
27 these courses.

28 The State Board of Education shall report to the Joint Legislative Education  
29 Oversight Committee and the Fiscal Research Division by December 15, 2008, on its  
30 implementation of this section.

31 Funds appropriated for NCVPS shall not revert at the end of the 2007-2008 fiscal  
32 year but shall remain available for expenditure in the 2008-2009 fiscal year."

33 **SECTION 7.4.(b)** This section becomes effective June 30, 2008.  
34

#### 35 **LEARN AND EARN ONLINE CARRYFORWARD**

36 **SECTION 7.5.(a)** Funds appropriated for Learn and Earn Online that are  
37 unexpended or unencumbered at the end of each fiscal year shall not revert, but shall  
38 remain available for expenditure.

39 **SECTION 7.5.(b)** This section becomes effective June 30, 2008.  
40

#### 41 **SCHOOL CONNECTIVITY INITIATIVE**

42 **SECTION 7.6.(a)** Section 7.28(c) of S.L. 2007-323 reads as rewritten:

43 **"SECTION 7.28.(c)** Funds currently used for the services covered by these new  
44 funds shall not be supplanted by this additional funding and shall be used to support

1 instructional technologies and local infrastructure in schools in support of acquisition  
2 and delivery of instructional technology resources to the classroom. Any refunds  
3 received for services paid with these technology funds shall return to the originating  
4 technology fund. Expenditures of existing funds for instructional technologies and local  
5 infrastructure shall be reported for each local school administrative unit to the Office of  
6 State Budget and Management, the Fiscal Research Division, and the Joint Legislative  
7 Education Oversight Committee annually by January 15."

8 **SECTION 7.6.(b)** Up to six hundred thousand dollars (\$600,000) may be  
9 transferred annually through June 30, 2013, to the Friday Institute at North Carolina  
10 State University to evaluate the effectiveness of using technology and its impact on 21<sup>st</sup>  
11 Century Teaching and Learning outcomes approved by the State Board of Education.  
12 The Friday Institute shall report annually to the State Board of Education on the  
13 evaluation results, including recommendations for continued implementation of the  
14 school connectivity initiative that improves teaching and learning.

15 **SECTION 7.6.(b1)** Of the funds allocated for the School Connectivity  
16 Initiative, the sum of two hundred fifty thousand dollars (\$250,000) may be used to  
17 sustain the Education E-Learning Portal.

18 **SECTION 7.6.(c)** Funds allocated to the School Connectivity Initiative shall  
19 carry forward to the next fiscal year until the project is fully implemented by June 30,  
20 2010.

21 **SECTION 7.6.(d)** Subsection (c) of this section becomes effective June 30,  
22 2008.

## 23 **ALLOTMENT FOR MENTORING SERVICES**

24 **SECTION 7.8.** The State Board of Education shall allot funds for mentoring  
25 services to local school administrative units based on the highest number of employees  
26 in the preceding three school years who (i) are paid with State, federal, or local funds  
27 and (ii) are either teachers paid on the first or second steps of the teacher salary schedule  
28 or instructional support personnel paid on the first step of the instructional support  
29 personnel salary schedule.

30 Local school administrative units shall use these funds to provide mentoring  
31 support to eligible employees in accordance with a plan approved by the State Board of  
32 Education. The plan shall include information on how all mentors in the local school  
33 administrative unit will be adequately trained to provide mentoring support.  
34  
35

## 36 **DISADVANTAGED STUDENT SUPPLEMENTAL FUNDING**

37 **SECTION 7.9.** Section 7.8(c) of S.L. 2007-323 reads as rewritten:

38 **"SECTION 7.8.(c)** Funds appropriated to a local school administrative unit for  
39 disadvantaged student supplemental funding shall be allotted based on: (i) the local  
40 school administrative unit's eligible DSSF population and (ii) the difference between a  
41 teacher-to-student ratio of 1:21 and the following teacher-to-student ratios:

- 42 (1) For counties with wealth greater than ninety percent (90%) of the  
43 statewide average, a ratio of ~~1:20.0;~~19.9;

- 1           (2) For counties with wealth not less than eighty percent (80%) and not  
2 greater than ninety percent (90%) of the statewide average, a ratio of  
3 ~~1:19.5~~; 1:19.4;
- 4           (3) For counties with wealth less than eighty percent (80%) of the  
5 statewide average, a ratio of ~~1:19.3~~; 1:19.1; and
- 6           (4) For LEAs receiving DSSF funds in 2005-2006, a ratio of 1:16. These  
7 LEAs shall receive no less than the DSSF amount allotted in  
8 2006-2007.

9 For the purpose of this subsection, wealth shall be calculated under the low-wealth  
10 supplemental formula."

### 11 **MODIFY LOW-WEALTH SCHOOL FUNDING FORMULA**

12           **SECTION 7.10.(a)** Local school administrative units shall receive the same  
13 amount of funds for the 2008-2009 fiscal year under the low-wealth supplemental  
14 formula that they received for the 2007-2008 fiscal year. This allotment shall be  
15 adjusted in accordance with legislative salary increments, retirement rate adjustments,  
16 and health benefit adjustments for personnel enacted by the General Assembly for the  
17 2007-2008 fiscal year.

18           **SECTION 7.10.(b)** The provisions of Section 7.6 of S.L. 2007-323  
19 regarding the expenditure of funds shall apply to low-wealth funds received for the  
20 2008-2009 fiscal year.

### 21 **ADDITIONAL LOTTERY FUNDS FOR SCHOOL BLDGS**

22           **SECTION 7.11.** Monies allocated to the Public School Building Capital  
23 Fund pursuant to Section 5.2(b) of this act shall be allocated on the basis of average  
24 daily membership to local school administrative units that did not qualify for funding  
25 for the 2008-2009 fiscal year pursuant to G.S. 115C-546.2(d)(2). The maximum  
26 allocation shall be the amount received by other units pursuant to  
27 G.S. 115C-546.2(d)(2) on the basis of per average daily membership. Any monies not  
28 needed for this purpose shall be transferred back to the Education Lottery Reserve Fund  
29 and may be appropriated only as provided in G.S. 18C-164(e).

### 30 **STUDY OF STUDENTS WITH DISABILITIES**

31           **SECTION 7.12.** The Department of Public Instruction shall analyze the  
32 participation of students with disabilities in Learn and Earn Early College High Schools,  
33 Redesigned High Schools, the North Carolina Virtual Public School, and North  
34 Carolina public high schools that are on block schedules. In conducting its analysis, the  
35 Department shall consider enrollment, graduation, and dropout rates for students with  
36 disabilities in these different programs. The Department shall report its findings and  
37 any recommendations to the Joint Legislative Education Oversight Committee and the  
38 Committee on Dropout Prevention by March 15, 2009.

### 39 **FOCUSED ED. REFORM PROG. FUNDS DO NOT REVERT**

1           **SECTION 7.13.(a)** Funds appropriated for the Focused Education Reform  
2 Pilot Program that are unexpended and unencumbered at the end of each fiscal year  
3 shall not revert but shall remain available for expenditure for that purpose for the  
4 duration of the pilot program.

5           **SECTION 7.13.(b)** This section becomes effective June 30, 2008.

6  
7 **REESTABLISH COMMITTEE ON DROPOUT PREVENTION**

8           **SECTION 7.14.(a)** Section 7.32(e) of S.L. 2007-323 reads as rewritten:

9           **"SECTION 7.32.(e)** Report. – The Committee shall report to the Joint Legislative  
10 Commission on Dropout Prevention and High School Graduation created in subsection  
11 (f) of this section by December 1, 2007, on the grants awarded under subsection (d) of  
12 this section, ~~after which time the Committee shall terminate.~~section. The Committee  
13 shall terminate on December 31, 2010."

14           **SECTION 7.14.(b)** Committee. – The Committee on Dropout Prevention, as  
15 created in Section 7.32 of S.L. 2007-323, is reestablished to determine which local  
16 school administrative units, schools, agencies, and nonprofits shall receive dropout  
17 prevention grants under this section, the amount of each grant, and eligible uses of the  
18 grant funding. When utilizing outside grant reviewers and raters, the Committee is  
19 encouraged to utilize individuals who represent public schools, universities, and  
20 community-based organizations.

21           The Committee shall continue to be located administratively in the  
22 Department of Public Instruction but shall exercise its powers and duties independently  
23 of the Department of Public Instruction. The Department of Public Instruction shall  
24 provide for the administrative costs of the Committee. The Department of Public  
25 Instruction shall contract with an independent consultant to serve as staff to the  
26 Committee, to provide technical assistance to the grant recipients for the length of the  
27 grant, and to assist the Committee in evaluating the impact of the grants awarded.

28           The members of the Committee shall assure they are in compliance with laws  
29 and rules governing conflicts of interest. The Committee shall meet on the call of the  
30 cochairs provided that the Committee shall meet at least once every three months.

31           In the event of a vacancy on the Committee, the appointing authorities are  
32 encouraged to provide representation on the Committee from each of the eight  
33 educational districts as defined in G.S. 115C-65.

34           **SECTION 7.14.(c)** Dropout Prevention Grants. – The Committee shall  
35 select grant recipients as follows:

- 36           (1) From applications received in the process outlined in Section 7.32(d)  
37 of S.L. 2007-323 and using the process for the review of grant  
38 applications in 2007, the Committee shall establish a new cutoff score  
39 and award grants to applicants that both meet the new cutoff score and  
40 did not previously receive funding under S.L. 2007-323. Priority for  
41 additional funding of grants awarded under S.L. 2007-323 shall be  
42 given to programs that would serve students in local schools that have  
43 a four-year cohort graduation rate of less than sixty-five percent  
44 (65%).

1 (2) From the recipients of grants awarded under S.L. 2007-323, the  
2 Committee shall establish a process to award additional funds to those  
3 grantees.

4 (3) Using the process outlined in Section 7.32(d) of S.L. 2007-323  
5 consistent with subsection (d) of this section, the Committee may  
6 award grants to new applicants that did not apply for funding under  
7 that act.

8 **SECTION 7.14.(d)** Criteria for Dropout Prevention Grants. – The following  
9 criteria apply to all types of dropout prevention grants approved by the Committee:

10 (1) Grants shall be issued in varying amounts up to a maximum of one  
11 hundred fifty thousand dollars (\$150,000).

12 (2) These grants shall be provided to innovative programs and initiatives  
13 that target students at risk of dropping out of school and that  
14 demonstrate the potential to (i) be developed into effective,  
15 sustainable, and coordinated dropout prevention and reentry programs  
16 in middle schools and high schools and (ii) serve as effective models  
17 for other programs.

18 (3) Priority shall be given to new programs and initiatives or to those that  
19 have begun within the last five school years.

20 (4) Grants shall be distributed geographically throughout the State and  
21 throughout the eight educational districts as defined in G.S. 115C-65.  
22 No more than three grants shall be awarded in any one county under  
23 this section in a single fiscal year.

24 (5) Grants may be made to local school administrative units, schools, local  
25 agencies, or nonprofit organizations.

26 (6) Grants shall be to programs and initiatives that hold all students to  
27 high academic and personal standards.

28 (7) Grant applications shall state (i) how grant funds will be used, (ii)  
29 what, if any, other resources will be used in conjunction with the grant  
30 funds, (iii) how the program or initiative will be coordinated to  
31 enhance the effectiveness of existing programs, initiatives, or services  
32 in the community, and (iv) a process for evaluating the success of the  
33 program or initiative.

34 (8) Programs and initiatives that receive grants under this section shall be  
35 based on best practices for helping at-risk students achieve successful  
36 academic progress, preventing students from dropping out of school,  
37 or for increasing the high school completion rate for those students  
38 who already have dropped out of school.

39 (9) Priority for grants shall be given to proposals that demonstrate input  
40 from the local community and coordination with other available  
41 programs or resources.

42 (10) Grantees shall assure their compliance with applicable laws and rules  
43 regulating conflicts of interest.



1 (11) Priority for grants shall be given to programs that would serve students  
2 in local schools that have a four-year cohort graduation rate of less  
3 than sixty-five percent (65%) and that are from counties that did not  
4 receive funding under S.L. 2007-323. The Committee shall establish a  
5 grant rating cutoff score at such a level as to allow for consideration of  
6 all viable grants in this priority category. The Committee may require  
7 grantees to provide supplemental information in response to any prior  
8 reviewer comments.

9 (12) The demonstrated need for a grant, level of collaboration, ability to  
10 increase attendance, persistence, academic success, and graduation  
11 shall be given more weight than the quality of the written grant.

12 (13) Grants shall be made no later than November 1, 2008.

13 The Committee shall report to the Joint Legislative Commission on Dropout  
14 Prevention and High School Graduation and the Joint Legislative Education Oversight  
15 Committee on the grants awarded under this section by March 1, 2009.

16 **SECTION 7.14.(e)** Evaluation. – The Committee shall evaluate the impact  
17 of the dropout prevention grants awarded under S.L. 2007-323 and under this section.  
18 In evaluating the impact of the grants, the Committee shall consider:

19 (1) The success of the program or initiative, as indicated by the evaluation  
20 process stated in its grant application;

21 (2) The extent to which the program or initiative has improved students'  
22 attendance, test scores, persistence, and graduation rates;

23 (3) How the program or initiative was coordinated to enhance the  
24 effectiveness of existing programs, initiatives, or services in the  
25 community;

26 (4) What, if any, other resources were used in conjunction with the grant  
27 funds;

28 (5) The sustainability of the program;

29 (6) The number, gender, ethnicity, and grade level of students being  
30 served as well as whether the student left school due to pregnancy or  
31 parenting responsibilities;

32 (7) The potential for the program to serve as a model for achieving  
33 successful academic progress for at-risk students; and

34 (8) Other indicators of the impact of the grant on dropout prevention.

35 The recipients of the dropout prevention grants awarded under S.L. 2007-323  
36 shall report to the Committee on Dropout Prevention by January 31, 2009, and by  
37 September 30, 2009. The Committee shall make an interim report of the results of its  
38 evaluation of the grants awarded under S.L. 2007-323 by March 31, 2009, to the Joint  
39 Legislative Commission on Dropout Prevention and High School Graduation and to the  
40 Joint Legislative Education Oversight Committee. The Committee shall make a final  
41 report of the results of its evaluation of the grants awarded under S.L. 2007-323 by  
42 November 15, 2009, to the Joint Legislative Commission on Dropout Prevention and  
43 High School Graduation and to the Joint Legislative Education Oversight Committee.

1 The recipients of the dropout prevention grants awarded under this section  
2 shall report to the Committee on Dropout Prevention by January 31, 2010, and by  
3 September 30, 2010. The Committee shall make an interim report of the results of its  
4 evaluation of the grants awarded under this section by March 31, 2010, to the Joint  
5 Legislative Commission on Dropout Prevention and High School Graduation and to the  
6 Joint Legislative Education Oversight Committee. The Committee shall make a final  
7 report of the results of its evaluation of the grants awarded under subsection (c) of this  
8 section by November 15, 2010, to the Joint Legislative Commission on Dropout  
9 Prevention and High School Graduation and to the Joint Legislative Education  
10 Oversight Committee.

11 **SECTION 7.14.(f)** Dropout Prevention Network. – In addition to its other  
12 duties, the Joint Legislative Commission on Dropout Prevention and High School  
13 Graduation, established under Section 7.32 of S.L. 2007-323, shall study the  
14 development of an effective network for the purpose of sharing best practices among the  
15 grant recipients, the public schools, and other interested organizations. The  
16 Commission shall consider interactive Web sites, electronic information sharing,  
17 professional development opportunities, conferences, and other means that it believes  
18 would be effective. The Commission may consult with the Department of Public  
19 Instruction and the Committee on Dropout Prevention. The Commission shall report its  
20 findings and any recommendations to the 2009 General Assembly.

21 **SECTION 7.14.(g)** Of the funds appropriated in this act for the Committee  
22 on Dropout Prevention, the sum of five million five hundred thousand dollars  
23 (\$5,500,000) for the 2008-2009 fiscal year shall be used to provide for 40 additional  
24 dropout prevention grants to be awarded in accordance with subsection (b) of this  
25 section. The remainder shall be used in accordance with subsection (b) of this section to  
26 provide additional funding to the recipients of grants awarded under S.L. 2007-323 or to  
27 award grants to applicants that did not previously receive funding under S.L. 2007-323.  
28 Priority for additional funding of grants awarded under S.L. 2007-323 shall be given to  
29 programs that would serve students in local schools that have a four-year cohort  
30 graduation rate of less than sixty-five percent (65%).

31 **SECTION 7.14.(h)** Funds appropriated for the dropout prevention grants for  
32 the 2007-2008 fiscal year shall not revert but shall remain available for expenditure  
33 until August 31, 2009. Funds appropriated for the 2008-2009 fiscal year shall not revert  
34 but shall remain available for expenditure until August 31, 2010.

35 **SECTION 7.14.(i)** Of the funds appropriated for the dropout prevention  
36 grants, the sum of one hundred thousand dollars (\$100,000) for the 2008-2009 fiscal  
37 year may be used to issue a request for proposals from qualified vendors on a  
38 competitive basis to contract as a consultant to staff the Committee, assist with the  
39 evaluation, and provide technical assistance. The factors to be considered in awarding  
40 the contract shall be identified in the request for proposals.

41 **SECTION 7.14.(j)** Of the funds appropriated for the dropout prevention  
42 grants, the Department of Public Instruction may use up to fifty thousand dollars  
43 (\$50,000) for its administrative assistance to the Committee under this section.

1           **SECTION 7.14.(k)** Subsection (h) of this section becomes effective June 30,  
2 2008.

3  
4 **DROPOUT PREVENTION TECHNICAL CORRECTION**

5           **SECTION 7.14A.** Section 7.32(c) of S.L. 2007-323 reads as rewritten:

6           **"SECTION 7.32.(c)** Committee. – There is established the Committee on Dropout  
7 Prevention. The Committee shall be located administratively in the Department of  
8 Public Instruction but shall exercise its powers and duties independently of the  
9 Department of Public Instruction. The Department of Public Instruction shall provide  
10 for the administrative costs of the Committee and shall provide staff to the Committee.

11           The Committee shall determine which local school administrative units, schools,  
12 agencies, and nonprofits shall receive dropout prevention grants under subsection (d) of  
13 this section, the amount of each grant, and eligible uses of the grant funding. The  
14 Committee shall consist of the following 15 members:

- 15           (1) The Governor shall appoint five members, of whom one is a  
16 superintendent of schools, one is a representative of a nonprofit, and  
17 one is a school social worker;
- 18           (2) The General Assembly upon the recommendation of the President Pro  
19 Tempore of the Senate shall appoint five members, of whom one is a  
20 principal, one is a representative of a school of education, and one is a  
21 school counselor; and
- 22           (3) The General Assembly upon the recommendation of the Speaker of the  
23 House of Representatives shall appoint five members, of whom one is  
24 a teacher, one is a member of the business community, and one is a  
25 representative of the juvenile justice system.

26           The President Pro Tempore of the Senate and the Speaker of the House of  
27 Representatives shall each designate a cochair of the Committee. The members of the  
28 Committee shall assure they are in compliance with laws and rules governing conflicts  
29 of interest."

30  
31 **USE OF LEARN AND EARN ONLINE FOR ADJUNCT UNIVERSITY**  
32 **FACULTY**

33           **SECTION 7.15.** Local school administrative units may use funds  
34 appropriated for learn and earn online for college-level courses taught by university  
35 instructors at public schools. Instruction for these courses shall be partially delivered  
36 online. Payments related to the textbooks and the prorated cost of the instructor shall be  
37 paid to the university supplying the instruction.

38           The State Board of Education shall adopt policies to establish guidelines and  
39 reimbursement procedures.

40  
41 **COMPREHENSIVE SUPPORT FOR SCHOOL SYSTEMS AND SCHOOLS**

42           **SECTION 7.16.** If a local school administrative unit is designated by the  
43 State Board of Education as a targeted school district for comprehensive support, the  
44 State Board may:

- 1 (1) Authorize additional flexibility with regard to State allotments to allow  
2 the State Board's assigned support team and the local school  
3 administrative unit's leadership to redirect State funding to address the  
4 identified reform requirements. This additional flexibility shall not  
5 increase overall State funding available to the unit.
- 6 (2) Use funds already appropriated to the State Board of Education to  
7 allocate time-limited funds to implement strategies identified by the  
8 State Board's assigned support team and the school unit's leadership.  
9 The State Board shall adopt policies regarding (i) the strategies for  
10 which these time-limited funds may be used and (ii) the maximum  
11 time a unit may receive these funds. This funding shall not be allotted  
12 for more than one fiscal year. This funding is intended to allow the  
13 implementation of necessary reform initiatives while the unit obtains  
14 local funding or identifies other State or federal funding to cover the  
15 initiatives.  
16

#### 17 MORE AT FOUR PROGRAM

18 **SECTION 7.17.(a)** Section 7.24(f) of S.L. 2007-323 reads as rewritten:

19 "**SECTION 7.24.(f)** If a county is unable to increase "More at Four" slots because  
20 of a documented lack of available resources necessary to provide the required local  
21 contribution for the additional slots allocated to the county for the 2007-2008 fiscal  
22 ~~year, year or the 2008-2009 fiscal year,~~ the contract agency for that county may appeal  
23 to the Office of School Readiness for an exception to the required local amount for  
24 those additional slots. The Office of School Readiness may grant an exception and allot  
25 funds to pay up to ninety percent (90%) of the full cost of the additional slots for that  
26 county if it finds that (i) there is in fact a documented lack of available resources in the  
27 county and (ii) granting the exception will not reduce access statewide to "More at  
28 Four" slots."

29 **SECTION 7.17.(b)** The Office of School Readiness shall develop a plan to  
30 tier the local More at Four slots that are in child care facilities, based on child care  
31 subsidy market rates. The Office of School Readiness shall report the plan to the House  
32 of Representatives Appropriations Subcommittee on Education, the Senate  
33 Appropriations Committee on Education, the House of Representatives Appropriations  
34 Subcommittee on Health and Human Services, the Senate Appropriations Committee on  
35 Health and Human Services, the Education Oversight Committee, and the Fiscal  
36 Research Division by January 1, 2009.  
37

#### 38 PLANT OPERATION FUNDING

39 **SECTION 7.18.(a)** G.S. 115C-546.2 reads as rewritten:

40 "(a) ~~Monies~~ Of the monies credited to the Fund by the Secretary of Revenue  
41 pursuant to G.S. 115C-546.1(b), the State Board of Education may allocate up to one  
42 million dollars (\$1,000,000) each year to the Department of Public Instruction. These  
43 funds shall be used by the Plant Operation Section of the School Support Division to  
44 assist each local school administrative unit with effective energy and environmental

1 management, effective water management, hazardous material management, clean air  
2 quality, and engineering support for safe, effective environmental practices. The  
3 remainder of the monies in the Fund shall be allocated to the counties on a per average  
4 daily membership basis according to the average daily membership for the budget year  
5 as determined and certified by the State Board of Education. Interest earned on funds  
6 allocated to each county shall be allocated to that county."

7 **SECTION 7.18.(b)** The Department of Public Instruction shall report to the  
8 Joint Legislative Education Oversight Committee by April 15 of each year on the  
9 effectiveness of the program in accomplishing its purpose and on any other information  
10 requested by the Committee.

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

### 12 **REORGANIZATION OF THE NORTH CAROLINA COMMUNITY** 13 **COLLEGES SYSTEM OFFICE**

14 **SECTION 8.1.(a)** Notwithstanding any other provision of law, and  
15 consistent with the authority established in G.S. 115D-3, the President of the North  
16 Carolina Community College System may reorganize the System Office in accordance  
17 with recommendations and plans submitted to and approved by the State Board of  
18 Community Colleges.

19 **SECTION 8.1.(b)** This section expires June 30, 2009.

### 20 **USE OF FUNDS FOR THE COLLEGE INFORMATION SYSTEM**

21 **SECTION 8.2.(a)** Funds appropriated in this act to the Community Colleges  
22 System Office for the College Information System shall not revert at the end of the  
23 2008-2009 fiscal year but shall remain available until expended. These funds may only  
24 be used to purchase periodic system upgrades.

25 **SECTION 8.2.(b)** Notwithstanding G.S. 143C-6-4, the Community Colleges  
26 System Office may, subject to the approval of the Office of State Budget and  
27 Management and in consultation with the Office of Information Technology Services,  
28 use funds appropriated in this act for the College Information System to create a  
29 maximum of three positions. Personnel positions created pursuant to this subsection  
30 shall be dedicated to maintaining and administering information technology and  
31 software upgrades to the College Information System.

32 **SECTION 8.2.(c)** The Community Colleges System Office shall report by  
33 January 1, 2009, to the Joint Legislative Education Oversight Committee on the  
34 transition from the implementation phase to the ongoing operations and maintenance  
35 phase of the College Information System Project.

### 36 **REPORT ON EFFECT OF ADDITIONAL ALLIED HEALTH FUNDING**

37 **SECTION 8.3.** The Community Colleges System Office shall report by  
38 March 1, 2009, to the Joint Legislative Education Oversight Committee, the Fiscal  
39 Research Division, and the Office of State Budget and Management regarding the  
40 impact of the additional funding received for nursing and allied health programs during  
41

1 the 2006-2007, 2007-2008, and 2008-2009 fiscal years. This report shall include, at a  
2 minimum:

- 3 (1) The number of FTE students enrolled in these programs;
- 4 (2) The number of qualified applicants who were not admitted due to  
5 program capacity constraints;
- 6 (3) The performance of students on nursing licensure exams; and
- 7 (4) The average salary for allied health faculty by education level.

## 8 9 **REPORT ON COST OF ALL PROGRAMS**

10 **SECTION 8.4.** The Community Colleges System Office shall report by May  
11 15, 2009, to the Fiscal Research Division and the Office of State Budget and  
12 Management regarding the instructional cost of all curriculum and non-curriculum  
13 programs. This report shall include an explanation of the differences in costs between  
14 programs, including faculty salaries and equipment costs.

## 15 16 **MINORITY MALE MENTORING PROGRAM FUNDS**

17 **SECTION 8.5.(a)** Funds appropriated for the Minority Male Mentoring  
18 Program shall not revert at the end of the fiscal year, but shall remain available until  
19 expended. Of the funds carried forward, up to one hundred thousand dollars (\$100,000)  
20 may be used by the State Board of Community Colleges to recruit minority male  
21 students to community colleges, market the thirty-two pilot programs statewide, and  
22 contract for summer enrichment programs for program participants.

23 **SECTION 8.5.(b)** This section becomes effective June 30, 2008.

## 24 25 **LEARN AND EARN ONLINE FUNDS**

26 **SECTION 8.6.(a)** Funds reimbursed to the Community College System for  
27 full-time equivalent (FTE) students participating in learn and earn online courses shall  
28 not revert at the end of a fiscal year, but shall remain available for expenditure up to 12  
29 months after the close of a fiscal year.

30 **SECTION 8.6.(b)** This section becomes effective June 30, 2008.

## 31 32 **CONSOLIDATE WORKFORCE DEVELOPMENT PROGRAMS**

33 **SECTION 8.7.(a)** G.S. 115D-5.1 reads as rewritten:

### 34 **"§ 115D-5.1. Workforce Development Programs.**

35 (a) Community colleges shall assist in the preemployment and in-service training  
36 of employees in industry, business, agriculture, health occupation and governmental  
37 agencies. Such training shall include instruction on worker safety and health standards  
38 and practices applicable to the field of employment. The State Board of Community  
39 Colleges shall make appropriate regulations including the establishment of maximum  
40 hours of instruction which may be offered at State expense in each in-plant training  
41 program. No instructor or other employee of a community college shall engage in the  
42 normal management, supervisory and operational functions of the establishment in  
43 which the instruction is offered during the hours in which the instructor or other  
44 employee is employed for instructional or educational purposes.

1       ~~(b) The North Carolina Community College System's New and Expanding~~  
2 ~~Industry Training (NEIT) Program Guidelines, which were adopted by the State Board~~  
3 ~~of Community Colleges on April 18, 1997, apply to all funds appropriated for the~~  
4 ~~Program after June 30, 1997. A project approved as an exception under these~~  
5 ~~Guidelines, or these Guidelines as modified by the State Board of Community Colleges,~~  
6 ~~shall be approved for one year only.~~

7       ~~(b1) Notwithstanding any other provision of law, the State Board of Community~~  
8 ~~Colleges may adopt rules and guidelines that allow the New and Expanding Industry~~  
9 ~~Training Program and the Focused Industrial Training Program to use funds~~  
10 ~~appropriated for those programs to support training projects for the various branches of~~  
11 ~~the United States Armed Forces.~~

12       ~~(c) The State Board of Community Colleges shall report to the Joint Legislative~~  
13 ~~Education Oversight Committee on September 1 of each year on expenditures for the~~  
14 ~~New and Expanding Industry Training Program each fiscal year. The report shall~~  
15 ~~include, for each company or individual that receives funds for the New and Expanding~~  
16 ~~Industry Training Program:~~

17           ~~(1) The total amount of funds received by the company or individual;~~

18           ~~(2) The amount of funds per trainee received by the company or~~  
19 ~~individual;~~

20           ~~(3) The amount of funds received per trainee by the community college~~  
21 ~~training the trainee;~~

22           ~~(4) The number of trainees trained by company and by community~~  
23 ~~college; and~~

24           ~~(5) The number of years the companies or individuals have been funded.~~

25       ~~(d) Funds available to the New and Expanding Industry Training Program shall~~  
26 ~~not revert at the end of a fiscal year but shall remain available until expended.~~

27       ~~(e) There is created within the North Carolina Community College System the~~  
28 ~~Customized Industry Training (CIT) Program. The CIT-Customized Training Program~~  
29 ~~shall offer programs and training services as new options for assistingto assist new and~~  
30 ~~existing business and industry to remain productive, profitable, and within the State.~~  
31 ~~Before a business or industry qualifies to receive assistance under the CIT-Customized~~  
32 ~~Training Program, the President of the North Carolina Community College System shall~~  
33 ~~determine that:~~

34           ~~(1) The business is making an appreciable capital investment;~~

35           ~~(2) The business is deploying new technology; and~~

36           ~~(2a) The business or individual is creating jobs, expanding an existing~~  
37 ~~workforce, or enhancing the productivity and profitability of the~~  
38 ~~operations within the State; and~~

39           ~~(3) The skills of the workers will be enhanced by the assistance.~~

40       ~~(f) The State Board shall report on an annual basis to the Joint Legislative~~  
41 ~~Education Oversight Committee on:~~

42           ~~(1) The total amount of funds received by a company under the CIT~~  
43 ~~Program;~~

44           ~~(2) The amount of funds per trainee received by that company;~~

- 1 (3) The amount of funds received per trainee by the community college  
2 delivering the training;
- 3 (4) The number of trainees trained by the company and community  
4 college; and
- 5 (5) The number of years that company has been funded.

6 (f1) Notwithstanding any other provision of law, the State Board of Community  
7 Colleges may adopt rules and guidelines that allow the Customized Training Program  
8 and the Focused Industrial Training Program to use funds appropriated for those  
9 programs to support training projects for the various branches of the United States  
10 Armed Forces.

11 (f2) Funds available to the Customized Training Program shall not revert at the  
12 end of a fiscal year but shall remain available until expended. Up to ten percent (10%)  
13 of the college-delivered training expenditures and up to five percent (5%) of the  
14 contractor-delivered training expenditures for the prior fiscal year for Customized  
15 Training may be allotted to each college for capacity building at that college.

16 (f3) Of the funds appropriated in a fiscal year for the Customized Training  
17 Programs, the State Board of Community Colleges may approve the use of up to eight  
18 percent (8%) for the training and support of regional community college personnel to  
19 deliver Customized Industry Training Program services to business and industry.

20 (g) The State Board shall adopt rules and policies to implement this section."

21 **SECTION 8.7.(b)** The State Board of Community Colleges shall transfer  
22 funds appropriated for the New and Expanding Industry Training Program and the  
23 Focused Industrial Training Program to the Customized Industry Training Programs  
24 appropriation. This transfer shall be completed by September 1, 2008.  
25

## 26 **BASIC SKILLS BLOCK GRANT**

27 **SECTION 8.8.** The Community Colleges System Office shall develop a new  
28 formula for the Basic Skills Block Grant for consideration during the 2009 Session of  
29 the General Assembly. The revised formula shall incorporate the following changes:

- 30 (1) Federal funds shall be distributed to both community-based  
31 organizations and community colleges using the same process and  
32 shall only be awarded to programs that meet minimum standards; and
- 33 (2) A larger amount of funding shall be distributed on the basis of  
34 performance using revised criteria.
- 35 (3) The formula shall not include funding for members of target  
36 populations who do not receive basic skills services.  
37

## 38 **TRANSFERS OF CASH BALANCES TO THE GENERAL FUND**

39 **SECTION 8.9.(a)** Notwithstanding any other provision of law, four million  
40 five hundred thousand dollars (\$4,500,000) of the cash balance remaining in the North  
41 Carolina Community College System Information Technology CIS Fund (Budget Code  
42 26802, Fund 2201) on July 1, 2008, shall be transferred to the State Controller to be  
43 deposited in Nontax Budget Code 19978 (Intra State Transfers). These funds shall be



1 used to support the General Fund appropriations for the 2008-2009 fiscal year for  
2 expansion funding for the North Carolina Community College System.

3 **SECTION 8.9.(b)** Notwithstanding any other provision of law, seven  
4 hundred eighty-three thousand two hundred fifty-six dollars (\$783,256) of the cash  
5 balance remaining in the Focused Industrial Training (FIT) programs (Budget Code  
6 16800, Fund 1603) on July 1, 2008, shall be transferred to the State Controller to be  
7 deposited in Nontax Budget Code 19978 (Intra State Transfers). These funds shall be  
8 used to support the General Fund appropriations for the 2008-2009 fiscal year for  
9 expansion funding for the North Carolina Community College System.

#### 10 11 **FUNDS FOR CAMPUS SECURITY**

12 **SECTION 8.10.** Notwithstanding G.S. 115D-32 or any other provision of  
13 law, a community college may use up to two percent (2%) of the noninstructional State  
14 funds allocated to it in the institutional support allotment for the 2008-2009 fiscal year  
15 for campus security. This may include the hiring of personnel, contracted professional  
16 services, surveillance cameras, call boxes, alert systems, and other equipment-related  
17 expenditures.

18 These funds shall be used to supplement and not supplant existing local  
19 funding for campus security.

#### 20 21 **CLARIFY USE OF FEES COLLECTED FOR GED TESTING**

22 **SECTION 8.11.** G.S. 115C-5 is amended by adding a new subsection to  
23 read:

24 "(s) The State Board of Community Colleges may retain and budget fees charged  
25 to students taking the General Education Development (GED) test. Fees collected for  
26 this purpose shall be used only to (i) offset the costs of the GED test, including the cost  
27 of scoring the test, (ii) offset the course of printing GED certificates, and (iii) meet  
28 federal and State reporting requirements related to the test."

#### 29 30 **CARRYFORWARD OF NORTH CAROLINA RESEARCH CAMPUS** 31 **BIOTECHNOLOGY TRAINING FUNDS**

32 **SECTION 8.12.(a)** Funds appropriated in S.L. 2006-66 and S.L. 2007-323  
33 for the Rowan-Cabarrus Community College Biotechnology Training Center and  
34 Greenhouse at the North Carolina Research Campus in Kannapolis shall not revert, but  
35 shall remain available until expended.

36 **SECTION 8.12.(b)** This section becomes effective June 30, 2008.

#### 37 38 **USE OF BASIC SKILLS FUNDS**

39 **SECTION 8.13.** Notwithstanding any other provision of law, a local  
40 community college may use up to five percent (5%) of the Literacy Funds allocated to it  
41 by the State Board of Community Colleges to procure instructional technology for  
42 literacy labs. This technology may include computers, instructional software and  
43 software licenses, scanners for testing, and classroom projection equipment.

1 **SURRY COMMUNITY COLLEGE VITICULTURE & ENOLOGY CENTER**  
2 **FUNDS**

3 **SECTION 8.14.(a)** Funds appropriated for the 2007-2008 fiscal year to the  
4 Community Colleges System Office for the operations of the North Carolina Viticulture  
5 and Enology Center located at Surry Community College shall not revert at the end of  
6 the fiscal year. Surry Community College may use these funds for capital construction  
7 for the Center.

8 **SECTION 8.14.(b)** This section becomes effective June 30, 2008.  
9

10 **STUDY OF CHANGES NECESSARY TO IMPROVE FINANCIAL AID TO**  
11 **COMMUNITY COLLEGE STUDENTS**

12 **SECTION 8.15.** The Joint Legislative Education Oversight Committee shall  
13 study the changes necessary to improve financial aid for community college students.  
14 Specifically the study shall include recommendations on how to better serve  
15 nontraditional students and how to increase the number of community colleges that  
16 participate in federal student loan programs.  
17

18 **USE OF HOSIERY CENTER FUNDS.**

19 **SECTION 8.16.** Funds appropriated to the Community Colleges System  
20 Office for the Hosiery Technology Center at Catawba Valley Community College may  
21 be expended for the Center for Emerging Manufacturing Solutions (CEMS), which was  
22 established by Catawba Valley Community College in February 2008. The Hosiery  
23 Technology Center is now a division with the CEMS.  
24

25 **PART IX. UNIVERSITIES**  
26

27 **ELIMINATE COACHING SCHOLARSHIP LOAN PROGRAM/TRANSFER**  
28 **FUND BALANCE TO GENERAL FUND**

29 **SECTION 9.1.(a)** G.S. 116-209.36 is repealed.

30 **SECTION 9.1.(b)** All financial obligations to any student awarded a  
31 scholarship loan from the Coaching Scholarship Loan Fund before July 1, 2008, shall be  
32 fulfilled provided the student remains eligible under the provisions of the Coaching  
33 Scholarship Loan Fund. All contractual agreements between a student awarded a  
34 scholarship loan from the Coaching Scholarship Loan Fund before July 1, 2008, and the  
35 State Education Assistance Authority remain enforceable and the provisions of  
36 G.S. 116-209.36 that would be applicable but for this section shall remain applicable  
37 with regard to any scholarship loan awarded before July 1, 2008.

38 **SECTION 9.1.(c)** Effective June 30, 2008, the unencumbered balance of  
39 funds in the Coaching Scholarship Loan Fund shall revert to the General Fund.  
40

41 **PRIVATE COLLEGE STUDENT ELIGIBILITY FOR EARN**  
42 **SCHOLARSHIP/USE OF ESCHEAT FUNDS FOR CERTAIN EARN**  
43 **SCHOLARSHIPS**

44 **SECTION 9.2.(a)** G.S. 116-209.26(a) reads as rewritten:

1       (a) The following definitions apply to this section:

- 2           (1) Academic year. – A period of time in which a student in matriculated  
3           status is expected to complete the equivalent of at least two semesters'  
4           or three quarters' academic work.
- 5           (2) Eligible postsecondary institution. – A school that ~~is~~is any of the  
6           following:
- 7           a. A constituent institution of The University of North Carolina as  
8           defined in G.S. 116-2(4); ~~or~~
- 9           b. A community college as defined in  
10           ~~G.S. 115D-2(2);~~G.S. 115D-2(2); or
- 11           c. An institution as defined in G.S. 116-22(1).
- 12           (3) Matriculated status. – Being recognized as a first-time candidate for a  
13           degree or certificate, exclusive of any course credits earned while in  
14           high school, in a defined program of study at an eligible postsecondary  
15           institution.
- 16           (4) Title IV. – Title IV of the Higher Education Act of 1965, as amended."

17       **SECTION 9.2.(b)** G.S. 116-209.26 is amended by adding a new subsection  
18 to read:

19       "(h) No funds appropriated from the Escheat Fund to the Education Access  
20 Rewards North Carolina Scholars Fund shall be used for a grant awarded under this  
21 section to a student who is an undergraduate student at an institution as defined in  
22 G.S. 116-22(1); however, funds appropriated from the General Fund to the Education  
23 Access Rewards North Carolina Scholars Fund may be used for a grant awarded under  
24 this section to a student who is an undergraduate student at an institution as defined in  
25 G.S. 116-22(1)."

26       **SECTION 9.2.(c)** Section 9.7(b) of S.L. 2007-323 reads as rewritten:

27       "**SECTION 9.7.(b)** There is appropriated from the General Fund to the State  
28 Education Assistance Authority the sum of twenty-seven million six hundred five  
29 thousand two hundred ten dollars (\$27,605,210) for the 2007-2008 fiscal year and the  
30 sum of ~~sixty million dollars (\$60,000,000)~~ ten million dollars (\$10,000,000) for the  
31 2008-2009 fiscal year."

32       **SECTION 9.2.(d)** Section 9.7(c) of S.L. 2007-323 reads as rewritten:

33       "**SECTION 9.7.(c)** There is appropriated from the Escheat Fund to the State  
34 Education Assistance Authority the sum of ~~forty million dollars (\$40,000,000)~~ sixty  
35 million dollars (\$60,000,000) for the 2008-2009 fiscal year. ~~Notwithstanding any other~~  
36 ~~provision of law, no funds shall be used from the Escheat Fund until all monies from the~~  
37 ~~General Fund appropriated under Section 9.7(c) have been exhausted."~~

38       **SECTION 9.2.(e)** Subsections (a) and (b) of this section apply only for  
39 academic years beginning on or after July 1, 2008.

#### 40 41 **CLOSING THE ACHIEVEMENT GAP/GRANTS**

42       **SECTION 9.3.(a)** Of the funds appropriated by this act for the 2008-2009  
43 fiscal year to the Board of Governors of The University of North Carolina to be used for  
44 the North Carolina Historically Minority Colleges and Universities initiative for

1 "Closing the Achievement Gap", North Carolina Central University may use up to ten  
2 percent (10%) of the funds to cover the costs for administering the grants and shall  
3 award at least ninety percent (90%) of the funds as grants to the public and private  
4 institutions of higher education.

5 **SECTION 9.3.(b)** North Carolina Central University shall report to the Joint  
6 Education Legislative Oversight Committee and to the Fiscal Research Division by  
7 April 1, 2009, regarding the number of grants awarded, the recipients of the grants, the  
8 amount of the grant awarded, the programs and purposes for which the grant was  
9 awarded, the cost of administering the grant, and any other information requested by the  
10 Committee or Fiscal Research Division. The grants awarded pursuant to this section  
11 shall also include as a term of the grant that the recipient of the grant report to the Joint  
12 Education Legislative Oversight Committee and to the Fiscal Research Division  
13 regarding the amount of the grant received, the program and purposes for which the  
14 grant was requested, the methodology used to implement the grant program and  
15 purposes, the results of the program funded by the grant, and any other information  
16 requested by the Joint Education Legislative Oversight Committee and the Fiscal  
17 Research Division.

18  
19 **OPTIONAL SCHOLARSHIP FOR CERTAIN GRADUATES OF THE**  
20 **PRINCIPAL FELLOWS PROGRAM**

21 **SECTION 9.4.(a)** The North Carolina Principal Fellows Commission in  
22 collaboration with the State Education Assistance Authority shall make available an  
23 optional six-month scholarship in the amount of twenty thousand dollars (\$20,000) to  
24 any person who was a recipient of a scholarship loan through the Principal Fellows  
25 Program and who: (i) was in Class 10 of the Principal Fellows Program for the  
26 2003-2004 academic year, (ii) completed the Principal Fellows Program, and (iii) has  
27 either served as a school administrator for four years at a North Carolina public school  
28 or at a school operated by the United States as required by G.S. 116-74.43, or who has  
29 had the loan forgiven by the State Education Assistance Authority pursuant to  
30 G.S. 116-74.43. A person may be eligible for the optional six-month scholarship only  
31 after fulfilling all contractual obligations agreed to by the person upon receipt of the  
32 original scholarship loan awarded to the person under G.S. 116-74.42. Exclusive of any  
33 deferment for extenuating circumstances, a person remains eligible for the optional  
34 six-month scholarship for two years after the six-year period of time allowed the person  
35 to satisfy the original scholarship loan requirements under G.S. 116-74.43. Should a  
36 person present extenuating circumstances, the State Education Assistance Authority  
37 may extend the period of time for which a person remains eligible for the optional  
38 six-month scholarship for a reasonable time period.

39 **SECTION 9.4.(b)** The Principal Fellows Commission shall develop the  
40 criteria for awarding the scholarship. In developing the criteria, the Commission shall  
41 require that the person agree to work at least another six months as a school  
42 administrator in a North Carolina public school or at a school operated by the United  
43 States after satisfying the four-year work requirement set out in G.S. 116-74.43. The  
44 Commission, in collaboration with the State Education Assistance Authority, shall

1 develop a process for evaluating a scholarship recipient's work performance and for  
2 issuing a final approval and certification of the work performance. The Commission  
3 shall transfer to the State Education Assistance Authority the name of each recipient  
4 that it certifies as successfully completing the optional scholarship program. The State  
5 Education Assistance Authority shall pay the twenty thousand dollar (\$20,000) stipend  
6 to the scholarship recipient within a reasonable time of receiving notification from the  
7 Commission that the recipient has successfully completed the optional scholarship  
8 program. The State Education Assistance Authority shall perform all of the  
9 administrative functions necessary to implement this act, including rule making.

10 **SECTION 9.4.(c)** Effective June 30, 2008, the sum of one million dollars  
11 (\$1,000,000) shall revert from the Principal Fellows Trust Fund to the General Fund.  
12 The sum of one million seven hundred forty thousand dollars (\$1,740,000) in the  
13 Principal Fellows Trust Fund shall be held in reserve to pay each participant in the  
14 optional scholarship program the stipend of twenty thousand dollars (\$20,000) upon  
15 successful completion of the optional scholarship program.

#### 16 17 **AHEC FUNDS**

18 **SECTION 9.5.** Funds appropriated in the amount of one million one  
19 hundred ninety thousand five hundred sixty-two dollars (\$1,190,562) by this act to the  
20 Board of Governors of The University of North Carolina for the 2008-2009 fiscal year  
21 for Area Health Education Centers (AHEC) to address health workforce shortages,  
22 primary care residency training, and patient safety in local health facilities shall be used  
23 only for these purposes and shall not be reduced.

#### 24 25 **REPORTING ON UNC FACULTY WORKLOAD**

26 **SECTION 9.6.(a)** The Board of Governors shall conduct a study on faculty  
27 workload. The study shall be done using the Delaware Study Method of collecting data.  
28 Information in the report shall include, but is not to be limited to:

- 29 (1) Faculty workload data for each UNC constituent institution compared  
30 to the UNC enrollment model.
- 31 (2) UNC faculty workload average as compared to the UNC enrollment  
32 model student credit hours per instructional position.
- 33 (3) Faculty workload of regional and peer institutions as compared to each  
34 UNC constituent institution faculty average and to the UNC faculty  
35 workload average.

36 **SECTION 9.6.(b)** The UNC Board of Governors shall submit the study to  
37 the Joint Legislative Education Oversight Committee, the Office of State Budget and  
38 Management, and the Fiscal Research Division no later than August 1, 2008.

#### 39 40 **UNC-NCCCS 2+2 E-LEARNING INITIATIVE**

41 **SECTION 9.7.(a)** Funds appropriated in this act to The University of North  
42 Carolina and the North Carolina Community College System for the UNC-NCCCS 2+2  
43 E-Learning Initiative shall be used to fund further development of online courses for  
44 2+2 programs. Based on a mutually agreed upon decision by the State Board of

1 Education Chairman, the President of the Community Colleges, and the President of the  
2 University of North Carolina as to the areas of greatest need, to include mathematics  
3 and science teacher licensure fields, these funds are available to support joint  
4 technology development, systems to track student progress, and articulation between a  
5 North Carolina community college and a UNC constituent institution and develop  
6 technology needed to support online courses and 2+2 programs.

7 **SECTION 9.7.(b)** The University of North Carolina and the North Carolina  
8 Community College System shall use these funds first to develop online teacher  
9 education programs, including baccalaureate and associate pre-major programs.

10 **SECTION 9.7.(c)** The University of North Carolina and Community  
11 Colleges System Office shall report by September 1, 2008, and annually thereafter, to  
12 the Joint Legislative Education Oversight Commission, the State Board of Education,  
13 the Office of State Budget and Management, and the Fiscal Research Division of the  
14 General Assembly on the implementation of the UNC-NCCCS 2+2 E-Learning  
15 Initiative. This report shall include:

- 16 (1) The courses and programs within the 2+2 E-Learning Initiative;
- 17 (2) The total number of prospective teachers that have taken or are taking  
18 part in this initiative to date broken down by the current academic  
19 period and each of the previous academic periods since the program's  
20 inception;
- 21 (3) The total number of teachers currently in the State's classrooms, by  
22 local school administrative unit, who have taken part in this initiative;
- 23 (4) The change in the number of teachers available to schools since the  
24 program's inception;
- 25 (5) The qualitative data from students, teachers, local school  
26 administrative unit personnel, university personnel, and community  
27 college personnel as to the impact of this initiative on our State's  
28 teaching pool; and
- 29 (6) An explanation of the expenditures and collaborative programs  
30 between the North Carolina Community College System and the  
31 University of North Carolina, including recommendations for  
32 improvement.

33  
34 **UNC ENROLLMENT GROWTH REQUEST TO CONTAIN PREVIOUS**  
35 **ACADEMIC YEAR'S ACTUAL STUDENT CREDIT HOURS (SCH) AND**  
36 **FULL TIME EQUIVALENCIES (FTE)**

37 **SECTION 9.8.** G.S. 116-11(9) reads as rewritten:

- 38 "(9) a. The Board of Governors shall develop, prepare and present to  
39 the Governor and the General Assembly a single, unified  
40 recommended budget for all of the constituent institutions of  
41 The University of North Carolina. The recommendations shall  
42 consist of requests in three general categories: (i) funds for the  
43 continuing operation of each constituent institution, (ii) funds  
44 for salary increases for employees exempt from the State

1 Personnel Act and (iii) funds requested without reference to  
2 constituent institutions, itemized as to priority and covering  
3 such areas as new programs and activities, expansions of  
4 programs and activities, increases in enrollments, increases to  
5 accommodate internal shifts and categories of persons served,  
6 capital improvements, improvements in levels of operation and  
7 increases to remedy deficiencies, as well as other areas. The  
8 president may present to the General Assembly an updated  
9 estimate of tuition, fees, and other receipts by June 15 of each  
10 year to be included in the budget for the following fiscal year.

11 a1. The Board of Governors shall provide full documentation and  
12 justification of any enrollment change funding request at the  
13 time it is recommended. This documentation and justification  
14 shall include the most recent academic year's actual enrollment  
15 numbers in the same format in which the growth increase  
16 request is made. The actual enrollment numbers shall be the  
17 actual student credit hours (SCH) or full-time equivalencies  
18 (FTE).

19 b. Funds for the continuing operation of each constituent  
20 institution shall be appropriated directly to the institution. Funds  
21 for salary increases for employees exempt from the State  
22 Personnel Act shall be appropriated to the Board in a lump sum  
23 for allocation to the institutions. Funds for the third category in  
24 paragraph a of this subdivision shall be appropriated to the  
25 Board in a lump sum for allocation to the institutions. The  
26 Board shall make allocations among the institutions in  
27 accordance with the Board's schedule of priorities and any  
28 specifications in the Current Operations Appropriations Act.  
29 When both the Board and the Director of the Budget deem it to  
30 be in the best interest of the State, funds in the third category  
31 may be allocated, in whole or in part, for other items within the  
32 list of priorities or for items not included in the list. Provided,  
33 nothing herein shall be construed to allow the General  
34 Assembly, except as to capital improvements, to refer to  
35 particular constituent institutions in any specifications as to  
36 priorities in the third category.

37 c. The Director of the Budget may, on recommendation of the  
38 Board, authorize transfer of appropriated funds from one  
39 institution to another to provide adjustments for over or under  
40 enrollment or may make any other adjustments among  
41 institutions that would provide for the orderly and efficient  
42 operation of the institutions.

43 d. Repealed by Session Laws 1987, c. 795, s. 27."  
44

1 **REVERT THE 2007-2008 APPROPRIATION FOR THE EDUCATION ACCESS**  
2 **REWARDS NORTH CAROLINA (EARN) SCHOLARS FUND**

3 **SECTION 9.9.** Effective June 30, 2008, the unencumbered balance of the  
4 funds appropriated in 2007-2008 to The University of North Carolina Board of  
5 Governors and the State Education Assistance Authority in Section 9.7 of S.L.  
6 2007-323 shall revert to the General Fund. The amount reverted shall be no less than  
7 twenty-seven million six hundred five thousand two hundred ten dollars (\$27,605,210).  
8

9 **HIGHER EDUCATION STUDIES/DISTANCE EDUCATION AND UNC**  
10 **ENROLLMENT GROWTH FUNDING FORMULAS**

11 **SECTION 9.10.(a)** The Joint Legislative Program Evaluation Oversight  
12 Committee shall include in the 2009-2010 Work Plan for the Program Evaluation  
13 Division of the General Assembly a study of the start-up and ongoing cost of distance  
14 education and compare it with the start-up and ongoing cost of on-campus education.  
15 The Program Evaluation Division shall submit the study to the Joint Legislative  
16 Program Evaluation Oversight Committee, the Joint Legislative Education Oversight  
17 Committee, and the Fiscal Research Division at a date to be determined by the Joint  
18 Legislative Program Evaluation Oversight Committee.

19 **SECTION 9.10.(b)** The Joint Legislative Program Evaluation Oversight  
20 Committee shall include in the 2009-2010 Work Plan for the Program Evaluation  
21 Division of the General Assembly a comprehensive review of the full-time  
22 equivalencies (FTE) and student credit hours (SCH) enrollment growth funding  
23 formulas used by The University of North Carolina. In its study, the Program  
24 Evaluation Division shall consider and evaluate all of the following:

- 25 (1) The assumptions contained within each element of the funding  
26 formulas.
- 27 (2) Benchmark information related to specific elements within the  
28 formulas.
- 29 (3) How a formula based on full-time equivalencies (FTE) compares with  
30 a formula based on Student Credit Hours (SCH).
- 31 (4) The types of formulas used by other states to fund university systems;  
32 how those states use those formulas; the success of the formulas with  
33 regard to indicating future financial needs, providing equitable funding  
34 to different institutions within the system based on the size, mission,  
35 and growth of each institution; and the types of support programs, if  
36 any, addressed by the formulas.
- 37 (5) The objectives that the formulas are designed to meet and whether  
38 those accurately reflect the goals of The University of North Carolina  
39 System.
- 40 (6) How the current formulas should be modified, if at all, to more  
41 accurately predict The University of North Carolina System's future  
42 financial needs or whether different types of formulas would be more  
43 helpful.



1 The Program Evaluation Division shall submit the study to the Joint  
2 Legislative Program Evaluation Oversight Committee, the Joint Legislative Education  
3 Oversight Committee, and the Fiscal Research Division at a date to be determined by  
4 the Joint Legislative Program Evaluation Oversight Committee.

5  
6 **LEGISLATIVE TUITION GRANT/REDEFINE PART-TIME STUDENT**

7 **SECTION 9.11.(a)** G.S. 116-21.2 reads as rewritten:

8 **"§ 116-21.2. Legislative tuition grants to aid students and licensure students**  
9 **attending private institutions of higher education.**

10 (a) Grants for Students. – In addition to any funds appropriated pursuant to  
11 G.S. 116-19 and in addition to all other financial assistance made available to  
12 institutions, or to persons attending these institutions, there is granted to each North  
13 Carolina undergraduate student attending an approved institution as defined in  
14 G.S. 116-22, a sum, to be determined by the General Assembly for each academic year  
15 which shall be distributed to the undergraduate student as provided by this subsection. A  
16 full-time North Carolina undergraduate student shall be awarded the full amount of the  
17 tuition grant provided by this section. A part-time North Carolina undergraduate student  
18 who is enrolled to take at least ~~nine~~-six hours of academic credit per semester shall be  
19 awarded a tuition grant in an amount that is calculated on a pro rata basis.

20 (a1) Grants for Licensure Students. – The legislative tuition grant provided by this  
21 section shall also be granted to each full-time licensure student who is enrolled in a  
22 program intended to result in a license in teaching or nursing at an approved institution.  
23 The legislative tuition grant provided by this section shall be awarded on a pro rata basis  
24 to any part-time licensure student who is enrolled to take at least ~~nine~~-six hours of  
25 undergraduate academic credit per semester in a program intended to result in a license  
26 in teaching or nursing at an approved institution. The legislative tuition grant and  
27 prorated legislative tuition grant authorized under this subsection shall be paid for  
28 undergraduate courses only. If a course is required for licensure, but is designated as  
29 both an undergraduate and graduate course, for purposes of this subsection, the course  
30 shall be considered an undergraduate course.

31 (b) Administration of Grants. – The tuition grants provided for in this section  
32 shall be administered by the State Education Assistance Authority pursuant to rules  
33 adopted by the State Education Assistance Authority not inconsistent with this section.  
34 The State Education Assistance Authority shall not approve any grant until it receives  
35 proper certification from an approved institution that the student or licensure student  
36 applying for the grant is eligible. Upon receipt of the certification, the State Education  
37 Assistance Authority shall remit at the times as it prescribes the grant to the approved  
38 institution on behalf, and to the credit, of the student or licensure student.

39 (c) Student or Licensure Student Change of Status; Audits. – In the event a  
40 full-time student on whose behalf a grant has been paid in accordance with subsection  
41 (a) of this section or a full-time licensure student on whose behalf a grant has been paid  
42 in accordance with subsection (a1) of this section is not enrolled and carrying a  
43 minimum academic load as of the tenth classroom day following the beginning of the  
44 school term for which the grant was paid, the institution shall refund the full amount of

1 the grant to the State Education Assistance Authority. If a part-time student on whose  
2 behalf a prorated grant has been paid in accordance with subsection (a) of this section or  
3 a part-time licensure student on whose behalf a prorated grant has been paid in  
4 accordance with subsection (a1) of this section is not enrolled and carrying a minimum  
5 academic load of ~~nine~~six credit hours per semester in the undergraduate class as of the  
6 tenth classroom day following the beginning of the school term for which the grant was  
7 paid, the institution shall refund the full amount of the grant to the State Education  
8 Assistance Authority. If the matriculated status of a full-time student or a full-time  
9 licensure student changes to a matriculated status of part-time student or part-time  
10 licensure student by the tenth classroom day following the beginning of the school term  
11 for which the grant was paid, the institution shall refund only the difference between the  
12 amount of the full-time grant awarded and the amount of the part-time grant that is  
13 awarded pursuant to this section. Each approved institution shall be subject to  
14 examination by the State Auditor for the purpose of determining whether the institution  
15 has properly certified eligibility and enrollment of students and licensure students and  
16 credited grants paid on behalf of them.

17 (d) Shortfall. – In the event there are not sufficient funds to provide each eligible  
18 student or licensure student with a full or prorated grant as provided by subsection (a) of  
19 this section or a full or a prorated grant as provided by subsection (a1) of this section:

- 20 (1) The Board of Governors of The University of North Carolina, with the  
21 approval of the Office of State Budget and Management, may transfer  
22 available funds to meet the needs of the programs provided by  
23 subsections (a), (a1), and (b) of this section; and  
24 (2) Each eligible student and licensure student shall receive a pro rata  
25 share of funds then available for the remainder of the academic year  
26 within the fiscal period covered by the current appropriation.

27 (e) Reversions. – Any remaining funds shall revert to the General Fund."

28 **SECTION 9.11.(b)** This section applies to academic semesters beginning on  
29 or after July 1, 2008.

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

### 31 **NC RX FUNDS TRANSFER**

32 **SECTION 10.1.** The sum of three million five hundred thousand dollars  
33 (\$3,500,000) of the cash balance remaining in the NC Rx Program (Budget Code  
34 536J50, Fund 1510) on July 1, 2008, shall be transferred to the State Controller to be  
35 deposited in Nontax Budget Code 19978 (Intra State Transfers). These funds shall be  
36 used to support General Fund appropriations for the 2008-2009 fiscal year in the  
37 following amounts and for the following purposes:

- 38 (1) \$700,000 to HealthNet (Budget Code 536J30; Fund 1510),  
39 (2) \$2,300,000 to Community Health Centers (Budget Code 536E66,  
40 Fund 1510), and  
41 (3) \$500,000 to the North Carolina Housing Trust Fund (Budget Code  
42 13010).  
43  
44

1  
2 **STATE COUNTY SPECIAL ASSISTANCE**

3 **SECTION 10.2.** Section 10.13 of S.L. 2007-323 reads as rewritten:

4 **"SECTION 10.13.(a)** The eligibility of Special Assistance recipients residing in  
5 adult care homes on August 1, 1995, shall not be affected by an income reduction in the  
6 Special Assistance eligibility criteria resulting from adoption of the Rate Setting  
7 Methodology Report and Related Services, providing these recipients are otherwise  
8 eligible. The maximum monthly rate for these residents in adult care home facilities  
9 shall be one thousand two hundred thirty-one dollars (\$1,231) per month per resident.

10 **"SECTION 10.13.(b)** Effective January 1, 2007, the maximum monthly rate for  
11 residents in adult care home facilities shall be one thousand one hundred forty-eight  
12 dollars (\$1,148) per month per resident unless adjusted by the Department in  
13 accordance with subsection (e) of this section.

14 **"SECTION 10.13.(c)** Effective October 1, 2007, the maximum monthly rate for  
15 residents in adult care home facilities shall be one thousand one hundred seventy-three  
16 dollars (\$1,173) per month per resident unless adjusted by the Department in  
17 accordance with subsection (e) of this section.

18 **"SECTION 10.13.(c1)** Effective January 1, 2009, the maximum monthly rate for  
19 residents in adult care home facilities shall be one thousand two hundred three dollars  
20 (\$1,203) per month per resident unless adjusted by the Department in accordance with  
21 subsection (e) of this section.

22 **"SECTION 10.13.(d)** The maximum monthly rate for residents in  
23 Alzheimer/Dementia special care units shall be one thousand five hundred fifteen  
24 dollars (\$1,515) per month per resident unless adjusted by the Department in  
25 accordance with subsection (e) of this section.

26 **"SECTION 10.13.(e)** Notwithstanding any other provision of this section, the  
27 Department of Health and Human Services shall review activities and costs related to  
28 the provision of care in adult care homes and shall determine what costs may be  
29 considered to properly maximize allowable reimbursement available through Medicaid  
30 personal care services for adult care homes (ACH-PCS) under federal law. As  
31 determined, and with any necessary approval from the Centers for Medicare and  
32 Medicaid Services (CMS), and the approval of the Office of State Budget and  
33 Management, the Department may transfer necessary funds from the State-County  
34 Special Assistance program within the Division of Social Services to the Division of  
35 Medical Assistance and may use those funds as State match to draw down federal  
36 matching funds to pay for such activities and costs under Medicaid's personal care  
37 services for adult care homes (ACH-PCS), thus maximizing available federal funds. The  
38 established rate for State-County Special Assistance set forth in subsections (b) and (c)  
39 of this section shall be adjusted by the Department to reflect any transfer of funds from  
40 the Division of Social Services to the Division of Medical Assistance and related  
41 transfer costs and responsibilities from State-County Special Assistance to the Medicaid  
42 personal care services for adult care homes (ACH-PCS). Subject to approval by the  
43 Centers for Medicare and Medicaid Service (CMS) and prior to implementing this  
44 section, the Department may disregard a limited amount of income for individuals

1 whose countable income exceeds the adjusted State-County Special Assistance rate. The  
2 amount of the disregard shall not exceed the difference between the Special Assistance  
3 rate prior to the adjustment and the Special Assistance rate after the adjustment and  
4 shall be used to pay a portion of the cost of the ACH-PCS and reduce the Medicaid  
5 payment for the individual's personal care services provided in an adult care home. In  
6 no event shall the reimbursement for services through the ACH-PCS exceed the average  
7 cost of the services as determined by the Department from review of cost reports as  
8 required and submitted by adult care homes. The Department shall report any transfers  
9 of funds and modifications of rates to the House of Representatives Appropriations  
10 Subcommittee on Health and Human Services, the Senate Appropriations Committee on  
11 Health and Human Services, and the Fiscal Research Division.

12 **"SECTION 10.13.(f)** Effective July 1, 2007, the Department of Health and Human  
13 Services shall recommend rates for State-County Special Assistance and for Adult Care  
14 Home Personal Care Services. The Department may recommend rates appropriate cost  
15 methodology and cost reports submitted by adult care homes that receive State-County  
16 Special Assistance funds and shall ensure that cost reporting is done for State-County  
17 Special Assistance and Adult Care Home Personal Care Services to the same standards  
18 as apply to other residential service providers."  
19

#### 20 AIDS DRUG ASSISTANCE PROGRAM

21 **SECTION 10.3.** Section 10.26 of S.L. 2007-323 reads as rewritten:

22 **"SECTION 10.26.(a)** For the 2007-2008 fiscal year ~~and the 2008-2009 fiscal~~  
23 ~~year,~~ the Department may adjust the financial eligibility criterion of the ADAP up  
24 to an amount not exceeding two hundred fifty percent (250%) of the federal poverty  
25 level in order to serve as many eligible North Carolinians living with HIV disease as  
26 possible within existing resources plus any new federal resources. If the Department  
27 raises the eligibility limit above one hundred twenty-five percent (125%) of the federal  
28 poverty level and a waiting list develops as a result, the Department shall give priority  
29 on the waiting list to those individuals at or below one hundred twenty-five percent  
30 (125%) of the federal poverty level.

31 **"SECTION 10.26.(b)** For the 2008-2009 fiscal year, the Department may, within  
32 existing ADAP Program resources, adjust the financial eligibility criterion of the ADAP  
33 up to an amount not exceeding three hundred percent (300%) of the federal poverty  
34 level in order to serve as many eligible North Carolinians living with HIV disease as  
35 possible within existing resources plus any new federal resources. If a waiting list  
36 develops as a result of the eligibility criterion being raised, the Department shall give  
37 first priority to those individuals on the waiting list with income at or below one  
38 hundred twenty-five percent (125%) of the federal poverty level, and second priority to  
39 those individuals with income above one hundred twenty-five percent (125%) and at or  
40 below two hundred fifty percent (250%) of federal poverty guidelines."  
41

#### 42 CHANGES TO COMMUNITY-FOCUSED ELIMINATING HEALTH 43 DISPARITIES INITIATIVE

44 **SECTION 10.4.** Section 10.22 of S.L. 2007-323 reads as rewritten:

1       **"SECTION 10.22.(a)** Of funds appropriated in this act from the General Fund to  
2 the Department of Health and Human Services, the sum of two million five hundred  
3 thousand dollars (\$2,500,000) for the 2007-2008 fiscal year and the sum of ~~two million~~  
4 ~~dollars (\$2,000,000) for the~~ three million dollars (\$3,000,000) for the 2008-2009 fiscal  
5 year shall be allocated for the Community-Focused Eliminating Health Disparities  
6 Initiative (CFEHDI) to provide grants-in-aid to local public health departments,  
7 American Indian tribes, and faith-based and community-based organizations to close the  
8 gap in the health status of African-Americans, Hispanics/Latinos, and American Indians  
9 as compared to the health status of white persons. These grants shall focus on the use of  
10 preventive measures to support healthy lifestyles. The areas of focus on health status  
11 shall be infant mortality, HIV-AIDS and sexually transmitted infections, cancer,  
12 diabetes, and homicides and motor vehicle deaths.

13       The five hundred thousand dollars (\$500,000) in nonrecurring funds appropriated in  
14 this act to the Department of Health and Human Services, Division of Public Health, for  
15 the Health Disparities Initiative in the 2007-2008 fiscal year shall be awarded as a  
16 grant-in-aid to honor the memory of the following recently deceased members of the  
17 General Assembly: Bernard Allen, John Hall, Robert Holloman, Howard Hunter, Jeanne  
18 Lucas, and William Martin. These funds shall be used for concerted efforts to address  
19 large gaps in health status among North Carolinians who are African-American, as well  
20 as disparities among other minority populations in North Carolina. These efforts shall  
21 include:

- 22       (1) Providing enhanced education and outreach to minority populations on  
23 the prevention, diagnosis, and treatment of heart disease, breast cancer,  
24 diabetes, obesity, hypertension, sickle cell anemia, and HIV infection.
- 25       (2) Addressing cultural and communication barriers to quality care by  
26 improving interpersonal processes between clinicians and patients.

27       The Secretary shall send to each grantee organization a letter stating that the award  
28 is made in honor of the memory of and in recognition of the recent deaths of Senators  
29 Robert Holloman, Jeanne Lucas, and William Martin and Representatives Bernard  
30 Allen, John Hall, and Howard Hunter.

31       **"SECTION 10.22.(b)** The Department of Health and Human Services shall report  
32 on the following with respect to funds appropriated to the CFEHDI program ~~in fiscal~~  
33 ~~years 2005-2006, 2006-2007, and 2007-2008.~~ for the 2007-2008 and 2008-2009 fiscal  
34 years. The report shall address for each fiscal year:

- 35       (1) Which community programs and local health departments received  
36 CFEHDI grants.
- 37       (2) What amount of funding did each program or local health department  
38 receive.
- 39       (3) Which of the minority populations were served by the programs or  
40 local health departments.
- 41       (4) Which counties were served by the programs or local health  
42 departments.

- 1 (5) What activities were planned and implemented by the programs or  
2 local health departments to fulfill the community focus of the CFEHDI  
3 program.

4 ~~The report shall also contain a comprehensive evaluation of all grantees with regard~~  
5 ~~to fulfilling the goals of the program, assessing the difference the funded activities have~~  
6 ~~made in the community, and addressing and mitigating the health disparities identified~~  
7 ~~in the Racial and Ethnic Health Disparities in North Carolina, Report Card 2006. In~~  
8 ~~addition, the~~The Department shall solicit from the grantees their observations and  
9 recommendations on ways the CFEHDI program can best accomplish its goals. The  
10 report shall also include specific activities undertaken pursuant to subsection (a) of this  
11 section to address large gaps in health status among North Carolinians who are  
12 African-American and other minority populations in this State. The Department shall  
13 submit the report not later than March 1, 2008, to the House of Representatives  
14 Appropriations Subcommittee on Health and Human Services, the Senate  
15 Appropriations Committee on Health and Human Services, and the Fiscal Research  
16 Division."  
17

#### 18 HIV PREVENTION FUNDS

19 **SECTION 10.5.** Of the funds appropriated in this act to the Department of  
20 Health and Human Services, the sum of two million dollars (\$2,000,000) for the  
21 2008-2009 fiscal year shall be allocated for HIV Prevention for the following purposes:

- 22 (1) Funding to local health departments, historically black colleges and  
23 universities, the Office of Minority Health and Health Disparities, and  
24 other community organizations for HIV counseling, testing, and early  
25 medical interventions.  
26 (2) Funding to implement three community-based harm reduction  
27 programs as part of a comprehensive Hepatitis C and HIV disease  
28 prevention program. The funds shall also be used to support these  
29 programs in providing case management services, care, and other  
30 services that will further the purposes of HIV and Hepatitis C  
31 prevention.  
32 (3) Funding to support peer-to-peer counseling efforts.  
33

#### 34 CHILD CARE FUNDS MATCHING REQUIREMENT

35 **SECTION 10.6.** Section 10.17 of S.L. 2007-323 reads as rewritten:

36 "**SECTION 10.17.(a)** No local matching funds may be required by the Department  
37 of Health and Human Services as a condition of any locality's receiving its initial  
38 allocation of child care funds appropriated by this act unless federal law requires a  
39 match. If the Department reallocates additional funds above twenty-five thousand  
40 dollars (\$25,000) to local purchasing agencies beyond their initial allocation, local  
41 purchasing agencies must provide a ~~fifteen percent (15%)~~ twenty percent (20%) local  
42 match to receive the reallocated funds. Matching requirements shall not apply when  
43 funds are allocated because of a disaster as defined in G.S. 166A-4(1).

1       **"SECTION 10.17.(b)** If funds are reallocated to local purchasing agencies in  
2 accordance with subsection (a) of this section, the Department of Health and Human  
3 Services shall evaluate the ~~fifteen percent (15%)~~twenty percent (20%) local matching  
4 requirement to determine its effect on local purchasing agencies and whether the  
5 matching requirement should be adjusted. The Department shall report its findings and  
6 recommendations to the House of Representatives Appropriations Subcommittee on  
7 Health and Human Services, the Senate Appropriations Committee on Health and  
8 Human Services, and the Fiscal Research Division no later than April 1, 2009."  
9

## 10       **CHANGES TO FOSTER CARE AND ADOPTION ASSISTANCE PAYMENTS**

11       **SECTION 10.7.** Section 10.29 of S.L. 2007-323 reads as rewritten:

12       **"SECTION 10.29.(a)** The maximum rates for State participation in the foster care  
13 assistance program are established on a graduated scale as follows:

- 14           (1)   ~~\$390.00~~\$475.00 per child per month for children aged birth through 5;  
15           (2)   ~~\$440.00~~\$581.00 per child per month for children aged 6 through 12;  
16                   and  
17           (3)   ~~\$490.00~~\$634.00 per child per month for children aged 13 through 18.

18       ~~Of these amounts, fifteen dollars (\$15.00) is a special needs allowance for the child.~~

19       **"SECTION 10.29.(b)** The maximum rates for the State participation in the  
20 adoption assistance program are established on a graduated scale consistent with the  
21 foster care rates as follows:

- 22           (1)   ~~\$390.00~~\$475.00 per child per month for children aged birth through 5;  
23           (2)   ~~\$440.00~~\$581.00 per child per month for children aged 6 through 12;  
24                   and  
25           (3)   ~~\$490.00~~\$634.00 per child per month for children aged 13 through 18.

26       **"SECTION 10.29.(c)** In addition to providing board payments to foster and  
27 adoptive families of HIV-infected children, as prescribed in Section 23.28 of Chapter  
28 324 of the 1995 Session Laws, any additional funds remaining that were appropriated  
29 for this purpose shall be used to provide medical training in avoiding HIV transmission  
30 in the home.

31       **"SECTION 10.29.(d)** The maximum rates for the State participation in HIV foster  
32 care and adoption assistance are established on a graduated scale as follows:

- 33           (1)   \$800.00 per child per month with indeterminate HIV status;  
34           (2)   \$1,000 per child per month confirmed HIV-infected, asymptomatic;  
35           (3)   \$1,200 per child per month confirmed HIV-infected, symptomatic; and  
36           (4)   \$1,600 per child per month terminally ill with complex care needs.

37       **"SECTION 10.29.(e)** The State and a county participating in foster care and  
38 adoption assistance shall each contribute fifty percent (50%) of the nonfederal share of  
39 the cost of care for a child placed by a county department of social services or child  
40 placing agency in a family foster home or residential child care facility. A county shall  
41 be held harmless from contributing fifty percent (50%) of the cost for a child currently  
42 in a family foster home or residential child care facility until the child leaves foster care  
43 or experiences a placement change.

1        "SECTION 10.29.(f) The Department of Health and Human Services may establish  
2 foster care and adoption assistance rates based on the United States Department of  
3 Agriculture (USDA) 'Expenditures on Children by Families' index subject to State  
4 appropriations for each fiscal year.

5        "SECTION 10.29.(g) This section becomes effective January 1, 2009, and applies  
6 to payments made on or after that date."

7  
8        **TICKET TO WORK IMPLEMENTATION DATE**

9            **SECTION 10.8.** The Department of Health and Human Services shall  
10 implement the Ticket to Work Program on July 1, 2008, whether or not the new MMIS  
11 is operational.

12  
13        **IMPLEMENTATION OF MMIS**

14            **SECTION 10.9.** The delay in implementation of the new MMIS system has  
15 delayed the implementation of important programs that involve collecting premiums. In  
16 order to mitigate the negative impact of the continuous delays in implementation of  
17 these programs, the Department of Health and Human Services, Division of Medical  
18 Assistance, shall implement the following programs in the first iteration of the new  
19 MMIS, and this first iteration must have the capability of collecting premiums in order  
20 that the programs may be fully implemented at the time MMIS becomes operational.

- 21            (1) Ticket to Work.  
22            (2) Families pay part of the cost of services under the CAP-MR/DD and  
23 CAP children's programs.  
24            (3) NC Health Choice.

25  
26        **MEDICAID POLICY CHANGE**

27            **SECTION 10.10.** Section 10.36(b) of S.L. 2007-323 reads as rewritten:

28        **"SECTION 10.36.(b) Policy. –**

- 29            (1) Volume purchase plans and single source procurement. – The  
30 Department of Health and Human Services, Division of Medical  
31 Assistance, may, subject to the approval of a change in the State  
32 Medicaid Plan, contract for services, medical equipment, supplies, and  
33 appliances by implementation of volume purchase plans, single source  
34 procurement, or other contracting processes in order to improve cost  
35 containment.  
36            (2) Cost-containment programs. – The Department of Health and Human  
37 Services, Division of Medical Assistance, may undertake  
38 cost-containment programs, including contracting for services,  
39 preadmissions to hospitals, and prior approval for certain outpatient  
40 surgeries before they may be performed in an inpatient setting.  
41            (3) Fraud and abuse. – The Division of Medical Assistance, Department of  
42 Health and Human Services, shall provide incentives to counties that  
43 successfully recover fraudulently spent Medicaid funds by sharing



- 1 State savings with counties responsible for the recovery of the  
2 fraudulently spent funds.
- 3 (4) Medical policy. – Unless required for compliance with federal law, the  
4 Department shall not change medical policy affecting the amount,  
5 sufficiency, duration, and scope of health care services and who may  
6 provide services until the Division of Medical Assistance has prepared  
7 a five-year fiscal analysis documenting the increased cost of the  
8 proposed change in medical policy and submitted it for Departmental  
9 review. If the fiscal impact indicated by the fiscal analysis for any  
10 proposed medical policy change exceeds three million dollars  
11 (\$3,000,000) in total requirements for a given fiscal year, then the  
12 Department shall submit the proposed medical policy change with the  
13 fiscal analysis to the Office of State Budget and Management and the  
14 Fiscal Research Division. The Department shall not implement any  
15 proposed medical policy change exceeding three million dollars  
16 (\$3,000,000) in total requirements for a given fiscal year unless the  
17 source of State funding is identified and approved by the Office of  
18 State Budget and Management. For medical policy changes exceeding  
19 three million dollars (\$3,000,000) in total requirements for a given  
20 fiscal year that are required for compliance with federal law, the  
21 Department shall submit the proposed medical policy or policy  
22 interpretation change with the fiscal analysis to the Office of State  
23 Budget and Management prior to implementing the change. The  
24 Department shall provide the Office of State Budget and Management  
25 and the Fiscal Research Division a quarterly report itemizing all  
26 medical policy changes with total requirements of less than three  
27 million dollars (\$3,000,000)."  
28

## 29 **DHHS STUDY PERFORMANCE BOND REQUIREMENT**

30 **SECTION 10.11.** The Department of Health and Human Services shall  
31 study the feasibility of requiring Medicaid-enrolled providers to purchase a performance  
32 bond or to submit an executed letter of credit or financial instrument as a condition of  
33 initial provider enrollment, re-enrollment, or reinstatement. In conducting the study, the  
34 Department shall consider the conditions under which a performance bond, letter of  
35 credit, or financial instrument would be required of Medicaid providers, and the  
36 conditions under which the Department should waive or limit the performance bond,  
37 letter of credit, or financial instrument requirements, including the potential fiscal  
38 impact of the waiver or limitation on the Medicaid program. The Department shall  
39 report its findings and recommendations to the House of Representatives Appropriations  
40 Subcommittee on Health and Human Services, the Senate Appropriations Committee on  
41 Health and Human Services, and the Fiscal Research Division not later than January 1,  
42 2009.

## 43 **EXPAND HEALTH CHOICE/NC KIDS' CARE**

1           **SECTION 10.12.(a)** Section 10.48 of S.L. 2007-323 reads as rewritten:

2           **"SECTION 10.48.(a)** Of the funds appropriated in this act to the Department of  
3 Health and Human Services, Division of Medical Assistance, the sum of three hundred  
4 sixty-eight thousand dollars (\$368,000) for the 2007-2008 fiscal year shall be used by  
5 the Department of Health and Human Services to produce a report that identifies the  
6 most cost-efficient and cost-effective method for developing and implementing a  
7 program of comprehensive health care benefits within available funding for children  
8 ages 0 through 18 in families with annual incomes between two hundred percent  
9 (200%) and three hundred percent (300%) of the federal poverty level. The report shall  
10 consider and address the following:

- 11           (1) Congress' reauthorization of the State Children's Health Insurance  
12 Program (SCHIP) with respect to:  
13           a. The amount of federal funds authorized for each of the fiscal  
14 years covered in the reauthorization;  
15           b. The number of fiscal years that federal funding awarded to the  
16 states remains available to each state;  
17           c. The adequacy of the formula by which federal funds are  
18 distributed to the states; and  
19           d. The ability of states to expand SCHIP coverage to children  
20 whose family incomes exceed two hundred percent (200%) of  
21 the federal poverty level.

22           The Department shall determine whether the most effective use of  
23 State funds is to develop a program that expands access to health  
24 insurance for children whose family income exceeds two hundred  
25 percent (200%) of the federal poverty level through NC Health Choice  
26 or the State Medical Assistance Program.

- 27           (2) Eligibility and benefits are not an entitlement, are for legal residents of  
28 North Carolina, and are subject to availability of State and federal  
29 funds, and State and federal requirements.  
30           (3) The most cost-effective use of limited State funds to offer health care  
31 services to children in families between two hundred percent (200%)  
32 and three hundred percent (300%) of the federal poverty level.  
33           (4) Children enrolled in the program must be ineligible for Medicaid,  
34 Medicare, or other government-sponsored health insurance. The  
35 Department shall study whether children must also be without private  
36 health insurance for a specified amount of time, e.g. six months.  
37           (5) The health care benefits covered in the proposed expansion program  
38 shall not exceed the benefits currently covered by the NC Health  
39 Choice.  
40           (6) The establishment of cost-sharing measures for the families of children  
41 with an income above two hundred percent (200%) of the federal  
42 poverty level, including:  
43           a. A monthly premium per child that is at an optimal level that  
44 simultaneously is affordable, encourages participation by

1 families, controls costs, and provides revenue to reduce the cost  
2 of the program to the State. The amount of the premium may  
3 increase as income increases above two hundred percent  
4 (200%) of the federal poverty level.

5 b. Increased co-payments and cost-sharing that are affordable and  
6 sufficient to control costs, while not discouraging families from  
7 seeking and continuing prescribed treatment for children.

8 c. A deductible that is to be applied to certain health care benefits.

9 d. A limit on out-of-pocket expenses that is no more than five  
10 percent (5%) of family income.

11 (7) The establishment of a comprehensive annual benefit limit per child  
12 that is no more than the current annual benefit limit under NC Health  
13 Choice.

14 (8) The most cost-effective and efficient way of administering and  
15 managing enrollment in the program and the collection of premiums.  
16 This may include having the current administrator of NC Health  
17 Choice be the entity to collect premiums, or designating some other  
18 benefit management or administrative entity to do so, including the  
19 Department.

20 **"SECTION 10.48.(b)** Not later than January 1, 2008, the Department shall submit  
21 an interim report of its findings and recommendations to the Senate Appropriations  
22 Committee on Health and Human Services, the House of Representatives  
23 Appropriations Subcommittee on Health and Human Services, the Joint Legislative  
24 Commission on Governmental Operations, and the Fiscal Research Division. The  
25 Department shall submit its final report not later than February 1, 2008. It is the intent  
26 of the General Assembly to review the Department's recommendations before the  
27 Department implements a program to expand access to health insurance to children  
28 above two hundred percent (200%) of the federal poverty level, ~~effective July 1, 2008,~~  
29 ~~or upon approval of all required federal waivers, whichever occurs later.~~

30 **"SECTION 10.48.(c)** Of the funds appropriated in this act to the Department of  
31 Health and Human Services, the sum of ~~seven one million eight hundred nine thousand~~  
32 ~~dollars (\$1,809,000) (\$7,000,000)~~ for the 2008-2009 fiscal year shall be used to  
33 implement a program to expand access to health insurance to children above two  
34 hundred percent (200%) of the federal poverty level ~~effective July 1, 2008.~~ These funds  
35 may be used to support nonrecurring start-up costs and ongoing administrative and  
36 program services expenditures.

37 **"SECTION 10.48.(d)** The Department of Health and Human Services, Division of  
38 Medical Assistance, shall implement a health care assistance program, NC Kids' Care,  
39 to provide health insurance coverage to children in families with incomes above two  
40 hundred percent (200%) and not more than two hundred fifty percent (250%) of the  
41 federal poverty level, by expanding the Health Insurance Program for Children  
42 established under Part 8 of Article 2 of Chapter 108A of the General Statutes. Except as  
43 otherwise provided, all the requirements of Part 8 of Article 2 of Chapter 108A of the  
44 General Statutes shall apply to the NC Kids' Care program. The Department shall

1 submit any State Child Health Plan amendments required to implement this section.  
2 Eligibility for and benefits under this program are not an entitlement and are subject to  
3 availability of funds and other changes to State and federal law.

4 "SECTION 10.48.(e) Eligibility. – The Department may enroll eligible children  
5 based on the availability of funds. Following are the eligibility and other requirements  
6 for participation in NC Kids' Care. Children must:

7 (1) Be between the ages of birth through 18 years of age;

8 (2) Be ineligible for Medicaid, Medicare, or other government sponsored  
9 health insurance, except that any child covered under  
10 G.S. 108A-70.21(g) as of the effective date of this section shall be  
11 eligible for participation in NC Kids' Care as provided in subsection  
12 (o) of this section;

13 (3) Have been uninsured for three months immediately prior to  
14 enrollment; the Department may require a longer uninsured waiting  
15 period if required by federal regulations;

16 (4) Be in a family whose family income is above two hundred percent  
17 (200%) through two hundred fifty percent (250%) of the federal  
18 poverty level;

19 (5) Be a resident of this State, meet applicable federal citizenship and  
20 immigration requirements, and be eligible under federal law; and

21 (6) Have paid the monthly premiums required under this section.

22 "SECTION 10.48.(f) Benefits and Limitations. – Except as otherwise provided in  
23 this section for eligibility and cost-sharing requirements, health benefits coverage  
24 provided to children eligible for NC Kids' Care shall be the same as coverage provided  
25 under Part 8 of Article 2 of Chapter 108A of the General Statutes.

26 "SECTION 10.48.(g) Community Care of North Carolina. – The Department of  
27 Health and Human Services shall provide services to children enrolled in the NC Kids'  
28 Care program through Community Care of North Carolina and shall pay Community  
29 Care of North Carolina providers a care management fee for these services as allowed  
30 under Medicaid.

31 "SECTION 10.48.(h) Cost-Sharing. – The Department shall require NC Kids' Care  
32 enrollees to contribute to the cost of their care through the use of deductibles,  
33 co-payments, and premiums as follows:

34 (1) No annual enrollment fee. – In lieu of an annual enrollment fee, a  
35 monthly premium shall be charged for each child or family enrolled in  
36 NC Kids' Care. The Department shall establish a procedure for sharing  
37 a portion of premium receipts with each county department of social  
38 services to cover the cost of determining eligibility for services under  
39 NC Kids' Care.

40 (2) Premiums. – The premium amount charged for each child or family  
41 shall vary depending on family income. Enrollees shall pay monthly  
42 premiums as follows:

43 a. Enrollees whose family income is above two hundred percent  
44 (200%) through two hundred twenty-five percent (225%) of the

- 1                   federal poverty level shall pay a monthly premium not to  
2                   exceed thirty dollars (\$30.00) per child.
- 3                   b.   Enrollees whose family income is above two hundred  
4                   twenty-five percent (225%) through two hundred fifty percent  
5                   (250%) of the federal poverty level shall pay a monthly  
6                   premium not to exceed sixty dollars (\$60.00) per child.
- 7                   (3)   Co-payments. – NC Kids' Care enrollees shall be responsible for  
8                   co-payments to providers as follows:
- 9                   a.   Ten dollars (\$10.00) per child for each primary care physician  
10                   visit;
- 11                   b.   Twenty-five dollars (\$25.00) per child for each specialty care  
12                   physician visit;
- 13                   c.   Twenty-five dollars (\$25.00) per child for each physical  
14                   therapy, occupational therapy, or speech therapy visit;
- 15                   d.   Thirty dollars (\$30.00) per child for each outpatient hospital  
16                   visit;
- 17                   e.   Fifty dollars (\$50.00) per child for each inpatient hospital visit;
- 18                   f.   Twenty dollars (\$20.00) per child for durable medical  
19                   equipment, except there shall be no co-payment required for  
20                   diabetic supplies;
- 21                   g.   One hundred dollars (\$100.00) for each emergency room visit,  
22                   except the co-payment is waived if the enrollee is admitted to  
23                   the hospital;
- 24                   h.   One hundred fifty dollars (\$150.00) for each ambulance service,  
25                   except the co-payment is waived if the enrollee is admitted to  
26                   the hospital;
- 27                   i.   Outpatient prescription drugs, as follows:
- 28                   1.   Five dollars (\$5.00) for each generic prescription drug,  
29                   for each brand-name prescription drug for which there is  
30                   no generic substitution available, and for each covered  
31                   over-the-counter medication; and
- 32                   2.   Twenty dollars (\$20.00) for each brand-name  
33                   prescription drug for which there is a generic substitution  
34                   available.
- 35                   (4)   Deductible. – The Department may establish an annual deductible not  
36                   to exceed two hundred fifty dollars (\$250.00) per child.
- 37                   (5)   The Department shall establish maximum annual cost-sharing limits  
38                   per individual or family, provided that the total annual aggregate  
39                   cost-sharing, including premiums, with respect to all children in a  
40                   family receiving benefits under this section shall not exceed five  
41                   percent (5%) of the family's income for the year involved.
- 42                   **"SECTION 10.48.(i)** Enrollment in NC Kids' Care shall not exceed 15,000 children  
43                   for the 2008-2009 fiscal year. This enrollment cap shall not be exceeded even if State  
44                   and federal funds are available to enroll additional children for the current fiscal year.

1 "SECTION 10.48.(j) The nonfederal costs of NC Kids' Care shall be paid with  
2 State funds and enrollee premiums. Counties shall not be required to share in the  
3 nonfederal costs of NC Kids' Care.

4 "SECTION 10.48.(k) Providers of services under NC Kids' Care shall be paid at  
5 rates equivalent to Medicaid rates, less any applicable co-payments or deductibles.

6 "SECTION 10.48.(l) Administration of NC Kids' Care shall be in accordance with  
7 Part 8 of Article 2 of Chapter 108A of the General Statutes.

8 "SECTION 10.48.(m) Enrollees covered under G.S. 108A-70.21(g) prior to the  
9 effective date of subsection (n) of this section may choose to continue coverage under  
10 that section through the end of their buy-in coverage period or enroll in NC Kids' Care  
11 provided they meet the eligibility requirements, pay the applicable premium, and notify  
12 their county department of social services within 60 days of receiving notice of their  
13 potential eligibility under NC Kids' Care. For any enrollee electing to transfer coverage  
14 from the buy-in program to NC Kids' Care, coverage under NC Kids' Care shall become  
15 effective the first day of the next month immediately following the month in which they  
16 notified their county department of social services of their intent to enroll in NC Kids'  
17 Care.

18 "SECTION 10.48.(n) This section becomes effective April 1, 2009, or upon  
19 approval of all State Child Health Plan amendments, whichever is later, and is  
20 contingent upon the availability of sufficient federal funding. The Department shall not  
21 apply for such amendments until the US Congress acts to reauthorize the State  
22 Children's Health Insurance Program with sufficient funding to support the current  
23 North Carolina program and the provisions of this section."

24 **SECTION 10.12.(b)** G.S. 108A-70.21(c) reads as rewritten:

25 "(c) Annual Enrollment Fee. – There shall be no enrollment fee for Program  
26 coverage for enrollees whose family income is at or below one hundred fifty percent  
27 (150%) of the federal poverty level. The enrollment fee for Program coverage for  
28 enrollees whose family income is above one hundred fifty percent (150%) through two  
29 hundred percent (200%) of the federal poverty level shall be fifty dollars (\$50.00) per  
30 year per child with a maximum annual enrollment fee of one hundred dollars (\$100.00)  
31 for two or more children. The enrollment fee shall be collected by the county  
32 department of social services and retained to cover the cost of determining eligibility for  
33 services under the Program. County departments of social services shall establish  
34 procedures for the collection of enrollment fees."

35 **SECTION 10.12.(c)** G.S. 108A-70.21(g) reads as rewritten:

36 "(g) Purchase of Extended Coverage. – An enrollee in the Program who loses  
37 eligibility due to an increase in family income above two hundred percent (200%) of the  
38 federal poverty level and up to and including two hundred twenty five percent (225%)  
39 ~~of the federal poverty level~~ fifty percent (250%) of the federal poverty level and up to  
40 and including two hundred seventy-five percent (275%) of the federal poverty level may  
41 purchase at full premium cost continued coverage under the Program for a period not to  
42 exceed one year beginning on the date the enrollee becomes ineligible under the income  
43 requirements for the Program. The ~~same~~ benefits, copayments, and other conditions of  
44 enrollment under the Program ~~shall apply~~ applicable to extended coverage purchased

1 under this ~~subsection~~-subsection shall be the same as those applicable to an NC Kids'  
2 Care enrollee whose family income equals two hundred fifty percent (250%) of the  
3 federal poverty level."  
4

## 5 NC HEALTH CHOICE TRANSITION

6 SECTION 10.13.(a) G.S. 135-39.5(23), 135-39.6(d), and 135-39.6A(c) are  
7 repealed.

8 SECTION 10.13.(b) G.S. 135-42 reads as rewritten:

### 9 "§ 135-42. Undertaking-Administration and processing of Program claims.

10 (a) The State of North Carolina undertakes to make available a health insurance  
11 program for ~~children (hereinafter called the "Program")~~ children (Program), which shall  
12 be called North Carolina Health Choice for Children. The Program shall ~~to~~ provide  
13 comprehensive acute medical care to low-income, uninsured children who are residents  
14 of this State and who meet the eligibility requirements established for the Program  
15 under Part 8 of Article 2 of Chapter 108A of the General Statutes. The Executive  
16 Administrator and Board of Trustees of the State Health Plan for Teachers and State  
17 Employees (hereinafter called the "Plan") shall administer the Program under this Part  
18 and shall carry out their duties and responsibilities in accordance with Parts 2 and 3 of  
19 this Article and with applicable provisions of Part 8 of Article 2 of Chapter 108A. The  
20 Plan's self-insured indemnity program shall not incur any financial obligations for the  
21 Program in excess of the amount of funds that the Plan's self-insured indemnity program  
22 receives for the Program. Except as provided in this Part, the Program shall be  
23 administered by the Department of Health and Human Services in accordance with Part  
24 8 of Article 2 of Chapter 108A of the General Statutes and as required under applicable  
25 federal law.

26 (a1) Notwithstanding any other provision of law, the Secretary of the Department  
27 of Health and Human Services shall delegate the responsibility for the administration  
28 and processing of claims for benefits provided under the Program to the Executive  
29 Administrator and Board of Trustees of the State Health Plan for Teachers and State  
30 Employees (hereinafter called the "Plan") until such date, but not later than July 1, 2010,  
31 the Secretary determines that the Department is prepared to assume some or all of these  
32 responsibilities. In administering the processing of claims for benefits, the Executive  
33 Administrator and Board of Trustees shall have the same type of powers and duties as  
34 provided for these purposes under the Predecessor Plan. For the purposes of this Part,  
35 "Predecessor Plan" means the "North Carolina Teachers' and State Employees'  
36 Comprehensive Major Medical Plan in effect prior to July 1, 2008." The claims  
37 payments shall be made against accounts maintained by the Department of Health and  
38 Human Services. The Executive Administrator and Board of Trustees shall establish  
39 premium rates for benefits provided under this Part. The Department of Health and  
40 Human Services shall, from State and federal appropriations and from any other funds  
41 made available for the Program, make payments to the Plan as determined by the Plan  
42 for its administration, claims processing, and other services delegated by the Secretary  
43 to provide coverage for acute medical care for children eligible for benefits provided

1 under the Program. The Plan shall not incur any financial obligations for the Program in  
2 excess of the amount of funds that the Plan receives for the Program.

3 (b) The benefits provided under the Program shall be equivalent to the Teachers'  
4 and State Employees' Comprehensive Major Medical Plan (hereafter "Predecessor  
5 Plan") in effect through June 30, 2008, and as provided under Part 8 of Article 2 of  
6 Chapter 108A of the General Statutes. and made available through the Plan pursuant to  
7 Articles 2 and 3 of this Chapter and as provided under G.S. 108A-70.21(b) and  
8 administered by the Plan's Executive Administrator and Board of Trustees. To the  
9 extent there is a conflict between the provisions of Part 8 of Article 2 of Chapter 108A  
10 and ~~Part 3 of this Article~~ the Predecessor Plan pertaining to eligibility, fees, deductibles,  
11 copayments, and lifetime maximum benefits, and other cost-sharing charges, the  
12 provisions of Part 8 of Article 2 of Chapter 108A shall control. In administering the  
13 benefits provided by this Part, the Executive Administrator and Board of Trustees shall  
14 have the same type of powers and duties that are provided under ~~Part 3 of this Article~~  
15 the Predecessor Plan for hospital and medical benefits.

16 (c) The benefits authorized by this Part are available only to children who are  
17 residents of this State and who meet the eligibility requirements established for the  
18 Program under Part 8 of Article 2 of Chapter 108A of the General Statutes."

19 **SECTION 10.13.(c)** Part 5 of Article 3 of Chapter 135 of the General  
20 Statutes is amended by adding the following new sections to read:

21 "**§ 135-43. Child health insurance fund.**

22 There is established a Child Health Insurance Fund. All premium receipts or any  
23 other receipts, including earnings on investments, occurring or arising in connection  
24 with acute medical care benefits provided under the Program shall be deposited into the  
25 Child Health Insurance Fund. Disbursements from the Child Health Insurance Fund  
26 shall include any and all amounts required to pay the benefits and administrative costs  
27 of the Health Insurance Program for Children.

28 "**§ 135-44. Data reporting.**

29 The Executive Administrator and Board of Trustees of the State Health Plan for  
30 Teachers and State Employees shall provide to the Department:

- 31 (1) Data as necessary and in sufficient detail to meet federal reporting  
32 requirements under Title XXI; and
- 33 (2) Data showing cost-sharing paid by Program enrollees to assist the  
34 Department in monitoring and ensuring that enrollees do not exceed  
35 the Program's cost of sharing limitations.
- 36 (3) Data as necessary and in sufficient detail to meet the data collections  
37 and reporting requirements pursuant to G.S. 108A-70.27."

38 **SECTION 10.13.(d)** G.S. 108A-70.18 reads as rewritten:

39 "**§ 108A-70.18. Definitions.**

40 As used in this Part, unless the context clearly requires otherwise, the term:

- 41 (1) "Comprehensive health coverage" means creditable health coverage as  
42 defined under Title XXI.
- 43 (2) "Family income" has the same meaning as used in determining  
44 eligibility for the Medical Assistance Program.



- 1 (3) "FPL" or "federal poverty level" means the federal poverty guidelines  
2 established by the United States Department of Health and Human  
3 Services, as revised each April 1.
- 4 (4) "Medical Assistance Program" means the State Medical Assistance  
5 Program established under Part 6 of Article 2 of Chapter 108A of the  
6 General Statutes.
- 7 (4a) "Predecessor Plan" means the North Carolina Teachers' and State  
8 Employees' Comprehensive Major Medical Plan in effect prior to July  
9 1, 2008.
- 10 (5) "Program" means The Health Insurance Program for Children  
11 established in this Part.
- 12 (6) "State Plan" means the State Child Health Plan for the State Children's  
13 Health Insurance Program established under Title XXI.
- 14 (7) "Title XXI" means Title XXI of the Social Security Act, as added by  
15 Pub. L. 105-33, 111 Stat. 552, codified in scattered sections of 42  
16 U.S.C. (1997).
- 17 (8) "Uninsured" means the applicant for Program benefits is not covered  
18 under any private or employer-sponsored comprehensive health  
19 insurance plan on the date of enrollment."

20 **SECTION 10.13.(e)** G.S. 108A-70.20 reads as rewritten:

21 **"§ 108A-70.20. Program established.**

22 The Health Insurance Program for Children is established. The Program shall be  
23 known as North Carolina Health Choice for Children, and it shall be administered by  
24 the Department of Health and Human Services in accordance with this Part and as  
25 required under Title XXI and related federal rules and regulations. Administration of  
26 Program benefits and claims processing shall be as provided under Part 5 of Article 3 of  
27 Chapter 135 of the General Statutes."

28 **SECTION 10.13.(f)** Effective July 1, 2008, G.S. 108A-70.21 reads as  
29 rewritten:

30 **"§ 108A-70.21. Program eligibility; benefits; enrollment fee and other**  
31 **cost-sharing; coverage from private plans; purchase of extended**  
32 **coverage.**

33 (a) Eligibility. – The Department may enroll eligible children based on  
34 availability of funds. Following are eligibility and other requirements for participation  
35 in the Program:

- 36 (1) Children must:
- 37 a. Be between the ages of 6 through 18;
  - 38 b. Be ineligible for Medicaid, Medicare, or other federal  
39 government-sponsored health insurance;
  - 40 c. Be uninsured;
  - 41 d. Be in a family whose family income is above one hundred  
42 percent (100%) through two hundred percent (200%) of the  
43 federal poverty level;
  - 44 e. Be a resident of this State and eligible under federal law; and

1 f. Have paid the Program enrollment fee required under this Part.  
2 (2) Proof of family income and residency and declaration of uninsured  
3 status shall be provided by the applicant at the time of application for  
4 Program coverage. The family member who is legally responsible for  
5 the children enrolled in the Program has a duty to report any change in  
6 the enrollee's status within 60 days of the change of status.

7 (3) If a responsible parent is under a court order to provide or maintain  
8 health insurance for a child and has failed to comply with the court  
9 order, then the child is deemed uninsured for purposes of determining  
10 eligibility for Program benefits if at the time of application the  
11 custodial parent shows proof of agreement to notify and cooperate  
12 with the child support enforcement agency in enforcing the order.

13 If health insurance other than under the Program is provided to the  
14 child after enrollment and prior to the expiration of the eligibility  
15 period for which the child is enrolled in the Program, then the child is  
16 deemed to be insured and ineligible for continued coverage under the  
17 Program. The custodial parent has a duty to notify the Department  
18 within 10 days of receipt of the other health insurance, and the  
19 Department, upon receipt of notice, shall disenroll the child from the  
20 Program. As used in this paragraph, the term "responsible parent"  
21 means a person who is under a court order to pay child support.

22 (4) Except as otherwise provided in this section, enrollment shall be  
23 continuous for one year. At the end of each year, applicants may  
24 reapply for Program benefits.

25 (b) Benefits. – Except as otherwise provided for eligibility, fees, deductibles,  
26 copayments, and other cost-sharing charges, health benefits coverage provided to  
27 children eligible under the Program shall be equivalent to coverage provided for  
28 dependents under the ~~State Health Plan for Teachers and State Employees, including~~  
29 ~~optional prepaid plans.~~ Predecessor Plan.

30 In addition to the benefits provided under the ~~Plan,~~ Predecessor Plan, the following  
31 services and supplies are covered under the Health Insurance Program for Children  
32 established under this Part:

33 (1) Dental: Oral examinations, teeth cleaning, and scaling twice during a  
34 12-month period, full mouth X-rays once every 60 months,  
35 supplemental bitewing X-rays showing the back of the teeth once  
36 during a 12-month period, fluoride applications twice during a  
37 12-month period, fluoride varnish, sealants, simple extractions,  
38 therapeutic pulpotomies, prefabricated stainless steel crowns, and  
39 routine fillings of amalgam or other tooth-colored filling material to  
40 restore diseased teeth. No benefits are to be provided for services and  
41 materials under this subsection that ~~are not performed by or upon the~~  
42 ~~direction of a dentist, doctor, or other professional provider approved~~  
43 ~~by the Plan nor for services and materials that~~ do not meet the  
44 standards accepted by the American Dental Association.

1 (2) Vision: Scheduled routine eye examinations once every 12 months,  
2 eyeglass lenses or contact lenses once every 12 months, routine  
3 replacement of eyeglass frames once every 24 months, and optical  
4 supplies and solutions when needed. Optical services, supplies, and  
5 solutions must be obtained from licensed or certified ophthalmologists,  
6 optometrists, or optical dispensing laboratories. Eyeglass lenses are  
7 limited to single vision, bifocal, trifocal, or other complex lenses  
8 necessary for a Plan enrollee's visual welfare. Coverage for oversized  
9 lenses and frames, designer frames, photosensitive lenses, tinted  
10 contact lenses, blended lenses, progressive multifocal lenses, coated  
11 lenses, and laminated lenses is limited to the coverage for single  
12 vision, bifocal, trifocal, or other complex lenses provided by this  
13 subsection. Eyeglass frames are limited to those made of zylonite,  
14 metal, or a combination of zylonite and metal. All visual aids covered  
15 by this subsection require ~~prior approval of the Plan. Upon prior~~  
16 ~~approval by the Plan, prior approval.~~ Upon prior approval refractions  
17 may be covered more often than once every 12 months.

18 (3) Hearing: Auditory diagnostic testing services and hearing aids and  
19 accessories when provided by a licensed or certified audiologist,  
20 otolaryngologist, or other approved hearing aid specialist approved by  
21 ~~the Plan. Prior approval of the Plan specialist. Prior approval is~~  
22 required for hearing aids, accessories, earmolds, repairs, loaners, and  
23 rental aids.

24 (4) Over-the-counter medications: Selected over-the-counter medications  
25 provided the medication is covered under the State Medical Assistance  
26 Plan. Coverage shall be subject to the same policies and approvals as  
27 required under the Medicaid program.

28 ~~Effective January 1, 2006, the~~ The Department shall provide services to children  
29 enrolled in the NC Health Choice Program through Community Care of North Carolina  
30 and shall pay Community Care of North Carolina providers for these services as  
31 allowed under Medicaid.

32 (b1) Payments. – Prescription drug providers shall accept as payment in full, for  
33 outpatient prescriptions filled, amounts allowable for prescription drugs under  
34 Medicaid. For all other providers, ~~effective no later than January 1, 2006, services~~  
35 ~~provided to children enrolled in the Program shall be provided at rates equivalent to one~~  
36 ~~hundred fifteen percent (115%) percent (100%) of Medicaid rates, less any co-payments~~  
37 ~~assessed to enrollees under this Part. Effective July 1, 2006, services provided to these~~  
38 ~~children shall be provided at rates equivalent to one hundred percent (100%) of~~  
39 ~~Medicaid rates, less any co-payments assessed to enrollees under this Part. Effective~~  
40 ~~until rates equivalent to one hundred fifteen percent (115%) of Medicaid rates become~~  
41 ~~effective, providers of services to Program enrollees shall accept as payment in full for~~  
42 ~~services rendered the maximum allowable charges under the State Health Plan for~~  
43 ~~Teachers and State Employees for services less any co-payments assessed to enrollees~~  
44 ~~under this Part.~~

1 (c) Annual Enrollment Fee. – There shall be no enrollment fee for Program  
2 coverage for enrollees whose family income is at or below one hundred fifty percent  
3 (150%) of the federal poverty level. The enrollment fee for Program coverage for  
4 enrollees whose family income is above one hundred fifty percent (150%) of the federal  
5 poverty level shall be fifty dollars (\$50.00) per year per child with a maximum annual  
6 enrollment fee of one hundred dollars (\$100.00) for two or more children. The  
7 enrollment fee shall be collected by the county department of social services and  
8 retained to cover the cost of determining eligibility for services under the Program.  
9 County departments of social services shall establish procedures for the collection of  
10 enrollment fees.

11 (d) Cost-Sharing. – There shall be no deductibles, copayments, or other  
12 cost-sharing charges for families covered under the Program whose family income is at  
13 or below one hundred fifty percent (150%) of the federal poverty level, except that fees  
14 for outpatient prescription drugs are applicable and shall be one dollar (\$1.00) for each  
15 outpatient generic prescription ~~drug and drug~~, for each outpatient brand-name  
16 prescription drug for which there is no generic substitution ~~available~~available, and for  
17 each covered over-the-counter medication. The fee for each outpatient brand-name  
18 prescription drug for which there is a generic substitution available is three dollars  
19 (\$3.00). Families covered under the Program whose family income is above one  
20 hundred fifty percent (150%) of the federal poverty level shall be responsible for  
21 copayments to providers as follows:

- 22 (1) Five dollars (\$5.00) per child for each visit to a provider, except that  
23 there shall be no copayment required for well-baby, well-child, or  
24 age-appropriate immunization services;
- 25 (2) Five dollars (\$5.00) per child for each outpatient hospital visit;
- 26 (3) A one dollar (\$1.00) fee for each outpatient generic prescription ~~drug~~  
27 ~~and drug~~, for each outpatient brand-name prescription drug for which  
28 there is no generic substitution ~~available~~available, and for each  
29 covered over-the-counter medication. The fee for each outpatient  
30 brand-name prescription drug for which there is a generic substitution  
31 available is ten dollars (\$10.00).
- 32 (4) Twenty dollars (\$20.00) for each emergency room visit unless:
  - 33 a. The child is admitted to the hospital, or
  - 34 b. No other reasonable care was available as determined by the  
35 ~~Claims Processing Contractor of the State Health Plan for~~  
36 ~~Teachers and State Employees~~Department.

37 Copayments required under this subsection for prescription drugs apply only to  
38 prescription drugs prescribed on an outpatient basis.

39 (e) Cost-Sharing Limitations. – The total annual aggregate cost-sharing,  
40 including fees, with respect to all children in a family receiving Program benefits under  
41 this Part shall not exceed five percent (5%) of the family's income for the year involved.  
42 ~~To assist the Department in monitoring and ensuring that the limitations of this~~  
43 ~~subsection are not exceeded, the Executive Administrator and Board of Trustees of the~~

1 ~~State Health Plan for Teachers and State Employees shall provide data to the~~  
2 ~~Department showing cost sharing paid by Program enrollees.~~

3 (f) Coverage From Private Plans. – The Department shall, from funds available  
4 for the Program, pay the cost for dependent coverage provided under a private insurance  
5 plan for persons eligible for coverage under the Program if all of the following  
6 conditions are met:

7 (1) The person eligible for Program coverage requests to obtain dependent  
8 coverage from a private insurer in lieu of coverage under the Program  
9 and shows proof that coverage under the private plan selected meets  
10 the requirements of this subsection;

11 (2) The dependent coverage under the private plan is actuarially  
12 equivalent to the coverage provided under the Program and the private  
13 plan does not engage in the exclusive enrollment of children with  
14 favorable health care risks;

15 (3) The cost of dependent coverage under the private plan is the same as  
16 or less than the cost of coverage under the Program; and

17 (4) The total annual aggregate cost-sharing, including fees, paid by the  
18 enrollee under the private plan for all dependents covered by the plan,  
19 do not exceed five percent (5%) of the enrollee's family income for the  
20 year involved.

21 The Department may reimburse an enrollee for private coverage under this  
22 subsection upon a showing of proof that the dependent coverage is in effect for the  
23 period for which the enrollee is eligible for the Program.

24 (g) Purchase of Extended Coverage. – An enrollee in the Program who loses  
25 eligibility due to an increase in family income above two hundred percent (200%) of the  
26 federal poverty level and up to and including two hundred twenty-five percent (225%)  
27 of the federal poverty level may purchase at full premium cost continued coverage  
28 under the Program for a period not to exceed one year beginning on the date the enrollee  
29 becomes ineligible under the income requirements for the Program. The same benefits,  
30 copayments, and other conditions of enrollment under the Program shall apply to  
31 extended coverage purchased under this subsection.

32 (h) No State Funds for Voluntary Participation. – No State or federal funds shall  
33 be used to cover, subsidize, or otherwise offset the cost of coverage obtained under  
34 subsection (f) of this section.

35 (i) No Lifetime Maximum Benefit Limit. – Benefits provided to an enrollee in  
36 the Program shall not be subject to a maximum lifetime limit."

37 **SECTION 10.13.(g)** G.S. 108A-70.22 is repealed.

38 **SECTION 10.13.(h)** G.S. 108A-70.23 reads as rewritten:

39 **"§ 108A-70.23. Services for children with special needs established; definition;**  
40 **eligibility; services; limitation; recommendations; no entitlement.**

41 (a) [Special Needs Services Authorized. –] The Department shall, from federal  
42 funds received and State funds appropriated for the Program, pay for services for  
43 children with special needs as authorized under this section. As used in this section, the  
44 term "children with special needs" or "special needs child" means children who have

1 been diagnosed as having one or more of the following conditions which in the opinion  
2 of the diagnosing physician (i) is likely to continue indefinitely, (ii) interferes with daily  
3 routine, and (iii) require extensive medical intervention and extensive family  
4 management:

- 5 (1) Birth defect, including genetic, congenital, or acquired disorders;
- 6 (2) Developmental disability as defined under G.S. 122C-3;
- 7 (3) Mental or behavioral disorder; or
- 8 (4) Chronic and complex illnesses.

9 (b) Eligibility for Services. – In order to be eligible for services under this section  
10 a special needs child must be enrolled in the Program.

11 (c) Services Provided. – The services authorized to be provided to children  
12 eligible under this section are as follows:

- 13 (1) The same level of services as provided for special needs children under  
14 the Medical Assistance Program as authorized in the Current  
15 Operations Appropriations Act except that:
  - 16 a. No services for long-term care shall be provided under this  
17 section;
  - 18 b. Services for respite care shall be provided only under  
19 emergency circumstances; and
  - 20 c. The Department may limit services for special needs children  
21 after consultation with the Commission on Children with  
22 Special Health Care Needs.
- 23 (2) Only those services eligible under this section that are not covered or  
24 otherwise provided under ~~Part 5 of Article 3 of Chapter 135 of the~~  
25 ~~General Statutes~~; the Predecessor Plan.

26 (d) Limitation. – Funds may be expended for services under this section only if  
27 the special needs child is enrolled in the Program, the services provided under this  
28 section are not provided under ~~Part 5 of Article 3 of Chapter 135 of the General~~  
29 ~~Statutes~~; the Predecessor Plan and the child meets the definition of a special needs child  
30 under this section.

31 (e) Case Management Services. – The Department shall develop procedures for  
32 the provision of case management services by the Department to eligible special needs  
33 children. Case management services shall be developed to ensure to the maximum  
34 extent possible that services are provided in the most efficient and effective manner  
35 considering the special needs of the child. The cost of providing case management  
36 services for children with special needs shall be paid from funds available for services  
37 under this section.

38 (f) Recommendations by Commission on Children With Special Health Care  
39 Needs. – In implementing this section the Department shall consider the  
40 recommendations of the Commission on Children With Special Health Care Needs  
41 established under Article 71 of Chapter 143 of the General Statutes. The Department, in  
42 consultation with the Commission on Children With Special Health Care Needs shall  
43 develop procedures for providing respite care services under emergency circumstances.

1 (g) No Entitlement. – Nothing in this section shall be construed as entitling any  
2 person to services under this section."

3 **SECTION 10.13.(i)** G.S. 108A-70.24 is repealed.

4 **SECTION 10.13.(j)** G.S. 108A-27(c) reads as rewritten:

5 "**§ 108A-70.27. Data collection; reporting.**

6 ...

7 (c) ~~The Executive Administrator and Board of Trustees of the North Carolina~~  
8 ~~Teachers' and State Employees' Major Medical Plan ("Plan") shall provide to the~~  
9 ~~Department data required under this section that are collected by the Plan. Data shall be~~  
10 ~~reported by the Plan in sufficient detail to meet federal reporting requirements under~~  
11 ~~Title XXI. The Plan~~The Department shall report periodically to the Joint Legislative  
12 Health Care Oversight Committee claims processing data for the Program and any other  
13 information the Plan or the Committee deems appropriate and relevant to assist the  
14 Committee in its review of the Program."

15 **SECTION 10.13.(k)** Effective July 1, 2009, G.S. 108A-70.21(b)(1), as  
16 amended by subsection (g) of this section, reads as rewritten:

17 "**§ 108A-70.21. Program eligibility; benefits; enrollment fee and other**  
18 **cost-sharing; coverage from private plans; purchase of extended**  
19 **coverage.**

20 ...

21 (b) Benefits. – Except as otherwise provided for eligibility, fees, deductibles,  
22 copayments, and other cost-sharing charges, health benefits coverage provided to  
23 children eligible under the Program shall be equivalent to coverage provided for  
24 dependents under the Predecessor Plan.

25 In addition to the benefits provided under the Predecessor Plan, dental services and  
26 supplies as follows:

27 (1) ~~Dental:~~ Oral examinations, teeth cleaning, and ~~sealing~~topical fluoride  
28 treatments twice during a 12-month period, full mouth X-rays once  
29 every 60 months, supplemental bitewing X-rays showing the back of  
30 the teeth once during a 12-month period, ~~fluoride applications twice~~  
31 ~~during a 12 month period, fluoride varnish, sealants, simple~~  
32 ~~extractions,~~sealants, extractions, other than impacted teeth or wisdom  
33 teeth, therapeutic pulpotomies, space maintainers, root canal therapy  
34 for permanent anterior teeth and permanent first molars, prefabricated  
35 stainless steel crowns, and routine fillings of amalgam or other  
36 tooth-colored filling material to restore diseased teeth.

37 (1a) Orthognathic surgery to correct functionally impairing malocclusions  
38 when orthodontics was approved and initiated while the child was  
39 covered by Medicaid and the need for orthognathic surgery was  
40 documented in the orthodontic treatment plan.

41 No benefits are to be provided for services and materials under this subsection that  
42 do not meet the standards accepted by the American Dental Association."

43 **SECTION 10.13.(l)** The Secretary of the Department of Health and Human  
44 Services shall develop and implement a plan for assuming administrative responsibility

1 for the North Carolina Health Choice for Children program by transitioning all  
2 administrative oversight and claims processing activities from the Executive  
3 Administrator and Board of Trustees of the State Health Plan for Teachers and State  
4 Employees to the Division of Medical Assistance no later than July 1, 2010. The  
5 Secretary shall report to the Joint Legislative Health Care Oversight Committee and the  
6 Committee on Employee Hospital and Medical Benefits at least 30 days prior to  
7 effecting the transition of some or all of the responsibilities for the administration and  
8 processing of claims for benefits provided under the North Carolina Health Choice for  
9 Children program from the Executive Administrator and Board of Trustees of the State  
10 Health Plan for Teachers and State Employees to the Department.

11 **SECTION 10.13.(m)** The Secretary of the Department of Health and Human  
12 Services shall develop a plan to ensure operation of the most cost-effective program on  
13 a long-term basis, including identifying a new third-party administrator and  
14 restructuring the benefits design for the North Carolina Health Choice program, if  
15 necessary, and provide a progress report to the General Assembly by May 15, 2009. The  
16 following factors should be considered in identifying and evaluating alternatives for a  
17 long-term claims processing solution:

- 18 (1) The ability of the State and the amount of time required to realize a  
19 return on its investment in the BCBSNC Power MHS system (i.e., the  
20 cost to the State to move NCHC claims processing from the Legacy  
21 System to MHS).
- 22 (2) The operational efficiency of the BCBSNC Power MHS system as an  
23 interim solution.
- 24 (3) The amount of time, transition and operating costs required to select a  
25 new vendor and develop, design, and implement an independent  
26 claims processing system for NC Health Choice.
- 27 (4) Likely operational issues and additional costs associated with ensuring  
28 compatibility of an independent claims processing system with the  
29 MMIS replacement system.
- 30 (5) The amount of time, transition, and operating costs required to modify  
31 and enhance the core MMIS replacement system to process NC Health  
32 Choice claims.
- 33 (6) The impact of decisions related to the benefit structure and coverage  
34 policies, including the ability to implement future program changes.
- 35 (7) Any other factors or issues related to ensuring long-term  
36 cost-effectiveness and operating efficiency of claims processing and  
37 other administrative activities for NC Health Choice.

38 **SECTION 10.13.(n)** Subsections (a) through (c) and subsections (e) through  
39 (k) of this section become effective July 1, 2008. Effective July 1, 2010, G.S. 135-42,  
40 as amended by subsection (b) of this section, is repealed. The remainder of this section  
41 is effective when this act becomes law.

#### 42 **HEALTH CHOICE ENROLLMENT GROWTH CAP**

43 **SECTION 10.14.(a)** Section 10.47 of S.L. 2007-323 is repealed.  
44



1           **SECTION 10.14.(b)** The Department of Health and Human Services may, in  
2 the NC Health Choice Program for the 2008-2009 fiscal year, allow up to eight and  
3 seventy-three hundredths percent (8.73%) enrollment growth over the number of  
4 children enrolled in the NC Health Choice Program on June 30, 2008. This limitation  
5 on enrollment growth may not be exceeded even if State and federal funds are available  
6 for the 2008-2009 fiscal year to enroll additional children for that fiscal year.

7           **SECTION 10.14.(c)** On January 15, 2009, or upon the convening of the  
8 2009 General Assembly, whichever occurs later, the Department of Health and Human  
9 Services shall report to the 2009 General Assembly. The report shall provide the  
10 following information:

- 11           (1) The number of children that were enrolled in NC Health Choice in the  
12 first week of January 2009, based on the January Pull-Night data; and
- 13           (2) Projected enrollment and program costs for each of the remaining six  
14 months of the 2008-2009 fiscal year. The projected enrollment shall be  
15 based on NC Health Choice enrollment data and program costs from  
16 the immediately preceding five fiscal years.

17           The Department shall submit the report to the Chairs of the House of  
18 Representatives Appropriations Subcommittee on Health and Human Services, the  
19 Senate Appropriations Committee on Health and Human Services, and the Fiscal  
20 Research Division.

21           **SECTION 10.14.(d)** If the report submitted pursuant to subsection (c) of this  
22 section indicates, or if the Department becomes later aware that growth in NC Health  
23 Choice enrollment for the 2008-2009 fiscal year will exceed the maximum eight and  
24 seventy-three hundredths percent (8.73%) growth allowed under subsection (a) of this  
25 section, then the Department shall notify the Centers for Medicare and Medicaid  
26 Services (CMS) that it anticipates a freeze on enrolling new enrollees. The Department  
27 will continue to provide monthly reports to the chairs of the House of Representatives  
28 Committee on Appropriations, the House of Representatives Appropriations  
29 Subcommittee on Health and Human Services, the Senate Appropriations Committee on  
30 Health and Human Services, the Office of State Budget and Management, and the Joint  
31 Legislative Oversight Committee on Mental Health, Developmental Disabilities, and  
32 Substance Abuse Services, and the Fiscal Research Division. If enrollment in NC  
33 Health Choice continues to follow the Department's projections that the eight and  
34 seventy-three hundredths percent (8.73%) cap will be exceeded, then the Department  
35 shall formally notify CMS, the Chairs of the House of Representatives Appropriations  
36 Subcommittee on Health and Human Services, the Senate Appropriations Committee on  
37 Health and Human Services, and the Fiscal Research Division of a freeze on new  
38 enrollees.

## 39           **MENTAL HEALTH CHANGES**

40           **SECTION 10.15.(a)** For the purpose of mitigating cash-flow problems that  
41 many non-single-stream local management entities (LMEs) experience at the beginning  
42 of each fiscal year, the Department of Health and Human Services, Division of Mental  
43 Health, Developmental Disabilities, and Substance Abuse Services, shall adjust the  
44

1 timing and method by which allocations of service dollars are distributed to each  
2 non-single-stream LME. To this end, the allocations shall be adjusted such that at the  
3 beginning of the fiscal year the Department shall distribute not less than one-twelfth of  
4 the LME's continuation allocation and subtract the amount of the adjusted distribution  
5 from the LME's total reimbursements for the fiscal year.

6 **SECTION 10.15.(b)** There is appropriated from the General Fund to the  
7 Department of Health and Human Services, Division of Mental Health, Developmental  
8 Disabilities, and Substance Abuse Services, the sum of two million dollars (\$2,000,000)  
9 for the 2008-2009 fiscal year. These funds shall be used to support LMEs in  
10 establishing additional regionally purchased and locally hosted substance abuse  
11 programs. Funds appropriated shall be for the purpose of developing and enhancing the  
12 American Society of Addiction Medicine (ASAM) continuum of care at the community  
13 level. The Department of Health and Human Services shall work with LMEs in  
14 establishing these programs. LMEs shall report to the Department of Health and  
15 Human Services on the LME's use of the funds. Reporting dates and frequency shall be  
16 as determined by the Department.

17 **SECTION 10.15.(c)** The Department shall encourage the conversion of the  
18 remaining non-single-stream LMEs to single-stream funding as soon as possible. The  
19 Department shall develop prompt-pay guidelines as part of single-stream funding  
20 requirements. The Department shall also develop standards for the removal of  
21 single-stream designation for those LMEs that do not continue to comply with the  
22 applicable requirements for single-stream funding, except that the Department's  
23 requirements shall allow for LMEs in the first year of single-stream funding to have a  
24 six-month grace period to comply with the requirements from the time the LME begins  
25 single-stream funding. For its report on performance measures, the Department shall  
26 include a matrix by LME and performance measure of those LMEs that are not meeting  
27 the performance measure.

28 **SECTION 10.15.(d)** The Department of Health and Human Services shall  
29 simplify the current State Integrated Payment and Reporting System (IPRS) to  
30 encourage more providers to serve State-paid clients. This effort shall include working  
31 with LMEs to develop billing codes for relevant activities currently lacking such codes.

32 **SECTION 10.15.(e)** The Department of Health and Human Services shall  
33 consult with LMEs and service providers to determine why there have been under- and  
34 over-expenditure of State service dollars by LMEs and shall take the action necessary to  
35 address the problem. In making its determination, the Department shall work with  
36 LMEs and providers. Not later than January 1, 2009, the Department shall report to the  
37 House of Representatives Appropriations Subcommittee on Health and Human  
38 Services, the Senate Appropriations Committee on Health and Human Services, the  
39 Fiscal Research Division, and the Joint Legislative Oversight Committee on Mental  
40 Health, Developmental Disabilities, and Substance Abuse Services on actions taken to  
41 address the problem of LME under- and over-expenditure of service dollars. The report  
42 shall include legislative action needed to address the problem.

43 **SECTION 10.15.(f)** The Department shall perform a services gap analysis  
44 of the Mental Health, Developmental Disabilities, and Substance Abuse Services

1 System. The Department of Health and Human Services shall involve LMEs in  
2 performing the gap analysis. The Department shall not contract with an independent  
3 entity to perform the gap analysis. The Department shall report the results of its  
4 analysis to the House of Representatives Appropriations Subcommittee on Health and  
5 Human Services, the Senate Appropriations Committee on Health and Human Services,  
6 the Fiscal Research Division, and the Joint Legislative Oversight Committee on Mental  
7 Health, Developmental Disabilities, and Substance Abuse Services not later than  
8 January 1, 2010.

9 **SECTION 10.15.(g)** In order to temporarily address high admissions to  
10 adult acute unit beds in the State psychiatric hospitals, the Secretary of the Department  
11 of Health and Human Services may, notwithstanding G.S. 122C-181 and  
12 G.S. 122C-112.1(a)(30), open and operate on a temporary basis up to 60 beds at the  
13 Central Regional Hospital Wake Unit on the Dorothea Dix Campus and may maintain  
14 the Wake Unit on the Dix Campus until beds become available in the system. Section  
15 10.49(t) of S.L. 2007-323 does not apply to this subsection.

16 **SECTION 10.15.(h)** Onetime funds appropriated for the Dorothea Dix  
17 Hospital overflow unit shall be used to support the temporary opening and operation of  
18 the Central Regional Hospital Wake Unit on the Dorothea Dix Campus. It is the intent  
19 of the General Assembly to fund the Wake Unit for three years.

20 **SECTION 10.15.(i)** Of the funds appropriated in this act to the Department  
21 of Health and Human Services, Division of Mental Health, Developmental Disabilities,  
22 and Substance Abuse Services, for mobile crisis teams, the sum of five million seven  
23 hundred fifty-five thousand dollars (\$5,755,000) shall be distributed to LMEs to support  
24 30 mobile crisis teams according to the Cross-Area Service Program model. The new  
25 mobile crisis units shall be distributed across the State according to need as determined  
26 by the Department.

27 **SECTION 10.15.(j)** Of the funds appropriated in this act to the Department  
28 of Health and Human Services, Division of Mental Health, Developmental Disabilities,  
29 and Substance Abuse Services, the sum of eight million dollars (\$8,000,000) shall be  
30 allocated for ten thousand local inpatient psychiatric bed days. These funds shall be  
31 distributed across the State according to need as determined by the Department. These  
32 funds may also be used for detoxification bed days. Notwithstanding any other  
33 provision of law to the contrary, the Department may pay the hospitals directly for these  
34 beds, but shall transfer the funds to the LMEs for payment to the hospitals at such time  
35 as the LMEs have the capacity of managing these funds.

36 **SECTION 10.15.(k)** Of the funds appropriated in this act to the Department  
37 of Health and Human Services, Division of Mental Health, Developmental Disabilities,  
38 and Substance Abuse Services, the sum of three million four hundred forty-four  
39 thousand one hundred forty-seven dollars (\$3,444,147) shall be allocated for the  
40 START crisis model for developmental disability services. These funds shall be  
41 distributed to LMEs to support nine crisis teams according to the Cross-Area Service  
42 Program model. The new crisis teams shall be distributed across the State according to  
43 need as determined by the Department.

1           **SECTION 10.15.(l)** Of the funds appropriated in this act to the Department  
2 of Health and Human Services, Division of Mental Health, Developmental Disabilities,  
3 and Substance Abuse Services, the sum of six million one hundred thirteen thousand  
4 nine hundred forty-seven dollars (\$6,113,947) shall be allocated for walk-in crisis and  
5 immediate psychiatric aftercare and shall be distributed to the LMEs to support 30  
6 psychiatrists and related support staff. Of these funds, the sum of one million six  
7 hundred fifty thousand dollars (\$1,650,000) shall be used for telepsychiatry equipment  
8 owned by the LMEs.

9           **SECTION 10.15.(m)** The independent and supportive living apartments for  
10 persons with disabilities constructed from funds appropriated in this act for that purpose  
11 shall be affordable to persons with incomes at the Supplemental Security Income (SSI)  
12 level.

13           **SECTION 10.15.(n)** The Department of Health and Human Services,  
14 Division of Mental Health, Developmental Disabilities, and Substance Abuse Services,  
15 shall implement the tiered CAP-MR/DD waiver program in accordance with Section  
16 10.49(dd) of S.L. 2007-323. The Department shall implement the program with four  
17 tiers: (i) up to twenty thousand dollars (\$20,000); (ii) between twenty thousand one  
18 dollars (\$20,001) and forty-five thousand dollars (\$45,000); (iii) between forty-five  
19 thousand one dollars (\$45,001) and seventy-five thousand dollars (\$75,000); and (iv)  
20 between seventy-five thousand one dollars (\$75,001) and one hundred thousand dollars  
21 (\$100,000). The Department shall review on a case-by-case basis tier funding in excess  
22 of one hundred thousand dollars (\$100,000) and may authorize the excess amount based  
23 on standards adopted by the Department.

24           **SECTION 10.15.(o)** Of the funds appropriated in this act to the Department  
25 of Health and Human Services, Division of Medical Assistance, for the 2008-2009  
26 fiscal year for additional CAP-MR/DD slots, a portion of these funds shall be allocated  
27 for slots managed under the North Carolina CAP-MR/DD 1915(c) Medicaid waiver and  
28 shall be used for tier one slots as described under subsection (n) of this section. In  
29 addition a portion of these funds shall be allocated to fund CAP-MR/DD slots statewide  
30 to fund a combination of slots managed under the North Carolina CAP-MR/DD 1915(c)  
31 Medicaid waiver and slots managed under the North Carolina Piedmont Behavioral  
32 Health Care 1915(b) and (c) Medicaid waiver.

33           **SECTION 10.15.(p)** The Department of Health and Human Services shall  
34 implement a plan to catch up Piedmont Behavioral Health (PBH) CAP-MR/DD slots to  
35 the State average such that one percent (1%) of the funds for turnover CAP-MR/DD  
36 slots shall be transferred each year to PBH until PBH CAP-MR/DD slots reach the State  
37 per capita average of slots.

38           **SECTION 10.15.(q)** The North Carolina Institute of Medicine (IOM) shall  
39 study and report on the transition for persons with developmental disabilities from one  
40 life setting to another, including barriers to transition and best practices in successful  
41 transitions. The IOM should conduct this study using funds appropriated for IOM  
42 studies in the 2007 Session. The study should encompass at least the following topics:  
43 (i) the transition for adolescents leaving high school, including adolescents in foster care  
44 and those in other settings; (ii) the transition for persons with developmental disabilities

1 who live with aging parents; and (iii) the transition from the developmental centers to  
2 other settings.

3 **SECTION 10.15.(r)** The Department of Health and Human Services shall  
4 review State-County Special Assistance rates to develop an appropriate rate for special  
5 care units for persons with a mental health disability, including individuals with  
6 Traumatic Brain Injury (TBI), and shall review current rules pertaining to special care  
7 units for persons with a mental health disability to determine if additional standards are  
8 necessary. The Department shall report its findings and recommendations to the House  
9 of Representatives Appropriations Subcommittee on Health and Human Services, the  
10 Senate Appropriations Committee on Health and Human Services, the Joint Legislative  
11 Oversight Committee on Mental Health, Developmental Disabilities, and Substance  
12 Abuse Services, and the Fiscal Research Division not later than January 1, 2009.

13 **SECTION 10.15.(s)** The Department of Health and Human Services shall  
14 ensure that veterans and their families comprise one of the target populations for mental  
15 health, developmental disabilities, and substance abuse services in order that this  
16 population is eligible for existing funding.

17 **SECTION 10.15.(t)** In order to ensure accountability for services provided  
18 and funds expended for community services, the Department of Health and Human  
19 Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse  
20 Services, shall develop a tiered rate structure to replace the blended rate currently used  
21 for community support services. Under the new tiered structure, services that are  
22 necessary but do not require the skill, education, or knowledge of a qualified  
23 professional should not be paid at the same rate as services provided by qualified skilled  
24 professionals. The Department shall not implement the tiered rate structure until 15  
25 days after it has notified the House of Representatives Appropriations Subcommittee on  
26 Health and Human Services, the Senate Appropriations Committee on Health and  
27 Human Services, and the Joint Legislative Oversight Committee on Mental Health,  
28 Developmental Disabilities, and Substance Abuse Services. The Department shall report  
29 on the development of the structure to the Joint Legislative Oversight Committee on  
30 Mental Health, Developmental Disabilities, and Substance Abuse Services not later than  
31 October 1, 2008.

32 **SECTION 10.15.(u)** The lead paragraph of Section 10.49(ee) of S.L.  
33 2007-323 reads as rewritten:

34 **"SECTION 10.49.(ee)** ~~For~~ This subsection does not apply to community support  
35 services offered under a Medicaid managed care, capitated, at-risk waiver. For all other  
36 community support services, for the purpose of avoiding overutilization of community  
37 support services and overexpenditure of funds for these services, the Department of  
38 Health and Human Services shall immediately conduct an in-depth evaluation of the use  
39 and cost of community support services to identify existing and potential areas of  
40 overutilization and overexpenditure. The Department shall also adopt or revise as  
41 necessary management policies and practices that will ensure that at a minimum:"

42 **SECTION 10.15.(v)** The Department of Health and Human Services,  
43 Division of Mental Health, Developmental Disabilities, and Substance Abuse Services,  
44 shall develop a service authorization process that separates the assessment function

1 from the service delivery function whenever possible to avoid self-referral and that  
2 requires a comprehensive clinical assessment to be completed by a licensed clinician  
3 prior to service delivery. The Department shall require that the licensed professional  
4 that signs a medical order for behavioral health services must indicate on the order  
5 whether the licensed professional (i) has had direct contact with the consumer, and (ii)  
6 has reviewed the consumer's assessment. The Department shall report on the  
7 development of the service authorization process to the Joint Legislative Oversight  
8 Committee on Mental Health, Developmental Disabilities, and Substance Abuse  
9 Services not later than October 1, 2008. The Department shall not implement the  
10 service authorization process until 15 days after it has notified the House of  
11 Representatives Appropriations Subcommittee on Health and Human Services, the  
12 Senate Appropriations Committee on Health and Human Services, and the Joint  
13 Legislative Oversight Committee on Mental Health, Developmental Disabilities, and  
14 Substance Abuse Services

15 **SECTION 10.15.(w)** The Department of Health and Human Services shall  
16 develop a plan to return the service authorization, utilization review, and utilization  
17 management functions to LMEs for all clients. Not later than February 1, 2009, the  
18 Department shall report on the development of the plan to the House of Representatives  
19 Appropriations Subcommittee on Health and Human Services, the Senate  
20 Appropriations Committee on Health and Human Services, the Joint Legislative  
21 Oversight Committee on Mental Health, Developmental Disabilities, and Substance  
22 Abuse Services, and the Fiscal Research Division. Not later than July 1, 2009,  
23 utilization review, utilization management, and service authorization for publicly  
24 funded mental health, developmental disabilities, and substance abuse services should  
25 be returned to LMEs representing in total at least fifty percent (50%) of the State's  
26 population. The Department shall comply with the requirements of S.L. 2007-323,  
27 Section 10.49(ee). The Department shall not contract with an outside vendor for  
28 service authorization, utilization review, or utilization management functions, or  
29 otherwise obligate the State for these functions beyond September 30, 2009. The  
30 Department shall require LMEs to include in their service authorization, utilization  
31 management, and utilization review a review of assessments, as well as person-centered  
32 plans and random or triggered audits of services and assessments.

33 **SECTION 10.15.(x)** The Department of Health and Human Services,  
34 Division of Mental Health, Developmental Disabilities, and Substance Abuse Services,  
35 shall study Medicaid waivers, including 1915(b) and (c) waivers, for all LMEs. In cases  
36 where Medicaid waivers are not appropriate for an LME, the Department shall identify  
37 and recommend strategies to increase LME flexibility to provide case management,  
38 assessment, limit provider networks, or other innovative approach for managing care.  
39 Not later than March 1, 2009, the Department shall report its findings and  
40 recommendations to the House of Representatives Appropriations Subcommittee on  
41 Health and Human Services, the Senate Appropriations Committee on Health and  
42 Human Services, the Joint Legislative Oversight Committee on Mental Health,  
43 Developmental Disabilities, and Substance Abuse Services, and the Fiscal Research  
44 Division.

1           **SECTION 10.15.(y)** The Piedmont Behavioral Health (PBH) local  
2 management entity (LME) shall be deemed by the Department as a demonstration  
3 model in the PBH LME catchment area. The Department shall also adopt as part of the  
4 demonstration model the PBH 1915(b) and 1915(c) Medicaid waivers, and  
5 single-stream funding for State services funds, which include funds previously  
6 transferred from State institution budgets.

7           **SECTION 10.15.(z)** The Secretary of the Department of Health and Human  
8 Services shall not take any action prior to January 1, 2010, that would result in the  
9 merger or consolidation of LMEs operating on January 1, 2008, or that would establish  
10 consortia or regional arrangements for the same purpose, except that:

- 11           (1) LMEs that do not meet the catchment area requirements of  
12 G.S. 122C-115 as of January 1, 2008, may initiate, continue, or  
13 implement the LMEs' merger or consolidation plans to overcome  
14 noncompliance with G.S. 122C-115, and
- 15           (2) The Guilford Center for Behavioral Health and Disability Services, the  
16 Smoky Mountain Center, and the Mecklenburg County Area Mental  
17 Health, Developmental Disability and Substance Abuse Authority may  
18 continue with or implement the proposed administrative service  
19 organization under development as of March 1, 2008, for merger or  
20 consolidation of any combination of these entities.

21           **SECTION 10.15.(aa)** If the Secretary of the Department of Health and  
22 Human Services desires to merge LMEs, the Secretary shall develop a detailed plan for  
23 General Assembly review on its recommendation to merge, consolidate, or establish  
24 regional arrangements or consortia of LMEs. In developing the plan, the Secretary shall  
25 consult with LMEs to obtain input on the feasibility and effectiveness of potential  
26 mergers and the time frame needed to fully implement the mergers, regional  
27 arrangements, or consortia at the local level. The Secretary shall provide the plan to the  
28 House of Representatives Appropriations Subcommittee on Health and Human  
29 Services, the Senate Appropriations Committee on Health and Human Services, the  
30 Joint Legislative Oversight Committee on Mental Health, Developmental Disabilities,  
31 and Substance Abuse Services, and the Fiscal Research Division not later than March  
32 1, 2009.

### 33 34 **NON-MEDICAID REIMBURSEMENT CHANGES**

35           **SECTION 10.16.** Section 10.5 of S.L. 2007-323 reads as rewritten:

36           **"SECTION 10.5.** Providers of medical services under the various State programs,  
37 other than Medicaid, offering medical care to citizens of the State shall be reimbursed at  
38 rates no more than those under the North Carolina Medical Assistance Program.

39           The Department of Health and Human Services may reimburse hospitals at the full  
40 prospective per diem rates without regard to the Medical Assistance Program's annual  
41 limits on hospital days. When the Medical Assistance Program's per diem rates for  
42 inpatient services and its interim rates for outpatient services are used to reimburse  
43 providers in non-Medicaid medical service programs, retroactive adjustments to claims  
44 already paid shall not be required.

1 Notwithstanding the provisions of paragraph one, the Department of Health and  
 2 Human Services may negotiate with providers of medical services under the various  
 3 Department of Health and Human Services programs, other than Medicaid, for rates as  
 4 close as possible to Medicaid rates for the following purposes: contracts or agreements  
 5 for medical services and purchases of medical equipment and other medical supplies.  
 6 These negotiated rates are allowable only to meet the medical needs of its non-Medicaid  
 7 eligible patients, residents, and clients who require such services which cannot be  
 8 provided when limited to the Medicaid rate.

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

11	DSB Medical Eye Care	125% FPL
12	DSB Independent Living <55	125% FPL
13	DSB Independent Living 55>	200% FPL
14	DSB Vocational Rehabilitation	125% FPL
15	DVR Independent Living	125% FPL
16	DVR Vocational Rehabilitation	125% FPL

17 ~~The eligibility level for adults in the Atypical Antipsychotic Medication Program in~~  
 18 ~~the Division of Mental Health, Developmental Disabilities, and Substance Abuse~~  
 19 ~~Services shall be one hundred fifty percent (150%) of the federal poverty guidelines, as~~  
 20 ~~revised annually by the United States Department of Health and Human Services and in~~  
 21 ~~effect on July 1 of each fiscal year. Additionally, those adults enrolled in the Atypical~~  
 22 ~~Antipsychotic Medication Program who become gainfully employed may continue to be~~  
 23 ~~eligible to receive State support, in decreasing amounts, for the purchase of atypical~~  
 24 ~~antipsychotic medication and related services up to three hundred percent (300%) of the~~  
 25 ~~poverty level.~~

26 ~~State financial participation in the Atypical Antipsychotic Medication Program for~~  
 27 ~~those enrollees who become gainfully employed is as follows:~~

28	<u>Income</u>	<u>State Participation</u>	<u>Client Participation</u>
29	(% of poverty)		
30	0-150%	100%	0%
31	151-200%	75%	25%
32	201-250%	50%	50%
33	251-300%	25%	75%
34	300% and over	0%	100%

35 The Department of Health and Human Services shall contract at, or as close as  
 36 possible to, Medicaid rates for medical services provided to residents of State facilities  
 37 of the Department."  
 38

39 **DHHS BLOCK GRANTS**

40 **SECTION 10.17.(a)** Appropriations from federal block grant funds are  
 41 made for the fiscal year ending June 30, 2009, according to the following schedule:  
 42

43 TEMPORARY ASSISTANCE TO NEEDY FAMILIES  
 44 (TANF) BLOCK GRANT



1		
2	Local Program Expenditures	
3		
4	Division of Social Services	
5		
6	01. Work First Family Assistance (Cash Assistance)	\$90,857,234
7		
8	02. Work First County Block Grants	94,653,315
9		
10	03. Work First Functional Assessment	2,721,787
11		
12	04. Child Protective Services – Child Welfare	
13	Workers for Local DSS	14,452,391
14		
15	05. Work First – Boys and Girls Clubs	2,000,000
16		
17	06. Work First – After-School Services for	
18	At-Risk Children	2,249,642
19		
20	07. Work First – After-School Programs for	
21	At-Risk Youth in Middle Schools	500,000
22		
23	08. Work First – Connect, Inc.	550,000
24		
25	09. Adoption Services – Special Children's	
26	Adoption Fund	3,000,000
27		
28	10. Family Violence Prevention	2,200,000
29		
30	Division of Child Development	
31		
32	11. Subsidized Child Care Program	60,587,077
33		
34	Division of Public Health	
35		
36	12. Teen Pregnancy Prevention Initiatives	450,000
37		
38	DHHS Administration	
39		
40	13. Division of Social Services	995,142
41		
42	14. Office of the Secretary	66,101
43		
44	15. Office of the Secretary/DIRM – TANF	

1	Automation Projects	595,541
2		
3	16. Office of the Secretary/DIRM – NC FAST	
4	Implementation	1,800,000
5		
6	Transfers to Other Block Grants	
7		
8	Division of Child Development	
9		
10	17. Transfer to the Child Care and	
11	Development Fund	84,330,900
12		
13	Division of Social Services	
14		
15	18. Transfer to Social Services Block Grant for	
16	Department of Juvenile Justice and Delinquency	
17	Prevention – Support Our Students	2,749,642
18		
19	19. Transfer to Social Services Block Grant for Child	
20	Protective Services – Child Welfare Training in	
21	Counties	2,738,827
22		
23	20. Transfer to Social Services Block Grant for	
24	Maternity Homes	838,000
25		
26	21. Transfer to Social Services Block Grant for Teen	
27	Pregnancy Prevention Initiatives	2,500,000
28		
29	22. Transfer to Social Services Block Grant for County	
30	Departments of Social Services for Children's Services	4,620,619
31		
32	23. Transfer to Social Services Block Grant for	
33	Foster Care Services	2,372,587
34		
35	24. Transfer to Social Services Block Grant for	
36	Medically Fragile Children	190,000
37		
38	TOTAL TEMPORARY ASSISTANCE TO NEEDY FAMILIES	
39	(TANF) BLOCK GRANT	\$378,018,805
40		
41	SOCIAL SERVICES BLOCK GRANT	
42		
43	Local Program Expenditures	
44		

1	Divisions of Social Services and Aging and Adult Services	
2		
3	01. County Departments of Social Services	\$ 28,868,189
4	(Transfer from TANF – \$4,620,619)	
5		
6	02. State In-Home Services Fund	2,101,113
7		
8	03. State Adult Day Care Fund	2,155,301
9		
10	04. Child Protective Services/CPS Investigative	
11	Services-Child Medical Evaluation Program	238,321
12		
13	05. Foster Care Services	2,372,587
14	(Transfer from TANF)	
15		
16	06. Child Protective Services-Child Welfare Training	
17	for Counties	2,738,827
18	(Transfer from TANF)	
19		
20	07. Maternity Homes	838,000
21	(Transfer from TANF)	
22		
23	08. Special Children Adoption Incentive Fund	500,000
24		
25	Division of Aging and Adult Services	
26		
27	09. Home and Community Care Block Grant (HCCBG)	1,834,077
28		
29	Division of Mental Health, Developmental Disabilities, and Substance	
30	Abuse Services	
31		
32	10. Mental Health Services Program	422,003
33		
34	11. Developmental Disabilities Services Program	5,000,000
35		
36	12. Mental Health Services-Adult and	
37	Child/Developmental Disabilities Program/	
38	Substance Abuse Services-Adult	3,234,601
39		
40	Division of Child Development	
41		
42	13. Subsidized Child Care Program	3,150,000
43		
44	Division of Vocational Rehabilitation	

1		
2	14.	Vocational Rehabilitation Services – Easter Seal
3		Society/UCP
4		188,263
5		Division of Public Health
6		
7	15.	Teen Pregnancy Prevention Initiatives
8		(Transfer from TANF)
9		2,500,000
10	16.	Services to Medically Fragile Children
11		290,000
12		DHHS Program Expenditures
13		
14		Division of Aging and Adult Services
15		
16	17.	UNC-CARES Training Contract
17		247,920
18		Division of Services for the Blind
19		
20	18.	Independent Living Program
21		3,633,077
22		Division of Facility Services
23		
24	19.	Adult Care Licensure Program
25		411,897
26	20.	Mental Health Licensure and Certification Program
27		205,668
28		DHHS Administration
29		
30	21.	Division of Aging and Adult Services
31		675,593
32	22.	Division of Social Services
33		869,058
34	23.	Office of the Secretary/Controller's Office
35		135,093
36	24.	Office of the Secretary/DIRM
37		82,009
38	25.	Division of Child Development
39		15,000
40	26.	Division of Mental Health, Developmental
41		Disabilities, and Substance Abuse Services
42		28,860
43	27.	Division of Facility Services
44		216,418

1	28.	Office of the Secretary-NC Inter-Agency Council For Coordinating Homeless Programs	250,000
2			
3			
4	29.	Office of the Secretary-Housing Coalition	100,000
5			
6	30.	Office of the Secretary	46,819
7			
8		Transfers to Other State Agencies	
9			
10		Department of Administration	
11			
12	31.	NC Commission of Indian Affairs In-Home Services for the Elderly	203,198
13			
14			
15		Department of Juvenile Justice and Delinquency Prevention	
16			
17	32.	Support Our Students (Transfer from TANF)	2,749,642
18			
19			
20		Transfers to Other Block Grants	
21			
22		Division of Public Health	
23			
24	33.	Transfer to Preventive Health Services Block Grant for HIV/STD Prevention and Community Planning	145,819
25			
26			
27		TOTAL SOCIAL SERVICES BLOCK GRANT	\$ 66,724,428
28			
29		LOW-INCOME ENERGY BLOCK GRANT	
30			
31		Local Program Expenditures	
32			
33		Division of Social Services	
34			
35	01.	Low-Income Energy Assistance Program (LIHEAP)	\$ 19,510,559
36			
37	02.	Crisis Intervention Program (CIP)	14,588,514
38			
39		Office of the Secretary – Office of Economic Opportunity	
40			
41	03.	Weatherization Program	6,268,946
42			
43	04.	Heating Air Repair & Replacement Program (HARRP)	2,923,950
44			

1	Local Administration	
2		
3	Division of Social Services	
4		
5	05.    County DSS Administration	2,259,757
6		
7	Office of the Secretary – Office of Economic Opportunity	
8		
9	06.    Local Residential Energy Efficiency Service	
10	Providers – Weatherization	268,146
11		
12	07.    Local Residential Energy Efficiency Service	
13	Providers – HARRP	125,067
14		
15	DHHS Administration	
16		
17	08.    Division of Social Services	219,410
18		
19	09.    Division of Mental Health, Developmental	
20	Disabilities, and Substance Abuse Services	7,389
21		
22	10.    Office of the Secretary/DIRM	245,395
23		
24	11.    Office of the Secretary/Controller's Office	11,211
25		
26	12.    Office of the Secretary/Office of Economic	
27	Opportunity – Weatherization	268,146
28		
29	13.    Office of the Secretary/Office of Economic	
30	Opportunity – HARRP	125,067
31		
32	Transfers to Other State Agencies	
33		
34	14.    Department of Administration –	
35	N.C. State Commission of Indian Affairs	60,947
36		
37	TOTAL LOW-INCOME ENERGY BLOCK GRANT	\$ 46,882,504
38		
39	CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT	
40		
41	Local Program Expenditures	
42		
43	Division of Child Development	
44		

1	01.	Subsidized Child Care Services	\$148,484,960
2			
3	02.	Child Care Services Support-Contract	504,695
4			
5	03.	Subsidized Child Care Services	
6		(TANF to CCDF)	84,330,900
7			
8		DHHS Program Expenditures	
9			
10		Division of Child Development	
11			
12	04.	Quality and Availability Initiatives	27,000,000
13			
14		Local Administrations	
15			
16		Division of Child Development	
17			
18	05.	Administrative Expenses (Nondirect Subsidy	
19		Services Support)	15,813,021
20			
21		DHHS Administration	
22			
23	06.	DCD Administrative Expenses	6,540,707
24			
25		DHHS Central Management and Support	
26			
27	07.	DHHS Central Administration-DIRM	
28		Technical Services	749,081
29			
30		TOTAL CHILD CARE AND DEVELOPMENT FUND	
31		BLOCK GRANT	\$283,423,364
32			
33		MENTAL HEALTH SERVICES BLOCK GRANT	
34			
35		Local Program Expenditures	
36			
37	01.	Mental Health Services – Adult	\$ 6,954,932
38			
39	02.	Mental Health Services – Child	3,921,991
40			
41	03.	Comprehensive Treatment Service	
42		Program	1,500,000
43			
44	04.	Mental Health Services – Schizophrenia	

1	Services for Young Adults	200,000
2		
3	Local Administration	
4		
5	05. Division of Mental Health	100,000
6		
7	TOTAL MENTAL HEALTH SERVICES BLOCK GRANT	\$ 12,676,923
8		
9	SUBSTANCE ABUSE PREVENTION	
10	AND TREATMENT BLOCK GRANT	
11		
12	Local Program Expenditures	
13		
14	01. Substance Abuse Services – Adult	\$ 21,938,080
15		
16	02. Substance Abuse Services – ADATC	
17	One-Time Expenses	70,000
18		
19	03. Substance Abuse Treatment Alternative for	
20	Women	8,069,524
21		
22	04. Substance Abuse – HIV and IV Drug	5,116,378
23		
24	05. Substance Abuse Prevention – Child	7,186,857
25		
26	06. Substance Abuse Services – Child	4,940,500
27		
28	Division of Public Health	
29		
30	07. Risk Reduction Projects	633,980
31		
32	08. Aid-to-Counties	209,576
33		
34	09. Maternal Health	37,779
35		
36	DHHS Administration	
37		
38	10. Division of Mental Health	500,000
39		
40	TOTAL SUBSTANCE ABUSE PREVENTION	
41	AND TREATMENT BLOCK GRANT	\$ 48,702,674
42		
43	MATERNAL AND CHILD HEALTH BLOCK GRANT	
44		



1	Local Program Expenditures	
2		
3	Division of Public Health	
4		
5	01.    Children's Health Services	6,565,569
6		
7	02.    Women's Health	6,654,019
8		
9	03.    Oral Health	35,951
10		
11	DHHS Program Expenditures	
12		
13	Division of Public Health	
14		
15	04.    Children's Health Services	1,654,428
16		
17	05.    Women's Health	121,285
18		
19	06.    State Center for Health Statistics	120,364
20		
21	07.    Quality Improvement in Public Health	14,646
22		
23	08.    Health Promotion	84,843
24		
25	09.    Office of Minority Health	51,562
26		
27	10.    Immunization Program – Vaccine Distribution	2,010,667
28		
29	DHHS Administration	
30		
31	11.    Division of Public Health Administration	631,966
32		
33	TOTAL MATERNAL AND CHILD	
34	HEALTH BLOCK GRANT	\$ 17,945,300
35		
36	PREVENTIVE HEALTH SERVICES BLOCK GRANT	
37		
38	Local Program Expenditures	
39		
40	01.    NC Statewide Health Promotion	\$1,755,653
41		
42	02.    Services to Rape Victims	197,112
43		
44	03.    HIV/STD Prevention and Community Planning	

1	(Transfer from Social Services Block Grant)	145,819
2		
3	DHHS Program Expenditures	
4		
5	04. NC Statewide Health Promotion	1,508,889
6		
7	05. Oral Health	70,000
8		
9	06. State Laboratory of Public Health	16,600
10		
11	TOTAL PREVENTIVE HEALTH SERVICES BLOCK GRANT	\$3,694,073
12		
13	COMMUNITY SERVICES BLOCK GRANT	
14		
15	Local Program Expenditures	
16		
17	Office of Economic Opportunity – Community Services Block Grant	
18		
19	01. Community Action Agencies	\$ 16,062,653
20		
21	02. Limited Purpose Agencies	892,370
22		
23	DHHS Administration	
24		
25	03. Office of Economic Opportunity	892,369
26		
27	TOTAL COMMUNITY SERVICES BLOCK GRANT	\$ 17,847,392

**GENERAL PROVISIONS**

**SECTION 10.17.(b)** Information to Be Included in Block Grant Plans. – The Department of Health and Human Services shall submit a separate plan for each Block Grant received and administered by the Department, and each plan shall include the following:

- 34 (1) A delineation of the proposed allocations by program or activity,  
35 including State and federal match requirements.
- 36 (2) A delineation of the proposed State and local administrative  
37 expenditures.
- 38 (3) An identification of all new positions to be established through the  
39 Block Grant, including permanent, temporary, and time-limited  
40 positions.
- 41 (4) A comparison of the proposed allocations by program or activity with  
42 two prior years' program and activity budgets and two prior years'  
43 actual program or activity expenditures.
- 44 (5) A projection of current year expenditures by program or activity.

1 (6) A projection of federal Block Grant funds available, including unspent  
2 federal funds from the current and prior fiscal years.

3 **SECTION 10.17.(c)** Changes in Federal Fund Availability. – If the Congress  
4 of the United States increases the federal fund availability for any of the Block Grants  
5 administered by the Department of Health and Human Services from the amounts  
6 appropriated in this section, the Department shall allocate the increase proportionally  
7 across the program and activity appropriations identified for that Block Grant in this  
8 section. In allocating an increase in federal fund availability, the Department shall not  
9 propose funding for new programs or activities not appropriated in this section or  
10 increase State administrative expenditures.

11 If the Congress of the United States decreases the federal fund availability for  
12 any of the Block Grants administered by the Department of Health and Human Services  
13 from the amounts appropriated in this section, the Department shall reduce State  
14 administration by at least the percentage of the reduction in federal funds. After  
15 determining the State administration, the remaining reductions shall be allocated  
16 proportionately across the program and activity appropriations identified for that Block  
17 Grant in this section. In allocating a decrease in federal fund availability, the  
18 Department shall not eliminate the funding for a program or activity appropriated in this  
19 section unless it is related to the State administration.

20 Prior to allocating the change in federal fund availability, the proposed  
21 allocation must be approved by the Office of State Budget and Management. If the  
22 Department adjusts the allocation of any Block Grant due to changes in federal fund  
23 availability, then a report shall be made to the Joint Legislative Commission on  
24 Governmental Operations, the House of Representatives Appropriations Subcommittee  
25 on Health and Human Services, the Senate Appropriations Committee on Health and  
26 Human Services, and the Fiscal Research Division.

27 **SECTION 10.17.(d)** All changes to the budgeted allocations to the Block  
28 Grants administered by the Department of Health and Human Services that are not  
29 specifically addressed in this section shall be approved by the Office of State Budget  
30 and Management, and a report shall be submitted to the Joint Legislative Commission  
31 on Governmental Operations for review prior to implementing the changes. All changes  
32 to the budgeted allocations to the Block Grant shall be reported immediately to the  
33 House of Representatives Appropriations Subcommittee on Health and Human  
34 Services, the Senate Appropriations Committee on Health and Human Services, and the  
35 Fiscal Research Division. This subsection does not apply to Block Grant changes  
36 caused by legislative salary increases and benefit adjustments.

37  
38 **TEMPORARY ASSISTANCE FOR NEEDY FAMILIES BLOCK GRANT**  
39 **(TANF)**

40 **SECTION 10.17.(e)** The sum of nine hundred ninety-five thousand one  
41 hundred forty-two dollars (\$995,142) appropriated in this section in the TANF Block  
42 Grant to the Department of Health and Human Services, Division of Social Services, for  
43 the 2008-2009 fiscal year shall be used to support administration of TANF-funded  
44 programs.

1           **SECTION 10.17.(f)** The sum of two million two hundred thousand dollars  
2 (\$2,200,000) appropriated under this section in the TANF Block Grant to the  
3 Department of Health and Human Services, Division of Social Services, for the  
4 2008-2009 fiscal year shall be used to provide domestic violence services to Work First  
5 recipients. These funds shall be used to provide domestic violence counseling, support,  
6 and other direct services to clients. These funds shall not be used to establish new  
7 domestic violence shelters or to facilitate lobbying efforts. The Division of Social  
8 Services may use up to seventy-five thousand dollars (\$75,000) in TANF funds to  
9 support one administrative position within the Division of Social Services to implement  
10 this subsection.

11           Each county department of social services and the local domestic violence  
12 shelter program serving the county shall jointly develop a plan for utilizing these funds.  
13 The plan shall include the services to be provided and the manner in which the services  
14 shall be delivered. The county plan shall be signed by the county social services director  
15 or the director's designee and the domestic violence program director or the director's  
16 designee and submitted to the Division of Social Services by December 1, 2008. The  
17 Division of Social Services, in consultation with the Council for Women, shall review  
18 the county plans and shall provide consultation and technical assistance to the  
19 departments of social services and local domestic violence shelter programs, if needed.

20           The Division of Social Services shall allocate these funds to county  
21 departments of social services according to the following formula: (i) each county shall  
22 receive a base allocation of five thousand dollars (\$5,000); and (ii) each county shall  
23 receive an allocation of the remaining funds based on the county's proportion of the  
24 statewide total of the Work First caseload as of July 1, 2008, and the county's proportion  
25 of the statewide total of the individuals receiving domestic violence services from  
26 programs funded by the Council for Women as of July 1, 2008. The Division of Social  
27 Services may reallocate unspent funds to counties that submit a written request for  
28 additional funds.

29           **SECTION 10.17.(g)** The sum of two million two hundred forty-nine  
30 thousand six hundred forty-two dollars (\$2,249,642) appropriated in this section in the  
31 TANF Block Grant to the Department of Health and Human Services, Division of  
32 Social Services, for the 2008-2009 fiscal year shall be used to expand after-school  
33 programs and services for at-risk children. The Department shall develop and  
34 implement a grant program to award grants to community-based programs that  
35 demonstrate the ability to reach children at risk of teen pregnancy, school dropout, and  
36 gang participation. The Department shall award grants to community-based  
37 organizations that demonstrate the ability to develop and implement linkages with local  
38 departments of social services, area mental health programs, schools, and other human  
39 services programs in order to provide support services and assistance to the child and  
40 family. These funds may be used to fund one position within the Division of Social  
41 Services to coordinate at-risk after-school programs and shall not be used for other State  
42 administration.

43           **SECTION 10.17.(h)** The sum of fourteen million four hundred fifty-two  
44 thousand three hundred ninety-one dollars (\$14,452,391) appropriated in this section to

1 the Department of Health and Human Services, Division of Social Services, in the  
2 TANF Block Grant for the 2008-2009 fiscal year for child welfare improvements, shall  
3 be allocated to the county departments of social services for hiring or contracting staff  
4 to investigate and provide services in Child Protective Services cases; to provide foster  
5 care and support services; to recruit, train, license, and support prospective foster and  
6 adoptive families; and to provide interstate and postadoption services for eligible  
7 families.

8 **SECTION 10.17.(i)** The sum of three million dollars (\$3,000,000)  
9 appropriated in this section in the TANF Block Grant to the Department of Health and  
10 Human Services, Special Children Adoption Fund, for the 2008-2009 fiscal year shall  
11 be used in accordance with Section 10.31 of S.L. 2007-323. The Division of Social  
12 Services, in consultation with the North Carolina Association of County Directors of  
13 Social Services and representatives of licensed private adoption agencies, shall develop  
14 guidelines for the awarding of funds to licensed public and private adoption agencies  
15 upon the adoption of children described in G.S. 108A-50 and in foster care. Payments  
16 received from the Special Children Adoption Fund by participating agencies shall be  
17 used exclusively to enhance the adoption services program. No local match shall be  
18 required as a condition for receipt of these funds.

19 **SECTION 10.17.(j)** The sum of one million three hundred thousand dollars  
20 (\$1,300,000) in this section appropriated to the Department of Health and Human  
21 Services in the TANF Block Grant for the 2008-2009 fiscal year shall be used to  
22 implement N.C. FAST (North Carolina Families Accessing Services through  
23 Technology). The N.C. FAST Program involves the entire automation initiative through  
24 which families access services and local departments of social services deliver benefits,  
25 supervised by the Department of Health and Human Services, Divisions of Social  
26 Services, Aging and Adult Services, Medical Assistance, and Child Development. The  
27 statewide automated initiative shall be implemented in compliance with federal  
28 regulations in order to ensure federal financial participation in the project. The  
29 Department of Health and Human Services shall report on its compliance with this  
30 subsection to the House of Representatives Appropriations Subcommittee on Health and  
31 Human Services, the Senate Appropriations Committee on Health and Human Services,  
32 and the Fiscal Research Division no later than January 1, 2009.

33 **SECTION 10.17.(k)** The sum of five hundred thousand dollars (\$500,000)  
34 appropriated in this section to the Department of Health and Human Services, Division  
35 of Social Services, in the TANF Block Grant for the 2008-2009 fiscal year shall be used  
36 to expand after-school programs for at-risk children attending middle school. The  
37 Department shall develop and implement a grant program to award funds to  
38 community-based programs demonstrating the capacity to reach children at risk of teen  
39 pregnancy, school dropout, and gang participation. These funds shall not be used for  
40 training or administration at the State level. All funds shall be distributed to  
41 community-based programs, focusing on those communities where similar programs do  
42 not exist in middle schools.

43 **SECTION 10.17.(l)** In implementing the TANF Block Grant, the  
44 Department of Health and Human Services shall review policies, programs, and

1 initiatives to ensure that they support men in their role as fathers and strengthen fathers'  
2 involvement in their children's lives. The Department shall encourage county  
3 departments of social services to ensure their Work First programs emphasize  
4 responsible fatherhood and increased participation by noncustodial fathers.

5 **SECTION 10.17.(m)** The sum of five hundred fifty thousand dollars  
6 (\$550,000) appropriated in this section to the Department of Health and Human  
7 Services in the TANF Block Grant for the 2008-2009 fiscal year shall be transferred to  
8 Connect, Inc. Connect, Inc., shall report on the number of people served and the  
9 services received as a result of the receipt of funds. The report shall contain expenditure  
10 data, including the amount of funds used for administration and direct training. The  
11 report shall also include the number of people who have been employed as a direct  
12 result of services provided by Connect, Inc., including the length of employment in the  
13 new position. The Department of Health and Human Services shall evaluate the  
14 program and ensure that services provided are not duplicative of local employment  
15 security commissions in the nine counties served by Connect, Inc. The evaluation report  
16 shall be submitted to the House of Representatives Appropriations Subcommittee on  
17 Health and Human Services, the Senate Appropriations Committee on Health and  
18 Human Services, and the Fiscal Research Division no later than May 1, 2008.

19 **SECTION 10.17.(n)** The sum of two million dollars (\$2,000,000)  
20 appropriated in this section to the Department of Health and Human Services in the  
21 TANF Block Grant for Boys and Girls Clubs for the 2008-2009 fiscal year shall be used  
22 to make grants for approved programs. The Department of Health and Human Services,  
23 in accordance with federal regulations for the use of TANF Block Grant funds, shall  
24 administer a grant program to award funds to the Boys and Girls Clubs across the State  
25 in order to implement programs that improve the motivation, performance, and  
26 self-esteem of youths and to implement other initiatives that would be expected to  
27 reduce gang participation, school dropout, and teen pregnancy rates. The Department  
28 shall encourage and facilitate collaboration between the Boys and Girls Clubs and  
29 Support Our Students, Communities in Schools, and similar programs to submit joint  
30 applications for the funds if appropriate.

31 **SECTION 10.17.(o)** The Department of Health and Human Services,  
32 Division of Social Services, shall continue implementing county demonstration grants  
33 that began in the 2006-2007 fiscal year. The county demonstration grants may be  
34 awarded for up to three years with all projects ending no later than the end of fiscal year  
35 2009-2010. The purpose of the county demonstration grants is to identify best practices  
36 that can be used by counties to improve the work participation rates. The Division of  
37 Social Services is authorized to establish two time-limited positions to manage the grant  
38 award process and monitor the demonstration projects through fiscal year 2009-2010.

39 Funding provided under the county demonstration grants shall not be used to  
40 supplant local funds, and counties shall be required to maintain the current level of  
41 effort and funding for the Work First program.

42 The Department of Health and Human Services, Division of Social Services,  
43 shall report on the status of county demonstration grants implemented pursuant to this  
44 subsection to the House of Representatives Appropriations Subcommittee on Health and

1 Human Services, the Senate Appropriations Committee on Health and Human Services,  
2 and the Fiscal Research Division no later than February 1, 2009.

3  
4 **SOCIAL SERVICES BLOCK GRANT**

5 **SECTION 10.17.(p)** Social Services Block Grant funds appropriated to the  
6 North Carolina Inter-Agency Council for Coordinating Homeless Programs and the  
7 North Carolina Housing Coalition are exempt from the provisions of 10A NCAC 71R  
8 .0201(3).

9 **SECTION 10.17.(q)** The sum of two million seven hundred forty-nine  
10 thousand six hundred forty-two dollars (\$2,749,642) appropriated in this section in the  
11 Social Services Block Grant to the Department of Health and Human Services and  
12 transferred to the Department of Juvenile Justice and Delinquency Prevention for the  
13 2008-2009 fiscal year shall be used to support the existing Support Our Students  
14 Program, including gang prevention, and to expand the Program statewide, focusing on  
15 low-income communities in unserved areas. These funds shall not be used for  
16 administration of the Program.

17 **SECTION 10.17.(r)** The sum of two million seven hundred thirty-eight  
18 thousand eight hundred twenty-seven dollars (\$2,738,827) appropriated in this section  
19 in the Social Services Block Grant to the Department of Health and Human Services,  
20 Division of Social Services, for the 2008-2009 fiscal year shall be used to support  
21 various child welfare training projects as follows:

- 22 (1) Provide a regional training center in southeastern North Carolina.  
23 (2) Support the Master's Degree in Social Work/Baccalaureate Degree in  
24 Social Work Collaborative.  
25 (3) Provide training for residential child-caring facilities.  
26 (4) Provide for various other child welfare training initiatives.

27 **SECTION 10.17.(s)** The sum of eight hundred thirty-eight thousand dollars  
28 (\$838,000) appropriated in this section in the Social Services Block Grant to the  
29 Department of Health and Human Services for the 2008-2009 fiscal year shall be used  
30 to purchase services at maternity homes throughout the State.

31 **SECTION 10.17.(t)** The sum of two million three hundred seventy-two  
32 thousand five hundred eighty-seven dollars (\$2,372,587) appropriated in this section in  
33 the Social Services Block Grant for child-caring agencies for the 2008-2009 fiscal year  
34 shall be allocated to the State Private Child-Caring Agencies Fund.

35 **SECTION 10.17.(u)** The sum of two hundred ninety thousand dollars  
36 (\$290,000) appropriated in this section in the Social Services Block Grant for services  
37 to medically fragile children for the 2008-2009 fiscal year shall be used for the child  
38 care component of pediatric day treatment centers for medically fragile children.

39 **SECTION 10.17.(v)** The Department of Health and Human Services is  
40 authorized, subject to the approval of the Office of State Budget and Management, to  
41 transfer Social Services Block Grant funding allocated for departmental administration  
42 between divisions that have received administrative allocations from the Social Services  
43 Block Grant.

**1 LOW-INCOME HOME ENERGY ASSISTANCE PROGRAM**

2       **SECTION 10.17.(w)** Additional emergency contingency funds received may  
3 be allocated for Energy Assistance Payments or Crisis Intervention Payments without  
4 prior consultation with the Joint Legislative Commission on Governmental Operations.  
5 Additional funds received shall be reported to the Joint Legislative Commission on  
6 Governmental Operations and the Fiscal Research Division upon notification of the  
7 award. The Department of Health and Human Services shall not allocate funds for any  
8 activities, including increasing administration, other than assistance payments, without  
9 prior consultation with the Joint Legislative Commission on Governmental Operations.  
10

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

12       **SECTION 10.17.(x)** The sum of no more than four hundred thousand dollars  
13 (\$400,000) appropriated in this section to the Department of Health and Human  
14 Services in the Child Care and Development Fund Block Grant for the 2008-2009 fiscal  
15 year may be used for the operations of the Medical Child Care Pilot.

16       **SECTION 10.17.(y)** Payment for subsidized child care services provided  
17 with federal TANF funds shall comply with all regulations and policies issued by the  
18 Division of Child Development for the subsidized child care program.

19       **SECTION 10.17.(z)** If funds appropriated through the Child Care and  
20 Development Fund Block Grant for any program cannot be obligated or spent in that  
21 program within the obligation or liquidation periods allowed by the federal grants, the  
22 Department may move funds to child care subsidies, unless otherwise prohibited by  
23 federal requirements of the grant, in order to use the federal funds fully.  
24

**25 MENTAL HEALTH BLOCK GRANT**

26       **SECTION 10.17.(aa)** The sum of one million five hundred thousand dollars  
27 (\$1,500,000) appropriated in this section in the Mental Health Block Grant to the  
28 Department of Health and Human Services, Division of Mental Health, Developmental  
29 Disabilities, and Substance Abuse Services, for the 2008-2009 fiscal year and the sum  
30 of four hundred twenty-two thousand three dollars (\$422,003) appropriated in this  
31 section in the Social Services Block Grant to the Department of Health and Human  
32 Services, Division of Social Services, for the 2008-2009 fiscal year shall be used to  
33 continue a Comprehensive Treatment Services Program for Children in accordance with  
34 Section 10.10 of S.L. 2007-323.  
35

**36 MATERNAL AND CHILD HEALTH BLOCK GRANT**

37       **SECTION 10.17.(bb)** The sum of one million seven hundred thousand  
38 dollars (\$1,700,000) appropriated in this section in the Maternal and Child Health Block  
39 Grant to the Department of Health and Human Services, Department of Public Health,  
40 for the 2008-2009 fiscal year shall be used for influenza vaccinations for children.

41       **SECTION 10.17.(cc)** If federal funds are received under the Maternal and  
42 Child Health Block Grant for abstinence education, pursuant to section 912 of Public  
43 Law 104-193 (42 U.S.C. § 710), for the 2008-2009 fiscal year, then those funds shall be  
44 transferred to the State Board of Education to be administered by the Department of



1 Public Instruction. The Department of Public Instruction shall use the funds to establish  
2 an Abstinence Until Marriage Education Program and shall delegate to one or more  
3 persons the responsibility of implementing the program and G.S. 115C-81(e1)(4). The  
4 Department of Public Instruction shall carefully and strictly follow federal guidelines in  
5 implementing and administering the abstinence education grant funds.

6 **SECTION 10.17.(dd)** The Department of Health and Human Services shall  
7 ensure that there will be follow-up testing in the Newborn Screening Program.

## 9 **PART XI. DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES**

### 10 **STUDY CERTAIN DEPARTMENT OF AGRICULTURE AND CONSUMER** 11 **SERVICES FEES**

12 **SECTION 11.1.(a)** The Department of Agriculture and Consumer Services,  
13 in consultation with the Office of State Budget and Management and the Fiscal  
14 Research Division, shall study the following:

- 15 (1) The feasibility and advisability of increasing the fees imposed by  
16 either the Board of Agriculture or the Department regarding services  
17 provided by the Rollins Laboratory System.
- 18 (2) The feasibility and advisability of establishing fees for soil testing  
19 services provided by the Agronomics Division of the Department.
- 20 (3) The feasibility and advisability of using alternative sources of funding  
21 for the "Agricultural Review", an agriculture newsletter published by  
22 the Department, including charging fees for advertisements or  
23 classified advertisements and soliciting private sponsors for the  
24 newsletter.

25 **SECTION 11.1.(b)** In the course of the study under subsection (a) of this  
26 section, the Department may consider other fees imposed by either the Board of  
27 Agriculture or the Department, the administrative costs associated with these fees, and  
28 current usage rates for various services provided by the Department.

29 **SECTION 11.1.(c)** No later than March 1, 2009, the Department of  
30 Agriculture and Consumer Services shall report the results of the study under this  
31 section, including any recommendations or legislative proposals, to the Chairs of the  
32 House of Representatives and Senate Appropriations Subcommittees on Natural and  
33 Economic Resources.

## 34 **PART XII. DEPARTMENT OF ENVIRONMENT AND NATURAL** 35 **RESOURCES**

### 36 **BERNARD ALLEN MEMORIAL EMERGENCY DRINKING WATER FUND** 37 **AMENDMENTS.**

38 **SECTION 12.1.** G.S. 87-98 reads as rewritten:

39 **"§ 87-98. Bernard Allen Memorial Emergency Drinking Water Fund.**

40 (a) The Bernard Allen Memorial Emergency Drinking Water Fund is established  
41 under the control and direction of the Department. The Fund shall be a nonreverting,  
42

1 interest-bearing fund consisting of monies appropriated by the General Assembly or  
2 made available to the Fund from any other source and investment interest credited to the  
3 Fund.

4 (b) The Fund may be used to pay for notification, to the extent practicable, of  
5 persons aged 18 and older who reside in any dwelling unit, and the senior official in  
6 charge of any business, at which drinking water is supplied from a private drinking  
7 water well or improved spring that is located within 1,500 feet of, and at risk from,  
8 known groundwater contamination. The senior official in charge of the business shall  
9 take reasonable measures to notify all employees of the business of the groundwater  
10 contamination, including posting a notice of the contamination in a form and at a  
11 location that is readily accessible to the employees of the business. The Fund may also  
12 be used by the Department to pay the costs of testing of private drinking water wells and  
13 improved springs for suspected contamination up to once every three years upon request  
14 by a person who uses the well and for the temporary or permanent provision of  
15 alternative drinking water supplies to persons whose drinking water well or improved  
16 spring is contaminated. Under this subsection, an alternative drinking water supply  
17 includes the repair or replacement of a contaminated well or the connection to a public  
18 water supply.

19 (c) The Department shall disburse monies from the Fund based on financial need  
20 and on the risk to public health posed by groundwater contamination and shall give  
21 priority to the provision of services under this section to instances when an alternative  
22 source of funds is not available. ~~The Fund shall not be used for remediation of~~  
23 ~~groundwater contamination. Nothing in this section expands, contracts, or modifies the~~  
24 ~~obligation of responsible parties under Article 9 or 10 of Chapter 130A of the General~~  
25 ~~Statutes, this Article, or Article 21A of this Chapter to assess contamination, identify~~  
26 ~~receptors, or remediate groundwater or soil contamination.~~ The Fund shall not be used  
27 to provide alternative water supply to households with incomes greater than three  
28 hundred percent (300%) of the current federal poverty level. The Fund ~~shall not~~ may be  
29 used to provide alternative drinking water supplies ~~unless if the Department determines~~  
30 that the concentration of one or more contaminants in the private drinking water well or  
31 improved spring exceeds the federal ~~Maximum Contaminant Level~~ maximum  
32 contaminant level, or the federal drinking water action level as defined in 40 Code of  
33 Federal Regulations § 141.1 through § 141.571 (1 July ~~2006~~)2007) and 40 Code of  
34 Federal Regulations § 143.3 (1 July ~~2006~~)2007). For a contaminant for which a federal  
35 maximum contaminant level or drinking water action level has not been established, the  
36 State groundwater standard established by the Environmental Management Commission  
37 for the concentration of that contaminant shall be used to determine whether the Fund  
38 may be used to provide alternative drinking water supplies. The Fund may also be used  
39 to provide alternative drinking water supplies as provided in this section if the  
40 Department determines that the concentration of one or more contaminants in a private  
41 drinking water well is increasing over time and that there is a significant risk that the  
42 concentration of a contaminant will exceed the federal maximum contaminant level or  
43 drinking water action level, or the State groundwater standard. A determination of the  
44 concentration of a contaminant shall be based on a sample of water collected from the

1 private drinking water well within the past 12 months. ~~The Fund shall not be used to~~  
2 ~~provide temporary water supplies in any calendar quarter until all needs for permanent~~  
3 ~~replacement water supplies that have been identified in that calendar quarter have been~~  
4 ~~met through hookups to public water supplies, repair, or replacement of contaminated~~  
5 ~~wells.~~

6 (c1) ~~In disbursing monies from the Fund, preference shall be given to providing the~~  
7 ~~Department shall give preference to provision of permanent replacement water supplies~~  
8 ~~by connection to public water supplies and repair or replacement of contaminated wells~~  
9 ~~over the provision of temporary water supplies. In providing alternative drinking water~~  
10 ~~supplies, the Department shall give preference to connection to a public water supply~~  
11 ~~system or to construction of a new private drinking water well over the use of a~~  
12 ~~filtration system if the Department determines that the costs of periodic required~~  
13 ~~maintenance of the filtration system would be cost-prohibitive for users of the~~  
14 ~~alternative drinking water supply.~~

15 (c2) ~~If the Department provides an alternative drinking water supply by extension~~  
16 ~~of a waterline, the Department may disburse from the Fund no more than ten thousand~~  
17 ~~dollars (\$10,000) per household or other service connection. No more than one-third of~~  
18 ~~the total cost of the project may be paid from the Fund. The Department may combine~~  
19 ~~monies from the Fund with monies from other sources in order to pay the total cost of~~  
20 ~~the project.~~

21 (c3) ~~The Fund shall be used to provide alternative drinking water supplies only if~~  
22 ~~the Department determines that the person or persons who are responsible for the~~  
23 ~~contamination of the private drinking water well is or are not financially viable or~~  
24 ~~cannot be identified or located and if the Department determines that one of the~~  
25 ~~following applies:~~

- 26 (1) ~~The contamination of the private drinking water well is naturally~~  
27 ~~occurring.~~
- 28 (2) ~~The owner of the property on which the private drinking water well is~~  
29 ~~located did not cause or contribute to the contamination or control the~~  
30 ~~source of the contamination.~~
- 31 (3) ~~The source of the contamination is the application or disposal of a~~  
32 ~~hazardous substance or pesticide that occurred without the consent of~~  
33 ~~the owner of the property on which the private drinking water well is~~  
34 ~~located.~~

35 (c4) ~~The Department may use up to one hundred thousand dollars (\$100,000) of~~  
36 ~~the monies in the Fund to pay the personnel and other direct costs associated with the~~  
37 ~~implementation of this section.~~

38 (c5) ~~The Fund shall not be used for remediation of groundwater contamination.~~

39 (c6) ~~Nothing in this section expands, contracts, or modifies the obligation of~~  
40 ~~responsible parties under Article 9 or 10 of Chapter 130A of the General Statutes, this~~  
41 ~~Article, or Article 21A of this Chapter to assess contamination, identify receptors, or~~  
42 ~~remediate groundwater or soil contamination.~~

(d) The Department shall establish criteria by which the Department is to evaluate applications and disburse monies from this Fund and may adopt any rules necessary to implement this section.

(e) The Department, in consultation with the Commission for Public Health and local health departments, shall report no later than 1 October of each year to the Environmental Review Commission, the House of Representatives and Senate Appropriations Subcommittees on Natural and Economic Resources, and the Fiscal Research Division of the General Assembly on the implementation of this section. The report shall include the purpose and amount of all expenditures from the Fund during the prior fiscal year, a discussion of the benefits and deficiencies realized as a result of the section, and may also include recommendations for any legislative action."

**GRASSROOTS SCIENCE PROGRAM**

**SECTION 12.2.** Section 12.5(a) of S.L. 2007-323 reads as rewritten:

"**SECTION 12.5.(a)** Of the funds appropriated in this act to the Department of Environment and Natural Resources for the Grassroots Science Program, the sum of three million nine hundred six thousand three hundred forty dollars (\$3,906,340) for the 2007-2008 fiscal year and the sum of ~~three million four hundred eighty one thousand three hundred forty dollars (\$3,481,340)~~ three million three hundred eighty-six thousand two hundred ninety-nine dollars (\$3,386,299) for the 2008-2009 fiscal year is allocated as grants-in-aid for each fiscal year as follows:

	2007-2008	2008-2009	
Aurora Fossil Museum	\$59,057	<del>\$59,057</del>	<u>\$57,445</u>
Cape Fear Museum	\$161,007	<del>\$161,007</del>	<u>\$156,611</u>
Carolina Raptor Center	\$112,174	<del>\$112,174</del>	<u>\$109,112</u>
Catawba Science Center	\$146,356	<del>\$146,356</del>	<u>\$142,360</u>
Colburn Earth Science Museum, Inc.	\$74,545	<del>\$74,545</del>	<u>\$72,510</u>
Core Sound Waterfowl Museum	\$50,000	<del>\$50,000</del>	<u>\$48,635</u>
Discovery Place	\$662,865	<del>\$662,865</del>	<u>\$644,769</u>
Eastern NC Regional Science Center	\$350,000	<del>\$50,000</del>	<u>\$48,635</u>
Fascinate-U	\$81,072	<del>\$81,072</del>	<u>\$78,859</u>
Granville County Museum Commission, Inc.–Harris Gallery	\$56,422	<del>\$56,422</del>	<u>\$54,882</u>
Greensboro Children's Museum	\$135,076	<del>\$135,076</del>	<u>\$131,388</u>
The Health Adventure Museum of Pack Place Education, Arts and Science Center, Inc.	\$155,611	<del>\$155,611</del>	<u>\$151,363</u>
Highlands Nature Center	\$79,268	<del>\$79,268</del>	<u>\$77,104</u>
Imagination Station	\$86,034	<del>\$86,034</del>	<u>\$83,685</u>
The Iredell Museums, Inc.	\$61,306	<del>\$61,306</del>	<u>\$59,632</u>
Kidsenses	\$81,282	<del>\$81,282</del>	<u>\$79,063</u>
Museum of Coastal Carolina	\$78,020	<del>\$78,020</del>	<u>\$75,890</u>
The Natural Science Center			

1	of Greensboro, Inc.	\$311,354	\$186,354	\$181,267
2	North Carolina Museum of Life			
3	and Science	\$379,826	\$379,826	\$369,457
4	Pisgah Astronomical Research Institute	\$50,000	\$50,000	\$48,635
5	Port Discover: Northeastern			
6	North Carolina's Center for			
7	Hands-On Science, Inc.	\$50,000	\$50,000	\$48,635
8	Rocky Mount Children's Museum	\$72,254	\$72,254	\$70,281
9	Schiele Museum of Natural History			
10	and Planetarium, Inc.	\$229,547	\$229,547	\$223,280
11	Sci Works Science Center and			
12	Environmental Park of Forsyth County	\$146,499	\$146,499	\$142,500
13	Sylvan Heights Waterfowl Park			
14	and Eco-Center	\$50,000	\$50,000	\$48,635
15	Western North Carolina Nature Center	\$112,879	\$112,879	\$109,797
16	Wilmington Children's Museum	\$73,886	\$73,886	\$71,869
17				
18	Total	\$3,906,340	\$3,481,340	\$3,386,299"

**BEAVER DAMAGE CONTROL PROGRAM FUNDS**

**SECTION 12.3.(a)** Of the funds available to the Wildlife Resources Commission, the sum of five hundred thousand dollars (\$500,000) for the 2008-2009 fiscal year shall be used to provide the State share necessary to support the beaver damage control program established in G.S. 113-291.10, provided the sum of at least twenty-five thousand dollars (\$25,000) in federal funds is available each fiscal year of the biennium to provide the federal share.

**SECTION 12.3.(b)** G.S. 113-291.10(f) reads as rewritten:

"(f) Each county that volunteers to participate in this program for a given fiscal year shall provide written notification of its wish to participate no later than September 30 of that year and shall commit the sum of four thousand dollars (\$4,000) in local funds no later than September 30 of that year. The remaining funds needed each fiscal year of the biennium to provide the State share necessary to support this program shall be paid from funds available to the Wildlife Resources Commission, provided the sum of at least twenty-five thousand dollars (\$25,000) in federal funds is available each fiscal year of the biennium to provide the federal share."

**AGRICULTURAL DROUGHT RESPONSE COST SHARE PROGRAM**

**SECTION 12.4.(a)** Agricultural Drought Response Cost Share Program. – The Agricultural Drought Response Cost Share Program is established. The Program shall provide cost share funds to assist North Carolina farmers who suffered damage from the severe and extreme drought conditions in North Carolina in 2007. These cost share funds shall be used to assist farmers with the following projects:

- (1) To redrill damaged wells or to drill new wells to be used as a water supply for livestock or for irrigation.

1 (2) To renovate damaged or inadequate farm ponds or construct new farm  
2 ponds to be used as a water supply for livestock or for irrigation.

3 (3) To renovate pastures depleted by the 2007 drought.

4 **SECTION 12.4.(b)** Program Administration. – The Program shall be  
5 implemented and supervised by the Soil and Water Conservation Commission through  
6 the Agriculture Cost Share Program for Nonpoint Source Pollution Control. The  
7 Commission shall administer this Program as provided in this section and in Part 9 of  
8 Article 21 of Chapter 143 of the General Statutes.

9 **SECTION 12.4.(c)** Program Functions. – Under the Agricultural Drought  
10 Response Cost Share Program, the Division shall:

11 (1) Within funds available for this Program, provide cost share funds  
12 subject to all of the following limitations and requirements:

13 a. Except as provided in G.S. 143-215.74(b)(9), State funding  
14 shall be limited to:

15 1. Seventy-five percent (75%) of the average cost for each  
16 project with the assisted person providing twenty-five  
17 percent (25%) of the project cost, which may include  
18 in-kind support of the project.

19 2. A maximum of seventy-five thousand dollars (\$75,000)  
20 per year to each applicant.

21 b. Applicants shall be limited to farmers who have an adjusted  
22 gross income in each of the previous two years that is at or  
23 below two hundred fifty thousand dollars (\$250,000), unless at  
24 least seventy-five percent (75%) of this adjusted gross income  
25 is derived directly from farming, ranching, or forestry  
26 operations.

27 c. To be eligible for cost share funds under subdivision (1) or  
28 subdivision (2) of subsection (a) of this section, applicants must  
29 demonstrate that their existing water supplies are insufficient to  
30 provide reliable water to meet current needs for livestock  
31 watering or irrigation.

32 d. Applicants may apply for cost share funds for projects under  
33 subsection (a) of this section that were installed as of August 1,  
34 2007, so long as the costs of installation are documented to the  
35 satisfaction of the Commission.

36 e. The requirements and limitations under subdivisions (1), (2),  
37 (5), and (8) of subsection (b) of G.S. 143-215.74 do not apply.  
38 All other limitations and requirements set out in Part 9 of  
39 Article 21 of Chapter 143 of the General Statutes, as modified  
40 by this section, apply.

41 (2) Establish criteria to prioritize the redrilling of damaged wells and the  
42 drilling of new wells, the renovation of damaged or inadequate farm  
43 ponds and the construction of new farm ponds, and the renovation of  
44 pastures depleted by the drought.

- 1 (3) Establish criteria for the selection of applicants who are eligible for  
2 participation in the Program.
- 3 (4) Develop a process for soliciting and reviewing applications and for  
4 selecting farmers to participate in the Program.
- 5 (5) Investigate and pursue other funding sources to supplement State  
6 funds, including federal, local, and private funding sources.
- 7 (6) Provide technical assistance to participating persons to assist with the  
8 projects that are eligible for cost share funds under subsection (a) of  
9 this section and to facilitate the timely transfer of technology among  
10 participating persons.

11 **SECTION 12.4.(d)** Report. – No later than 31 January of each year, the  
12 Division shall prepare a comprehensive report on the implementation of subsections (a)  
13 through (c) of this section. The report shall be submitted to the Environmental Review  
14 Commission as a part of the report required by G.S. 143-215.74(e). The first report  
15 required by this subsection shall be submitted to the Environmental Review  
16 Commission no later than 31 January 2009.

17 **SECTION 12.4.(e)** Program Funds. – The Soil and Water Conservation  
18 Commission may use up to three hundred thousand dollars (\$300,000) of the funds  
19 appropriated in this act to the Department of Environment and Natural Resources for the  
20 2008-2009 fiscal year to be used for the Agricultural Drought Response Cost Share  
21 Program for the Division of Soil and Water Conservation and for the Soil and Water  
22 Conservation Districts for the costs of providing engineering assistance, providing  
23 technical assistance, and administering the Program. Further, twenty-five percent (25%)  
24 of the remaining funds shall not be allocated during the initial funding cycle, but shall  
25 be retained to be allocated by the Commission consistent with the limitations under this  
26 section, for the purposes under this section, and to address future drought emergencies  
27 or to allocate to farmers who received cost share funds under this section who need  
28 additional funds to achieve the purpose of the initial cost share disbursement.

## 30 PART XIII. DEPARTMENT OF COMMERCE

### 31 ONE NORTH CAROLINA FUND

32 **SECTION 13.1.** Section 13.1 of S.L. 2007-323 reads as rewritten:

33 "SECTION 13.1.(a) Of the funds appropriated in this act to the One North Carolina  
34 Fund for the ~~2007-2008~~2008-2009 fiscal year, the Department of Commerce may use  
35 up to three hundred thousand dollars (\$300,000) to cover its expenses in administering  
36 the One North Carolina Fund and other economic development incentive grant  
37 programs during the ~~2007-2008~~2008-2009 fiscal year.

38 **SECTION 13.1.(b)** Of the funds appropriated in this act to the One North Carolina  
39 Fund for the 2007-2008 fiscal year, the sum of six hundred fifty thousand dollars  
40 (\$650,000) shall be transferred to the Department of Environment and Natural  
41 Resources, Division of Information Technology Services, for the development of a Tier  
42 II hazardous chemicals inventory database and Web-based access application.  
43

1       **SECTION 13.1.(c)** If any One North Carolina funds that have been previously  
2 awarded and disbursed are recovered by the Department of Commerce during the  
3 2007-2008 fiscal year, the Department of Commerce may use up to one million dollars  
4 (\$1,000,000) of the recovered funds to supplement the Department's budget for  
5 statewide economic development marketing and business assistance, including  
6 continued development and maintenance of the Department's Web site, development of  
7 software and systems to improve service to North Carolina businesses, and the  
8 promotion of North Carolina nationally and internationally as a location for business  
9 growth and expansion through advertising, events-related marketing, and hosting  
10 international economic development conferences. Funds recovered by the Department  
11 of Commerce under this subsection in the 2007-2008 fiscal year that are unencumbered  
12 and unexpended as of June 30, 2008, may be used by the Department in the 2008-2009  
13 fiscal year for Client Relationship Management software and to upgrade the building  
14 and sites database and website for the Certified Sites Program."  
15

#### 16 **NC GREEN BUSINESS FUND**

17       **SECTION 13.2.** Of the funds appropriated in this act to the NC Green  
18 Business Fund for the 2008-2009 fiscal year, the Department of Commerce may use up  
19 to fifty thousand dollars (\$50,000), if necessary, to cover the Department's expenses in  
20 administering the NC Green Business Fund.  
21

#### 22 **WELCOME/VISITOR CENTER CONSTRUCTION**

23       **SECTION 13.3.** S.L. 2007-356 reads as rewritten:

24       **"SECTION 1.** The Department of Commerce and the Department of Transportation  
25 shall consult with the Joint Legislative Commission on Governmental Operations and  
26 the House and Senate Appropriations Subcommittees on Natural and Economic  
27 Resources before beginning the design or construction of any new welcome center or  
28 visitor center buildings.

29       **"SECTION 2.** The Department of Commerce and the Department of Transportation  
30 shall immediately cease the planning, design, or construction of any new welcome  
31 center buildings in Randolph County and shall not resume the planning, design, or  
32 construction of any new welcome center buildings in that county before consulting with  
33 the Joint Legislative Commission on Governmental Operations and the House and  
34 Senate Appropriations Subcommittees on Natural and Economic Resources.

35       **"SECTION 3.** Nothing in this act shall be interpreted to prohibit or restrict the  
36 Department of Transportation from constructing visitor center buildings in Randolph  
37 County and Wilkes County that were in the planning, design, or construction phase  
38 prior to the effective date of this act. ~~The Department of Commerce shall operate the~~  
39 ~~Randolph County visitor center with funding sources consistent with the existing nine~~  
40 ~~welcome centers, excluding use of funds from the Special Registration Plate Account~~  
41 ~~and the Highway Fund."~~  
42

#### 43 **WANCHESE SEAFOOD INDUSTRIAL PARK/OREGON INLET FUNDS**

44       **SECTION 13.4.** Section 13.3A of S.L. 2007-323 reads as rewritten:



1       **"SECTION 13.3A.(a)** Funds appropriated to the Department of Commerce for the  
 2 ~~2006-2007~~2007-2008 fiscal year for the Wanchese Seafood Industrial Park that are  
 3 unexpended and unencumbered as of ~~June 30, 2007,~~June 30, 2008, shall not revert to  
 4 the General Fund on ~~June 30, 2007,~~June 30, 2008, but shall remain available to the  
 5 Department to be expended by the Wanchese Seafood Industrial Park for operations,  
 6 maintenance, repair, and capital improvements in accordance with Article 23C of  
 7 Chapter 113 of the General Statutes. These funds shall be in addition to funds available  
 8 to the North Carolina Seafood Industrial Park Authority for operations, maintenance,  
 9 repair, and capital improvements under Article 23C of Chapter 113 of the General  
 10 Statutes.

11       **"SECTION 13.3A.(b)** Funds appropriated to the Department of Commerce for the  
 12 ~~2006-2007~~2007-2008 fiscal year for the Oregon Inlet Project that are unexpended and  
 13 unencumbered as of ~~June 30, 2007,~~June 30, 2008, shall not revert to the General Fund  
 14 on ~~June 30, 2007,~~June 30, 2008, but shall remain available to the Department to be  
 15 expended by the Wanchese Seafood Industrial Park for securing adequate channel  
 16 maintenance of the Oregon Inlet and for operations, maintenance, repair, and capital  
 17 improvements in accordance with Article 23C of Chapter 113 of the General Statutes.  
 18 These funds shall be in addition to funds available to the North Carolina Seafood  
 19 Industrial Park Authority for operations, maintenance, repair, and capital improvements  
 20 under Article 23C of Chapter 113 of the General Statutes.

21       **"SECTION 13.3A.(c)** This section becomes effective ~~June 30, 2007,~~June 30,  
 22 2008."

23  
 24       **NER BLOCK GRANTS**

25               **SECTION 13.5.(a)** Appropriations from federal block grant funds are made  
 26 for fiscal year ending June 30, 2009, according to the following schedule:

27  
 28       **COMMUNITY DEVELOPMENT BLOCK GRANT**

29

30       01. State Administration	\$ 1,000,000
31	
32       02. Urgent Needs and Contingency	1,000,000
33	
34       03. Scattered Site Housing	13,200,000
35	
36       04. Economic Development	8,710,000
37	
38       05. Small Business/Entrepreneurship	1,000,000
39	
40       06. Community Revitalization	13,000,000
41	
42       07. State Technical Assistance	450,000
43	
44       08. Housing Development	1,500,000

1		
2	09. Infrastructure	5,140,000
3		
4	TOTAL COMMUNITY DEVELOPMENT	
5	BLOCK GRANT – 2009 Program Year	\$ 45,000,000
6		

7           **SECTION 13.5.(b)** Decreases in Federal Fund Availability. – If federal  
8 funds are reduced below the amounts specified above after the effective date of this act,  
9 then every program in each of these federal block grants shall be reduced by the same  
10 percentage as the reduction in federal funds.

11           **SECTION 13.5.(c)** Increases in Federal Fund Availability for Community  
12 Development Block Grant. – Any block grant funds appropriated by the Congress of the  
13 United States in addition to the funds specified in this section shall be expended as  
14 follows: each program category under the Community Development Block Grant shall  
15 be increased by the same percentage as the increase in federal funds.

16           **SECTION 13.5.(d)** Limitations on Community Development Block Grant  
17 Funds. – Of the funds appropriated in this section for the Community Development  
18 Block Grant, the following shall be allocated in each category for each program year: up  
19 to one million dollars (\$1,000,000) may be used for State Administration; not less than  
20 one million dollars (\$1,000,000) may be used for Urgent Needs and Contingency; up to  
21 thirteen million two hundred thousand dollars (\$13,200,000) may be used for Scattered  
22 Site Housing; eight million seven hundred ten thousand dollars (\$8,710,000) may be  
23 used for Economic Development; up to one million dollars (\$1,000,000) may be used  
24 for Small Business/Entrepreneurship; not less than thirteen million dollars  
25 (\$13,000,000) shall be used for Community Revitalization; up to four hundred fifty  
26 thousand dollars (\$450,000) may be used for State Technical Assistance; up to one  
27 million five hundred thousand dollars (\$1,500,000) may be used for Housing  
28 Development; up to five million one hundred forty thousand dollars (\$5,140,000) may  
29 be used for Infrastructure. If federal block grant funds are reduced or increased by the  
30 Congress of the United States after the effective date of this act, then these reductions or  
31 increases shall be allocated in accordance with subsection (b) or (c) of this section, as  
32 applicable.

33           **SECTION 13.5.(e)** Increase Capacity for Nonprofit Organizations. –  
34 Assistance to nonprofit organizations to increase their capacity to carry out  
35 CDBG-eligible activities in partnership with units of local government is an eligible  
36 activity under any program category in accordance with federal regulations. Capacity  
37 building grants may be made from funds available within program categories, program  
38 income, or unobligated funds.

39           **SECTION 13.5.(f)** The Department of Commerce shall consult with the  
40 Joint Legislative Commission on Governmental Operations prior to reallocating  
41 Community Development Block Grant Funds. Notwithstanding the provisions of this  
42 subsection, whenever the Director of the Budget finds that:

- 43           (1) A reallocation is required because of an emergency that poses an  
44           imminent threat to public health or public safety, the Director of the

1 Budget may authorize the reallocation without consulting the  
 2 Commission. The Department of Commerce shall report to the  
 3 Commission on the reallocation no later than 30 days after it was  
 4 authorized and shall identify in the report the emergency, the type of  
 5 action taken, and how it was related to the emergency.

- 6 (2) The State will lose federal block grant funds or receive less federal  
 7 block grant funds in the next fiscal year unless a reallocation is made.  
 8 The Department of Commerce shall provide a written report to the  
 9 Commission on the proposed reallocation and shall identify the reason  
 10 that failure to take action will result in the loss of federal funds. If the  
 11 Commission does not hear the issue within 30 days of receipt of the  
 12 report, the Department may take the action without consulting the  
 13 Commission.  
 14

15 **EMPLOYMENT SECURITY COMMISSION FUNDS**

16 **SECTION 13.6.** Section 13.4 of S.L. 2007-323 reads as rewritten:

17 **"SECTION 13.4.(a)** Funds from the Employment Security Commission Reserve  
 18 Fund shall be available to the Employment Security Commission of North Carolina to  
 19 use as collateral to secure federal funds and to pay the administrative costs associated  
 20 with the collection of the Employment Security Commission Reserve Fund surcharge.  
 21 The total administrative costs paid with funds from the Reserve in the  
 22 ~~2007-2008~~2008-2009 fiscal year shall not exceed two million five hundred thousand  
 23 dollars (\$2,500,000).

24 **"SECTION 13.4.(b)** There is appropriated from the Employment Security  
 25 Commission Reserve Fund to the Employment Security Commission of North Carolina  
 26 the sum of ~~seven million three hundred thousand dollars (\$7,300,000)~~twenty million  
 27 dollars (\$20,000,000) for the ~~2007-2008~~2008-2009 fiscal year to be used for the  
 28 following purposes:

- 29 (1) ~~Seven million dollars (\$7,000,000)~~Nineteen million seven hundred  
 30 thousand dollars (\$19,700,000) for the operation and support of local  
 31 ESC offices.  
 32 (2) Two hundred thousand dollars (\$200,000) for the State Occupational  
 33 Information Coordinating Committee to develop and operate an  
 34 interagency system to track former participants in State education and  
 35 training programs.  
 36 (3) One hundred thousand dollars (\$100,000) to maintain compliance with  
 37 Chapter 96 of the General Statutes, which directs the Commission to  
 38 employ the Common Follow-Up Management Information System to  
 39 evaluate the effectiveness of the State's job training, education, and  
 40 placement programs.

41 **"SECTION 13.4.(c)** There is appropriated from the Employment Security  
 42 Commission Reserve Fund to the Employment Security Commission of North Carolina  
 43 an amount not to exceed ~~two million five hundred thousand dollars (\$2,500,000)~~one

1 million dollars (\$1,000,000) for the ~~2007-2008~~2008-2009 fiscal year to fund State  
2 initiatives not currently funded through federal grants.

3 "SECTION 13.4.(d) There is appropriated from the Employment Security  
4 Commission Reserve Fund to the Employment Security Commission of North Carolina  
5 an amount not to exceed three hundred fifty thousand dollars (\$350,000) for the  
6 ~~2007-2008~~2008-2009 fiscal year to allow the Commission to continue to work with  
7 Connect, Inc., to provide dislocated workers with assistance in obtaining health care  
8 benefits, receiving vocational training, and securing employment.

9 "SECTION 13.4.(e) This section becomes effective ~~July 1, 2007.~~July 1, 2008."  
10

### 11 REGIONAL ECONOMIC DEVELOPMENT COMMISSION ALLOCATIONS

12 SECTION 13.7.(a) Funds appropriated in this act to the Department of  
13 Commerce for regional economic development commissions shall be allocated to the  
14 following commissions in accordance with subsection (b) of this section: Western North  
15 Carolina Regional Economic Development Commission, Research Triangle Regional  
16 Partnership, Southeastern North Carolina Regional Economic Development  
17 Commission, Piedmont Triad Partnership, Northeastern North Carolina Regional  
18 Economic Development Commission, North Carolina's Eastern Region Economic  
19 Development Partnership, and Carolinas Partnership, Inc.

20 SECTION 13.7.(b) Funds appropriated pursuant to subsection (a) of this  
21 section shall be allocated to each regional economic development commission as  
22 follows:

- 23 (1) First, the Department shall establish each commission's allocation by  
24 determining the sum of allocations to each county that is a member of  
25 that commission. Each county's allocation shall be determined by  
26 dividing the county's development factor by the sum of the  
27 development factors for eligible counties and multiplying the resulting  
28 percentage by the amount of the appropriation. As used in this  
29 subdivision, the term "development factor" means a county's  
30 development factor as calculated under G.S. 143B-437.08; and
- 31 (2) Next, the Department shall subtract from funds allocated to the North  
32 Carolina's Eastern Region Economic Development Partnership the  
33 sum of four hundred sixty-nine thousand seven hundred forty dollars  
34 (\$469,740) in the 2008-2009 fiscal year, which sum represents: (i) the  
35 total interest earnings in the prior fiscal year on the estimated balance  
36 of seven million five hundred thousand dollars (\$7,500,000)  
37 appropriated to the Global TransPark Development Zone in Section 6  
38 of Chapter 561 of the 1993 Session Laws; and (ii) the total interest  
39 earnings in the prior fiscal year on loans made from the seven million  
40 five hundred thousand dollars (\$7,500,000) appropriated to the Global  
41 TransPark Development Zone in Section 6 of Chapter 561 of the 1993  
42 Session Laws; and
- 43 (3) Next, the Department shall redistribute the sum of four hundred sixty-  
44 nine thousand seven hundred forty dollars (\$469,740) in the 2008-

1 2009 fiscal year to the seven regional economic development  
2 commissions named in subsection (a) of this section. Each  
3 commission's share of this redistribution shall be determined according  
4 to the development factor formula set out in subdivision (1) of this  
5 subsection. This redistribution shall be in addition to each  
6 commission's allocation determined under subdivision (1) of this  
7 subsection.

8 **SECTION 13.7.(c)** No more than one hundred twenty thousand dollars  
9 (\$120,000) in State funds shall be used for the annual salary of any one employee of a  
10 regional economic development commission.

11 **SECTION 13.7.(d)** The General Assembly finds that successful economic  
12 development requires the collaboration of the State, regions of the State, counties, and  
13 municipalities. Therefore, the regional economic development commissions are  
14 encouraged to seek supplemental funding from their county and municipal partners to  
15 continue and enhance their efforts to attract and retain business in the State.

16  
17 **FUNDS FOR LOCAL GOVERNMENT WATER AND SEWER**  
18 **IMPROVEMENT GRANTS**

19 **SECTION 13.8.(a)** Allocation of Funds. – Of the funds appropriated in this  
20 act to the Rural Economic Development Center, Inc., (Rural Center) the sum of fifty  
21 million dollars (\$50,000,000) for the 2008-2009 fiscal year shall be allocated as follows:

- 22 (1) Up to \$25,000,000 may be used to provide grants to local government  
23 units for wastewater-related projects under subsection (b) of this  
24 section.  
25 (2) Up to \$25,000,000 may be used to provide grants to local government  
26 units for public water system-related projects under subsection (b) of  
27 this section.

28 **SECTION 13.8.(b)** Definitions. – The definitions in G.S. 159G-20 and the  
29 following definitions apply in this section. In addition, the following definitions shall  
30 apply in this section unless otherwise provided:

- 31 (1) Ability to pay. – An assessment of the ability of a local government  
32 unit to pay for a water infrastructure project as calculated annually by  
33 the Division of Community Assistance in the Department of  
34 Commerce.  
35 (2) Economically distressed area. – Any of the following:  
36 a. An economically distressed county as defined in  
37 G.S. 143B-437.01.  
38 b. That part of a county in which the poverty rate is at least one  
39 hundred fifty percent (150%) of the State poverty rate. The  
40 poverty rate is the percentage of the population whose income  
41 is below the most recent federal poverty level set by the U.S.  
42 Bureau of the Census.

1 c. That part of a county that experiences an actual or imminent  
2 loss of jobs in a number equal to or greater than five percent  
3 (5%) of the total number of jobs in the part.

4 (3) Rural county. – A county with a population density of fewer than 250  
5 people per square mile based on the most recent federal decennial  
6 census.

7 **SECTION 13.8.(c) Eligible Applicants; Eligible Projects.** – A local  
8 government unit is not eligible for a grant under subsection (a) of this section unless it  
9 meets the eligibility requirements under subsection (d) or subsection (e) of this section  
10 for that type of grant. The funds allocated under this section may be used to provide  
11 either a planning grant that meets the requirements under subsection (d) of this section  
12 or a supplemental grant that meets the requirements of subsection (e) of this section.  
13 The following projects are eligible for receiving a grant under this section:

14 (1) Wastewater collection system.

15 (2) Wastewater treatment works.

16 (3) Public water system.

17 (4) Wastewater and drinking water infrastructure planning.

18 (5) Multijurisdictional wastewater, drinking water, water quality, and  
19 stormwater planning.

20 **SECTION 13.8.(d) Planning Grants.** – A planning grant under this section is  
21 available for the costs associated with preliminary planning for wastewater collection  
22 system projects, wastewater treatment works projects, and public water system projects.  
23 Preliminary planning includes developing a capital improvement plan, developing a  
24 comprehensive land-use plan, conducting a study, developing a regional or  
25 multijurisdictional infrastructure or water quality improvement plan, assembling a  
26 financing plan to carry out a project, completing a grant application, and preparing a  
27 preliminary engineering report for a proposed project. A planning grant is subject to the  
28 following restrictions:

29 (1) Eligibility. – For purposes of this subsection, a regional council of  
30 government organized under G.S. 160A-460 or a regional planning  
31 and development commission organized under G.S. 153A-391 is  
32 considered a local government unit. A local government unit is eligible  
33 for a planning grant if it meets the following criteria:

34 a. It is a rural county or is located in one of these counties.

35 b. It is an economically distressed county or is located in an  
36 economically distressed county or an economically distressed  
37 area.

38 c. It is applying for a regional or multijurisdictional planning  
39 project involving two or more units of local government.

40 (2) Maximum. – A planning grant shall not exceed forty thousand dollars  
41 (\$40,000) for each unit of local government.

42 (3) Matching funds. – A local government unit shall match a planning  
43 grant on a dollar-for-dollar basis unless the unit meets one or more of

1 the following descriptions, in which instance the Rural Center may  
2 require a match of less than fifty percent (50%):

- 3 a. It is an economically distressed county or located in an  
4 economically distressed county.
- 5 b. Its poverty rate is at least one hundred fifty percent (150%) of  
6 the State poverty rate.
- 7 c. If it is not a county, its ability to pay is less than fifty percent  
8 (50%) of the ability to pay of the county in which it is located.

9 **SECTION 13.8.(e)** Supplemental Grants. – A supplemental grant is  
10 available to match other funds to be applied to the construction costs of an eligible  
11 project. Other funds include federal funds, State funds received under Article 2 of  
12 Chapter 159G of the General Statutes, and local funds. A supplemental grant is subject  
13 to the following restrictions:

- 14 (1) Eligibility. – A local government unit is eligible for a supplemental  
15 grant if it meets the following criteria:
  - 16 a. It is a rural county or is located in one of these counties.
  - 17 b. It adopts a resolution to set the household user fee for water and  
18 sewer service in the area served by the project at an amount that  
19 equals or exceeds the high-unit-cost threshold.
- 20 (2) Maximum. – A supplemental grant shall not exceed five hundred  
21 thousand dollars (\$500,000) unless the applicant meets one or more of  
22 these descriptions:
  - 23 a. It is an economically distressed county or is located in an  
24 economically distressed county.
  - 25 b. Its poverty rate is at least one hundred fifty percent (150%) of  
26 the State poverty rate.
  - 27 c. If it is not a county, its ability to pay is less than fifty percent  
28 (50%) of the ability to pay of the county in which it is located.
- 29 (3) Matching funds. – A local government unit shall match a supplemental  
30 grant on a dollar-for-dollar basis unless the unit meets one or more of  
31 the following descriptions, in which instance the Rural Center may  
32 require a match of less than fifty percent (50%):
  - 33 a. It is an economically distressed county or is located in an  
34 economically distressed county.
  - 35 b. Its poverty rate is at least one hundred fifty percent (150%) of  
36 the State poverty rate.
  - 37 c. If it is not a county, its ability to pay is less than fifty percent  
38 (50%) of the ability to pay of the county in which it is located.

39 **SECTION 13.8.(f)** Criteria for Grants. – The criteria in G.S. 159G-23, the  
40 criteria set out in this section, and any other criteria established by the Board of  
41 Directors of the Rural Center shall apply to a grant provided under this section. An  
42 application for a project that serves an economically distressed area shall have priority  
43 over a project that does not.

1           **SECTION 13.8.(g)** Grant Applications. – Any application for a grant under  
2 this section shall be submitted by the local government unit to the Rural Center. An  
3 application shall be submitted on a form prescribed by the Rural Center and shall  
4 contain the information required by the Rural Center. An applicant shall submit to the  
5 Rural Center any additional information requested by the Rural Center to enable the  
6 Rural Center to make a determination on the application. An application that does not  
7 contain information required on the application or requested by the Rural Center is  
8 incomplete and is not eligible for consideration. An applicant may submit an application  
9 in as many categories as it is eligible for consideration under this section.

10           **SECTION 13.8.(h)** Environmental Assessment. – An application submitted  
11 under this section for any grant other than a planning grant for a project under  
12 subdivision (b)(4) or (b)(5) of this section shall state whether the project to be funded by  
13 the grant requires an environmental assessment. If the application indicates that an  
14 environmental assessment is not required, it must identify the exclusion in the North  
15 Carolina Environmental Policy Act, Article 1 of Chapter 113A of the General Statutes,  
16 that applies to the project. The Rural Center shall give the Department of Environment  
17 and Natural Resources a copy of an application that indicates an environmental  
18 assessment is not required. If the Department of Environment and Natural Resources  
19 determines that the project requires an environmental assessment, the Department shall  
20 notify the Rural Center and the applicant, and the applicant shall submit the assessment  
21 to the Department before the Center continues its review of the application.

22           An application that does not identify an exclusion in the North Carolina  
23 Environmental Policy Act shall include the environmental assessment of the project's  
24 probable impacts on the environment that was submitted to the Department of  
25 Environment and Natural Resources. If the Department notifies the Rural Center that an  
26 environmental impact statement is required, the Rural Center shall not award the  
27 applicant a grant until a final environmental assessment impact statement has been  
28 completed and approved as provided in the Environmental Policy Act.

29           **SECTION 13.8.(i)** Review of Applications and Award of Grant. –

30           (1) Point Assignment. – The Rural Center shall review all grant  
31 applications submitted under this section for an application period, to  
32 be determined by the Rural Center, and shall rank each application in  
33 accordance with the points assigned to the evaluation criteria. The  
34 Rural Center shall make a written determination of an application's  
35 rank and attach the determination to the application. The Rural  
36 Center's determination of rank is conclusive.

37           (2) Reconsideration. – When an application's rank is too low to receive an  
38 award of a grant for the application period, the Rural Center may  
39 reconsider an amended application, provided the application addresses  
40 questions from the previous grant round.

41           (3) Notification of decision. – When the Rural Center determines that an  
42 application's rank makes it eligible for an award of a grant, the Rural  
43 Center shall send the applicant a letter of intent to award the grant. The  
44 notice shall set out any conditions the applicant must meet to receive



1 an award of a grant. When the applicant satisfies the conditions set out  
2 in the letter of intent, the Rural Center shall send the applicant an offer  
3 to award a grant. The applicant shall give the Rural Center written  
4 notice of whether it accepts or rejects the offer. A grant is considered  
5 awarded the date the offer to award the grant is sent by the Rural  
6 Center.

7 **SECTION 13.8.(j)** Disbursement of Grant. – A planning grant awarded  
8 under this section may be disbursed in one payment. Other grants awarded under this  
9 section shall be disbursed in two or more payments based on the progress of the project  
10 for which the grant was awarded. To obtain a payment, a grant recipient shall submit a  
11 request for payment to the Rural Center and shall document the expenditures for which  
12 the payment is requested. The Rural Center shall review the payment request for  
13 compliance with all grant conditions.

14 **SECTION 13.8.(k)** Withdrawal of Grant. – An award for a grant for a  
15 project is withdrawn if the applicant fails to enter into a construction contract for the  
16 project within one year after the date of the award for supplemental grants under  
17 subsection (d) of this section, unless the Board of Directors of the Rural Center finds  
18 that the applicant has good cause for the failure. If the Rural Center finds good cause for  
19 an applicant's failure, the Rural Center shall set a date by which the applicant must take  
20 action or forfeit the grant. This subsection does not apply to a planning grant for a  
21 project under subdivision (b)(4) or (b)(5) of this section.

22 **SECTION 13.8.(l)** Inspection of Project. –

23 (1) Authority. – The Rural Center may inspect a project for which it  
24 awards a grant under this section to determine the progress made on  
25 the project and whether the construction of the project is consistent  
26 with the project described in the grant application. The inspection may  
27 be performed by personnel of the Rural Center or by a professional  
28 engineer licensed under Chapter 89C of the General Statutes.

29 (2) Disqualification. – An individual may not perform an inspection of a  
30 project under this section if the individual meets any of the following  
31 criteria:

- 32 a. Is an officer or employee of the local government unit that  
33 received the grant award for the project.  
34 b. Is an owner, officer, employee, or agent of a contractor or  
35 subcontractor engaged in the construction of the project for  
36 which the grant was made.

37 **SECTION 13.8.(m)** The Rural Center may use a portion of the funds  
38 allocated under this section for administration, not to exceed two percent (2%), for the  
39 life of the grant program created by this section. Of these funds for administrative costs,  
40 the sum of two hundred fifty thousand dollars (\$250,000) may be used to fund the  
41 ongoing work of the State Water Infrastructure Commission in the 2008-2009 fiscal  
42 year.

43 **SECTION 13.8.(n)** Reporting Requirement. – The Rural Center shall report  
44 to the Joint Legislative Commission on Governmental Operations on a quarterly basis

1 concerning the progress of the grant program created under this section. The first report  
2 is due no later than December 1, 2008.

3 **SECTION 13.8.(o)** Separate Accounts. – Each grant that is provided under  
4 this section shall be administered through a separate account.

5 **SECTION 13.8.(p)** Loans Prohibited. – The Rural Center shall not use the  
6 funds allocated under this section to make loans.

7  
8 **RURAL CENTER ECONOMIC INFRASTRUCTURE FUND**

9 **SECTION 13.9.(a)** Of the funds appropriated in this act to the North  
10 Carolina Rural Economic Development Center, Inc. (Rural Center), the sum of ten  
11 million dollars (\$10,000,000) for the 2008-2009 fiscal year shall be used to expand the  
12 North Carolina Rural Economic Infrastructure Fund with targeted priority to severely  
13 distressed rural areas.

14 **SECTION 13.9.(b)** The Rural Center shall use the funds appropriated in this  
15 act to establish and implement the Rural Economic Transition Program. This program  
16 shall provide grants and equity investments to carry out transformative economic  
17 development and agricultural enhancement projects that will generate jobs and expand  
18 business activity.

19 **SECTION 13.9.(c)** Units of local government and nonprofit organizations in  
20 rural areas are eligible for grants, with priority to applicants in development tier one  
21 areas as defined in G.S. 143B-437.08.

22 **SECTION 13.9.(d)** Priority for grant funds shall be given to economic  
23 development projects that satisfy one or more of the following criteria:

- 24 (1) It is located in a county or census area with a persistently high poverty  
25 rate of at least one hundred fifty percent (150%) of the State's poverty  
26 rate according to the most recent decennial census.
- 27 (2) It is located in a community that has experienced a sudden and severe  
28 economic downturn as reflected in numbers of business closings,  
29 layoffs, and unemployment rate during the previous 12 months.
- 30 (3) It is located in a small town with a population under 10,000, an  
31 agrarian growth zone as defined in G.S. 143B-437.010, or an urban  
32 progress zone as defined in G.S. 143B-437.09.
- 33 (4) It is identified in community-based strategic planning efforts and  
34 coordinated with other economic development and  
35 community-building initiatives, such as the North Carolina Rural  
36 Economic Development Center Small Town Economic Prosperity  
37 Program, the North Carolina Department of Commerce 21<sup>st</sup> Century  
38 Communities Program, the North Carolina Department of Commerce  
39 Main Street Program, and federally funded Comprehensive Economic  
40 Development Strategies.
- 41 (5) It is supportive of strategies to expand entrepreneurial small business  
42 activity based on the natural, cultural, or historical assets of the  
43 community.

1           (6) It has the ability to demonstrate benefits to small farm business  
2           diversifying into value-added production and marketing, and it  
3           increases opportunities in food and beverage manufacturing and  
4           distribution for small farm entrepreneurs.

5           **SECTION 13.9.(e)** Eligible units of local government and nonprofit  
6 organizations are not required to match grants received under this section, but shall  
7 demonstrate the commitment of other funds to the project.

8           **SECTION 13.9.(f)** Up to twenty percent (20%) of the funds appropriated in  
9 this section may be used for equity investments and loans through the Rural Venture  
10 Fund to private business ventures that will substantially transform and improve the  
11 economic status of rural areas, with priority to businesses locating or expanding in  
12 development tier one areas as defined in G.S. 143B-437.08.

13           **SECTION 13.9.(g)** The Rural Center may use a portion of the funds  
14 appropriated under this section, not to exceed two percent (2%), for administration of  
15 the programs created by this section.

16           **SECTION 13.9.(h)** The Rural Center may contract with other State agencies  
17 and branches of The University of North Carolina for certain aspects of the programs  
18 created under this section, including the design of program guidelines and evaluation of  
19 program results.

20           **SECTION 13.9.(i)** The Rural Center shall report to the Joint Legislative  
21 Commission on Governmental Operations on a quarterly basis concerning the progress  
22 of the programs created under this section. The first report is due no later than  
23 December 1, 2008.

## 24 **PART XIV. JUDICIAL DEPARTMENT**

### 25 **PILOT PROGRAM FOR ALTERNATIVE SCHEDULING**

26  
27           **SECTION 14.1.** Of the funds appropriated to the Office of Indigent Defense  
28 Services in this act, the Office of Indigent Defense Services may spend up to the sum of  
29 twenty-five thousand dollars (\$25,000) to support one or more pilot programs of  
30 alternative scheduling in district or superior court that would reduce defense attorney  
31 wait time and State expense. The establishment of any pilot program under this section  
32 would require the prior agreement of the district attorney, chief district court judge, and  
33 senior resident superior court judge for the district.  
34  
35

### 36 **STUDY TO IDENTIFY MISDEMEANORS THAT SHOULD BE** 37 **DECRIMINALIZED**

38           **SECTION 14.2.** The sum of ten thousand dollars (\$10,000) in funds  
39 appropriated in this act to the Office of Indigent Defense Services shall be used by the  
40 Sentencing and Policy Advisory Commission, in consultation with the Office of  
41 Indigent Defense Services and the Administrative Office of the Courts, to conduct a  
42 study to determine whether there are offenses that are currently classified as  
43 misdemeanors that should be infractions because jail sentences are rarely or never  
44 imposed and because significant State funds are being spent for the representation of

1 indigent persons accused of the misdemeanors. A report on the results of this study shall  
 2 be included in the Office of Indigent Defense Services' annual report due March 1,  
 3 2009.

4  
 5 **OFFICE OF INDIGENT DEFENSE SERVICES EXPANSION OF EXISTING**  
 6 **PUBLIC DEFENDER OFFICES**

7 **SECTION 14.3.** Section 14.4(a) of S.L. 2007-323 reads as rewritten:

8 "**SECTION 14.4.(a)** The Judicial Department, Office of Indigent Defense Services,  
 9 may use up to the sum of two million one hundred ninety-two thousand three hundred  
 10 fifty dollars (\$2,192,350) in appropriated funds during the 2007-2008 fiscal year ~~and up~~  
 11 ~~to the sum of two million eighty-two thousand five hundred ten dollars (\$2,082,510) in~~  
 12 ~~appropriated funds during the 2008-2009 fiscal year~~ for the expansion of existing or  
 13 new public defender offices currently providing legal services to the indigent population  
 14 under the oversight of the Office of Indigent Defense Services by creating up to 20 new  
 15 attorney positions and 10 new support staff ~~positions.~~ positions during the 2007-2008  
 16 fiscal year. In addition, the Office of Indigent Defense Services may use up to the sum  
 17 of two million three hundred thousand eight hundred fifty dollars (\$2,300,850) in  
 18 appropriated funds during the 2008-2009 fiscal year to create up to 20 new attorney and  
 19 10 new support staff positions in existing offices during the 2008-2009 fiscal year.  
 20 These funds may be used for salaries, benefits, equipment, and related expenses. Prior  
 21 to using funds for this purpose, the Office of Indigent Defense Services shall report to  
 22 the Chairs of the House of Representatives and the Senate Appropriations  
 23 Subcommittees on Justice and Public Safety on the proposed expansion."  
 24

25 **REPEAL PUBLIC DEFENDER EXPANSION AUTHORITY**

26 **SECTION 14.4.(a)** Section 14.4(b) of S.L. 2007-323 is repealed.  
 27

28 **REPEAL JUDICIAL DEPARTMENT GRANT FUNDS MATCHING**  
 29 **AUTHORIZATION AND REPORTING REQUIREMENT**

30 **SECTION 14.5.** Section 14.2 of S.L. 2007-323 is repealed.  
 31

32 **ADDITIONAL ASSISTANT DISTRICT ATTORNEYS**

33 **SECTION 14.6.** G.S. 7A-60(a1) reads as rewritten:

34 "(a1) The counties of the State are organized into prosecutorial districts, and each  
 35 district has the counties and the number of full-time assistant district attorneys set forth  
 36 in the following table:

Prosecutorial District	Counties	No. of Full-Time Asst. District Attorneys
1	Camden, Chowan, Currituck, Dare, Gates, Pasquotank, Perquimans	11
2	Beaufort, Hyde, Martin, Tyrrell, Washington	7 <u>8</u>

1	3A	Pitt	11
2	3B	Carteret, Craven, Pamlico	12
3	4	Duplin, Jones, Onslow,	18
4		Sampson	
5	5	New Hanover, Pender	<del>17</del> <u>18</u>
6	6A	Halifax	5
7	6B	Bertie, Hertford,	6
8		Northampton	
9	7	Edgecombe, Nash, Wilson	<del>18</del> <u>19</u>
10	8	Greene, Lenoir, Wayne	14
11	9	Franklin, Granville,	12
12		Vance, Warren	
13	9A	Person, Caswell	<del>5</del> <u>6</u>
14	10	Wake	<del>39</del> <u>41</u>
15	11	Harnett, Johnston, Lee	<del>17</del> <u>18</u>
16	12	Cumberland	<del>22</del> <u>23</u>
17	13	Bladen, Brunswick, Columbus	13
18	14	Durham	<del>16</del> <u>18</u>
19	15A	Alamance	<del>10</del> <u>11</u>
20	15B	Orange, Chatham	10
21	16A	Scotland, Hoke	<del>6</del> <u>7</u>
22	16B	Robeson	13
23	17A	Rockingham	<del>6</del> <u>7</u>
24	17B	Stokes, Surry	<del>7</del> <u>8</u>
25	18	Guilford	<del>31</del> <u>32</u>
26	19A	Cabarrus	9
27	19B	Montgomery, Randolph	<del>9</del> <u>10</u>
28	19C	Rowan	<del>7</del> <u>8</u>
29	19D	Moore	5
30	20A	Anson, Richmond,	<del>11</del> <u>12</u>
31		Stanly	
32	20B	Union	<del>9</del> <u>10</u>
33	21	Forsyth	<del>24</del> <u>25</u>
34	22	Alexander, Davidson, Davie,	20
35		Iredell	
36	23	Alleghany, Ashe, Wilkes,	8
37		Yadkin	
38	24	Avery, Madison, Mitchell,	7
39		Watauga, Yancey	
40	25	Burke, Caldwell, Catawba	<del>18</del> <u>19</u>
41	26	Mecklenburg	<del>53</del> <u>57</u>
42	27A	Gaston	<del>14</del> <u>15</u>
43	27B	Cleveland,	<del>10</del> <u>11</u>
44		Lincoln	

1	28	Buncombe	<del>13</del> 14
2	29A	McDowell, Rutherford	7
3	29B	Henderson, Polk, Transylvania	8
4	30	Cherokee, Clay, Graham,	11
5		Haywood, Jackson, Macon,	
6		Swain."	

**FEASIBILITY STUDY ON PROVIDING THE OFFICE OF INDIGENT DEFENSE SERVICES WITH INDIGENT CASE INFORMATION WHEN CASES ARE INITIATED**

**SECTION 14.7.** The Office of Indigent Defense Services and the Administrative Office of the Courts shall consult on developing a statewide system to enable the Office of Indigent Defense Services to obtain information about indigent cases when counsel is first appointed and shall develop a proposal for statewide implementation of such a system. A report on this proposal shall be included in the Office of Indigent Defense Services' annual report due March 1, 2009.

**JCPC EFFECTIVENESS STUDY**

**SECTION 14.8.(a)** The Judicial Department, through the North Carolina Sentencing and Policy Advisory Commission, shall conduct a feasibility study for measuring the effectiveness of programs that receive Juvenile Crime Prevention Council (JCPC) grant funds. All State agencies and community-based programs that receive JCPC funding shall provide data as requested by the Commission.

The Sentencing and Policy Advisory Commission shall provide an interim report on the results of the feasibility study to the Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight Committee, the Chairs of the House of Representatives and Senate Appropriations Committees and the Chairs of the House of Representatives and Senate Appropriations Subcommittees on Justice and Public Safety by December 1, 2008. The final plan for measuring the effectiveness of JCPC programs shall be provided to the Chairs of the Senate and House of Representatives Appropriations Committees and the Chairs of the Senate and House of Representatives Appropriations Subcommittees on Justice and Public Safety by May 1, 2009.

**SECTION 14.8.(b)** G.S. 143B-519 is repealed.

**LEGAL ASSISTANCE TO HOMEOWNERS**

**SECTION 14.9.** G.S. 7A-474.3(b) reads as rewritten:

"(b) Eligible Cases. – Legal assistance shall be provided to eligible clients under this Article only in the following types of cases:

- (1) Family violence or spouse abuse;
- (2) Assistance for the disabled in obtaining federal Social Security benefits;
- (2a) Assistance for eligible clients in obtaining benefits or assistance under any federal law or program providing benefits or assistance for human trafficking victims;

- 1           (3) Representation of eligible farmers faced with the potential of farm  
2           foreclosure;
- 3           (4) Representation of eligible clients over the age of 60 regarding the  
4           following matters:  
5           a. Wills and estates;  
6           b. Safe and sanitary housing;  
7           c. Pensions and retirement rights;  
8           d. Social Security and Medicare rights;  
9           e. Access to health care;  
10          f. Food and nutrition; and  
11          g. Transportation.
- 12          (5) Representation of eligible clients designed to enable them to obtain the  
13          necessary skills and means to obtain meaningful employment at a  
14          decent wage and reduce the public welfare rolls; and
- 15          (6) Representation of eligible clients under the age of 21 or eligible  
16          families with legal problems affecting persons under the age of 21  
17          regarding the following matters:  
18          a. Financial support and custody of children;  
19          b. Child care;  
20          c. Child abuse or neglect;  
21          d. Safe and sanitary housing;  
22          e. Food and nutrition; and  
23          f. Access to health care.
- 24          (7) Legal assistance to consumers in cases involving predatory mortgage  
25          lending, mortgage broker and loan services abuses, foreclosure  
26          defense, and other legal issues that relate to helping consumers avoid  
27          foreclosure and home loss."

## 28

## 29 **PART XV. DEPARTMENT OF JUSTICE**

### 30

### 31 **FUNDS FOR PENDING CIVIL LITIGATION EXPENSES**

32           **SECTION 15.1.** Notwithstanding G.S. 143-215.3A, from funds in the Water  
33           and Air Quality Account, the Department of Environment and Natural Resources shall  
34           transfer the sum of one million dollars (\$1,000,000) for the 2008-2009 fiscal year to the  
35           Office of State Budget and Management, Litigation Reserve. These funds shall be used  
36           by the Department of Justice solely for expenses related to either ex rel. Cooper v.  
37           Tennessee Valley Authority, No. 1:06CV20 (W.D.N.C. filed Jan 30, 2006) or South  
38           Carolina v. North Carolina, No. 220138 ORG (U.S. Sup. Ct. filed June 7, 2007). Any of  
39           these funds that remain unused on June 30, 2009, shall revert to the Water and Air  
40           Quality Account.

### 41

### 42 **USE OF SEIZED AND FORFEITED RECEIPTS FOR REPLACEMENT**

### 43 **LABORATORY EQUIPMENT AND FORENSIC FIREARMS ANALYST**

### 44 **START-UP COSTS**

1           **SECTION 15.2.** The Department of Justice is authorized to use up to one  
 2 hundred forty thousand dollars (\$140,000) of receipts transferred to the Department  
 3 pursuant to applicable federal law to purchase replacement laboratory equipment and  
 4 for start-up costs associated with the forensic firearms analyst positions approved in this  
 5 act. Notwithstanding Section 15.3 of S.L. 2007-323, the Department is not required to  
 6 seek prior approval to use these funds for the purposes described in this section.

7  
 8           **PART XVI. DEPARTMENT OF JUVENILE JUSTICE AND DELINQUENCY**  
 9                           **PREVENTION**

10  
 11           **JCPC GRANT REPORTING AND CERTIFICATION**

12           **SECTION 16.1.(a)** Section 18.2(a) of S.L. 2007-323 reads as rewritten:

13           "**SECTION 18.2.(a)** On or before ~~April 1~~ October 1 of each year, the Department  
 14 of Juvenile Justice and Delinquency Prevention shall submit to the Joint Legislative  
 15 Commission on Governmental Operations and the Appropriations Committees of the  
 16 Senate and House of Representatives a list of the recipients of the grants awarded, or  
 17 preapproved for award, from funds appropriated to the Department for local Juvenile  
 18 Crime Prevention Council ~~grants. The list shall include for each recipient grants,~~  
 19 including:

- 20           (1) ~~the~~ The amount of the grant awarded, ~~awarded.~~  
 21           (2) ~~the~~ The membership of the local committee or council administering  
 22           the award funds on the local level, ~~and level.~~  
 23           (3) The type of program funded.  
 24           (4) a ~~A~~ short description of the local services, programs, or projects that  
 25           will receive funds. ~~funds.~~  
 26           (5) ~~The list shall also identify~~ Identification of any programs that received  
 27           grant funds at one time but for which funding has been eliminated by  
 28           the ~~Department of Juvenile Justice and Delinquency Prevention.~~  
 29           Department.  
 30           (6) The number of at-risk, diverted, and adjudicated juveniles served by  
 31           county.  
 32           (7) The Department's actions to ensure that county JCPC's prioritize  
 33           funding for dispositions of intermediate and community-level  
 34           sanctions for court-adjudicated juveniles under minimum standards  
 35           adopted by the Department.  
 36           (8) The total cost for each funded program, including the cost per juvenile  
 37           and the essential elements of the program.

38           A written copy of the list and other information regarding the projects shall also be  
 39 sent to the Fiscal Research Division of the General Assembly."

40           **SECTION 16.1.(b)** Section 18.2(d) of S.L. 2007-323 is repealed.

41  
 42           **SUPPORT OUR STUDENTS (SOS) GRANT ELIGIBILITY**

43           **SECTION 16.2.** G.S. 143B-152.4(a) reads as rewritten:

44           "(a) ~~A~~ Any of the following may apply for a grant:



- 1           (1) ~~A community- or neighborhood-based 501(c)(3) entity or a consortium~~  
2           ~~consisting of one or more local 501(c)(3) entities and one or more~~  
3           ~~local school administrative units may apply for a grant.~~entity.  
4           (2) A community-based, public or private nonprofit, tax exempt  
5           organization.  
6           (3) A school system.  
7           (4) A local government agency."  
8

## 9 JUVENILE CRIME PREVENTION COUNCILS (JCPC) FORMULA REVISION

10           **SECTION 16.3.** The Department of Juvenile Justice and Delinquency  
11 Prevention, the NC Juvenile Services Association, and the Community Alternatives for  
12 Youth, in consultation with the Fiscal Research Division, shall develop and propose a  
13 revision to the county allocation formula for Juvenile Crime Prevention Councils. The  
14 Department shall report the recommendations to the Joint Legislative Corrections,  
15 Crime Control, and Juvenile Justice Oversight Committee, the Chairs of the House of  
16 Representatives and Senate Appropriations Committees and the Chairs of the  
17 Subcommittees on Justice and Public Safety of the House of Representatives and Senate  
18 Appropriations Committees by December 1, 2008.  
19

## 20 STATE FUNDS MAY BE USED AS FEDERAL MATCHING FUNDS

21           **SECTION 16.4.** Section 18.5 of S.L. 2007-323 reads as rewritten:

22           **"SECTION 18.5.** Funds appropriated in this act from the General Fund to the  
23 Department of Juvenile Justice and Delinquency Prevention for the 2007-2008 fiscal  
24 year-2008-2009 fiscal year may be used as matching funds for the Juvenile  
25 Accountability Incentive Block Grants. If North Carolina receives Juvenile  
26 Accountability Incentive Block Grants, or a notice of funds to be awarded, the Office of  
27 State Budget and Management and the Governor's Crime Commission shall consult  
28 with the Department of Juvenile Justice and Delinquency Prevention regarding the  
29 criteria for awarding federal funds. The Office of State Budget and Management, the  
30 Governor's Crime Commission, and the Department of Juvenile Justice and  
31 Delinquency Prevention shall report to the Appropriations Committees of the House of  
32 Representatives and Senate and the Joint Legislative Commission on Governmental  
33 Operations prior to allocation of the federal funds. The report shall identify the amount  
34 of funds to be received for the ~~2007-2008 fiscal year,~~2008-2009 fiscal year, the amount  
35 of funds anticipated for the ~~2008-2009 fiscal year,~~2009-2010 fiscal year, and the  
36 allocation of funds by program and purpose."  
37

## 38 PART XVII. DEPARTMENT OF CORRECTION

### 39 TEMPORARY HOUSING FUNDS

40           **SECTION 17.1.(a)** The Department of Correction may use funds available  
41 during the 2008-2009 fiscal year to secure appropriate temporary housing for offenders  
42 on post-release supervision, probation, or parole. The Department may use available  
43 funds to secure housing in a homeless shelter, halfway house, or other housing provider  
44

1 that is already under contract with the federal government in order to provide housing  
2 for offenders who do not have a viable home placement plan and are at risk of being  
3 homeless. The Department shall ensure that no offender is placed in a hotel, motel,  
4 nursing home, adult care facility, group home containing the physically or  
5 developmentally disabled, or residential facility where minors are housed.

6 **SECTION 17.1.(b)** The Department may not use available funds as  
7 authorized by this section to provide housing for any offender for a continuous period  
8 exceeding 30 days.

9 **SECTION 17.1.(c)** The Department of Correction shall study the feasibility  
10 of establishing a central facility or facilities to provide temporary housing for offenders  
11 on post-release supervision, probation, or parole who do not have a viable home  
12 placement plan and are at risk of being homeless. The Department shall report its  
13 findings to the Joint Legislative Corrections, Crime Control, and Juvenile Justice  
14 Oversight Committee by January 1, 2009.

#### 15 16 **FEDERAL GRANT MATCHING FUNDS**

17 **SECTION 17.2.** Section 17.12 of S.L. 2007-323 reads as rewritten:

18 "SECTION 17.12. Notwithstanding the provisions of G.S.143C-6-9, the  
19 Department of Correction may use up to the sum of one million two hundred thousand  
20 dollars (\$1,200,000) during the 2007-2008 fiscal year and up to the sum of one million  
21 five hundred thousand dollars (\$1,500,000) during the 2008-2009 fiscal year from funds  
22 available to the Department to provide the State match needed in order to receive  
23 federal grant funds. Prior to using funds for this purpose, the Department shall report to  
24 the Chairs of the House of Representatives and Senate Appropriations Subcommittees  
25 on Justice and Public Safety and the Joint Legislative Commission on Governmental  
26 Operations on the grants to be matched using these funds."  
27

#### 28 **RESERVE FUND FOR PROBATION AND PAROLE STAFFING AND** 29 **RESOURCES**

30 **SECTION 17.3.** Of the funds appropriated in this act to the Department of  
31 Correction, a reserve fund of three million dollars (\$3,000,000) is established in the  
32 Office of State Budget and Management to address critical staffing and resource needs  
33 in Probation and Parole Field Services, Department of Correction. The designation of  
34 these funds is pending the outcome of a National Institute of Corrections review. The  
35 sum of one million dollars (\$1,000,000) in nonrecurring funds in the reserve shall not  
36 revert at the end of the fiscal year, but shall remain available to the Department for the  
37 purposes identified in the NIC review.

38 Prior to using any funds from the reserve authorized by this section, the  
39 Department of Correction shall consult with the Joint Legislative Commission on  
40 Governmental Operations and the Chairs of the House of Representatives and Senate  
41 Appropriations Subcommittees on Justice and Public Safety on the proposed use of the  
42 funds and the reasons for the proposal.  
43

#### 44 **REPORT ON PROBATION AND PAROLE CASELOADS**

1           **SECTION 17.4.** Section 17.16 of S.L. 2007-323 reads as rewritten:

2           **"SECTION 17.16.(a)** The Department of Correction shall report by March 1 of  
3 each year to the Chairs of the House of Representatives and Senate Appropriations  
4 Subcommittees on Justice and Public Safety and the Joint Legislative Corrections,  
5 Crime Control, and Juvenile Justice Oversight Committee on caseload averages for  
6 probation and parole officers. The report shall include:

7           (1) Data on current caseload averages for Probation Parole Officer I,  
8 Probation Parole Officer II, ~~and Probation Parole Officer III positions;~~  
9 and Chief Probation Parole Officer positions;

10          (2) An analysis of the optimal caseloads for these officer classifications;

11          (3) An assessment of the role of surveillance officers;

12          (4) The number and role of paraprofessionals in supervising low-risk  
13 caseloads;

14          (5) An update on the Department's implementation of the  
15 recommendations contained in the National Institute of Correction  
16 study conducted on the Division of Community Corrections in 2004;

17          (6) ~~The selection of a risk assessment and the resulting distribution of~~  
18 ~~offenders among risk levels; The process of assigning offenders to an~~  
19 ~~appropriate supervision level based on a risk assessment, and an~~  
20 ~~examination of other existing resources for assessment and case~~  
21 ~~planning, including the Sentencing Services Program in the Office of~~  
22 ~~Indigent Defense Services, and the range of screening and assessment~~  
23 ~~services provided by the Division of Mental Health, Developmental~~  
24 ~~Disability, and Substance Abuse Services in the Department of Health~~  
25 ~~and Human Services; and~~

26          (7) Any position reallocations in the previous 12 months, and the reasons  
27 for and fiscal impact of those reallocations.

28           **"SECTION 17.16.(b)** The Department of Correction shall conduct a study of  
29 probation/parole officer workload at least biannually. The study shall include analysis of  
30 the type of offenders supervised, the distribution of the probation/parole officers' time  
31 by type of activity, the caseload carried by the officers, and comparisons to practices in  
32 other states. The study shall be used to determine whether the caseload goals established  
33 by the Structured Sentencing Act are still appropriate, based on the nature of the  
34 offenders supervised and the time required to supervise those offenders.

35           **"SECTION 17.16.(c)** The Department of Correction shall report the results of the  
36 study and recommendations for any adjustments to caseload goals to the House of  
37 Representatives and Senate Appropriations Subcommittees on Justice and Public Safety  
38 by January 1, 2009.

39           **"SECTION 17.16.(d)** The Office of State Personnel, in conjunction with the  
40 Department of Correction, shall conduct a compensation study of Probation Parole  
41 Officers, including a comparison with other states, Juvenile Justice court counselors,  
42 other law enforcement, social workers, and other comparable job classifications with a  
43 role in assessing client needs and developing case plans to address those risks and  
44 needs. The Office of State Personnel shall report the results of the study and

1 recommendations for any adjustments to the House of Representatives and Senate  
2 Appropriations Subcommittees on Justice and Public Safety by March 1, 2009."

3  
4 **PART XVIII. DEPARTMENT OF CRIME CONTROL AND PUBLIC SAFETY**

5  
6 **GOVERNOR'S CRIME COMMISSION STUDY/EXPAND JUVENILE**  
7 **JURISDICTION**

8 **SECTION 18.1.(a)** The Governor's Crime Commission and its adjunct  
9 committees shall study the legal, systematic, and organizational impact of expanding the  
10 jurisdiction of the Department of Juvenile Justice and Delinquency Prevention to  
11 include persons 16 and 17 years of age who commit crimes or infractions under State  
12 law or under an ordinance of local government. In particular, the Commission shall  
13 perform the following functions regarding the proposed expansion of the jurisdiction of  
14 the Department of Juvenile Justice and Delinquency Prevention to include 16- and  
15 17-year-olds who commit crimes or infractions under State or local law:

- 16 (1) Identify the costs to the State court system and State and local law  
17 enforcement.
- 18 (2) Review the relevant State laws that should be conformed or amended,  
19 including, but not limited to, the motor vehicle and criminal laws, the  
20 laws regarding expunction of criminal records, and other juvenile laws.
- 21 (3) Review the experience of any other states which have within recent  
22 years expanded the juvenile justice jurisdiction to 16- and  
23 17-year-olds.
- 24 (4) Identify the practical issues for the Department of Juvenile Justice and  
25 Delinquency Prevention to implement best practices for programs and  
26 facilities that would meet the unique needs of the older youth under the  
27 proposal without adversely affecting the existing departmental  
28 programming.
- 29 (5) Review the relevant State laws on sharing of juvenile information with  
30 other State departments and agencies.
- 31 (6) Create a specific plan of the actions that are necessary to implement  
32 the expansion of the jurisdiction of the Department of Juvenile Justice  
33 and Delinquency Prevention.
- 34 (7) Determine the total cost of expanding the jurisdiction of the  
35 Department of Juvenile Justice and Delinquency Prevention.
- 36 (8) Conduct a cost benefit analysis of expanding the jurisdiction of the  
37 Department of Juvenile Justice and Delinquency Prevention with  
38 specific information on possible future fiscal savings anywhere within  
39 State government as a result of expenditures necessary to implement  
40 the expansion.
- 41 (9) Determine whether federal or other funds are available to aid in the  
42 transition and expansion, or both, of the age of juvenile jurisdiction to  
43 16- and 17-year-olds.

1           **SECTION 18.1.(b)** The Commission may contract with an independent  
2 group or groups for the oversight and management of this study project, a service needs  
3 study, and a courts study, and to periodically report those findings to the Commission.

4           **SECTION 18.1.(c)** The Department of Juvenile Justice and Delinquency  
5 Prevention and all other departments, agencies, institutions, or officers of the State or  
6 any political subdivision of the State, shall cooperate with the Commission in this study,  
7 shall provide the Commission with any requested facilities, data, or other assistance,  
8 and help the Commission identify any collateral effect which might result from  
9 implementation of the proposal on the program and operations of the relevant State  
10 department, agency, or the political subdivision.

11           **SECTION 18.1.(d)** The Commission shall submit a report of its findings and  
12 legislative, administrative, and funding recommendations by April 1, 2009, to the  
13 General Assembly and the Governor.

14           In addition to its final report, the Commission shall report in writing on the  
15 progress of this study on a quarterly basis beginning on October 1, 2008, and by the first  
16 day of every quarter thereafter until the Commission submits its final report to the  
17 General Assembly, to the chairs and cochairs, as applicable, of the standing committees  
18 or subcommittees of the General Assembly listed in subsections (e) and (f) of this  
19 section. A copy of each progress report made to the standing committee and  
20 subcommittee chairs shall also be filed in the Legislative Library.

21           **SECTION 18.1.(e)** The Commission shall report to all of the following  
22 standing committees or subcommittees in the House of Representatives pursuant to this  
23 section:

- 24           (1) Appropriations: Justice and Public Safety.
- 25           (2) Children, Youth, and Families.
- 26           (3) Education: Preschool, Elementary, and Secondary Education.
- 27           (4) Juvenile Justice.
- 28           (5) All of the Judiciary Committees.

29           **SECTION 18.1.(f)** The Commission shall report to all of the following  
30 standing committees or subcommittees in the Senate pursuant to this section:

- 31           (1) Appropriations: Justice and Public Safety.
- 32           (2) Education and Higher Education.
- 33           (3) All of the Judiciary Committees.

34           **SECTION 18.1.(g)** Of the funds appropriated by this act to the Department  
35 of Crime Control and Public Safety, the Governor's Crime Commission for the  
36 2008-2009 fiscal year, the Commission may use up to two hundred thousand dollars  
37 (\$200,000) to conduct the study authorized by this section. The Commission may also  
38 apply for, receive, or accept grants and contributions from any source of money or any  
39 other thing of value to be held and used for the purposes of the study authorized by this  
40 section.

#### 41 42 **ENHANCE RAPE VICTIMS ASSISTANCE PROGRAM**

43           **SECTION 18.2.(a)** G.S. 143B-480.2 reads as rewritten:  
44 "**§ 143B-480.2. Victim assistance.**

1 (a) Eligibility for Assistance. – Sexual assault victims or victims of attempted  
 2 sexual assault are eligible for assistance under this Program if the sexual assault or the  
 3 attempted sexual assault is reported to a law enforcement officer within ~~five days~~72  
 4 hours of the occurrence of the assault or the attempted sexual assault and if a forensic  
 5 medical examination is performed within ~~five days~~72 hours of the sexual assault or the  
 6 attempted sexual assault. The Secretary may waive either ~~five day~~72-hour requirement  
 7 for good cause. The term "sexual assault" as used in this section refers to the following  
 8 crimes: first-degree rape as defined in G.S. 14-27.2, second-degree rape as defined in  
 9 G.S. 14-27.3, first-degree sexual offense as defined in G.S. 14-27.4, second-degree  
 10 sexual offense as defined in G.S. 14-27.5, or statutory rape as defined in G.S. 14-27.7A.

11 (b) Eligible Expenses. – Assistance is limited to the following expenses incurred  
 12 by the victim:

- 13 (1) Immediate and short-term medical expenses.
- 14 (2) Ambulance services from the place of the attack to a place where  
 15 medical treatment is provided.
- 16 (3) Mental health services provided by a professional licensed or certified  
 17 by the State to provide such services.
- 18 (4) A forensic medical examination. As used in this section, the term  
 19 "forensic medical examination" means an examination provided to a  
 20 sexual assault victim eligible for assistance under subsection (a) of this  
 21 section by medical ~~medical~~-personnel who gather evidence of a sexual  
 22 assault in a manner suitable for use in a court of law. The examination  
 23 should include an examination of physical trauma, a patient interview,  
 24 and a collection and evaluation of evidence.
- 25 (5) Counseling treatment following the attack.

26 (c) Amount of Assistance. – The Program shall pay for the ~~full out of pocket~~  
 27 ~~cost of the victim's forensic medical examination.~~examination up to eight hundred  
 28 dollars (\$800.00). Specifically, the Program shall pay amounts for services in  
 29 accordance with the following schedule:

<u>Service:</u>	<u>Maximum Amount Paid by Program:</u>
<u>Physician or SANE Nurse</u>	<u>\$350.00</u>
<u>Hospital/Facility Fee</u>	<u>\$250.00</u>
<u>Ambulance Fee</u>	<u>\$200.00</u>
<b><u>Total:</u></b>	<b><u>\$800.00</u></b>

38 The Program shall pay for all other eligible expenses set out in subsection (b) of this  
 39 section in an amount not to exceed the difference between the ~~full out of pocket~~ cost of  
 40 the forensic medical examination and one thousand dollars (\$1,000). ~~If the full~~  
 41 ~~out of pocket cost for the forensic medical examination costs more than one thousand~~  
 42 ~~dollars (\$1,000), then the Program shall pay only for the full out of pocket cost of the~~  
 43 ~~forensic medical examination.~~ Assistance not to exceed fifty dollars (\$50.00) shall be  
 44 provided to victims to replace clothing that was held for evidence tests.

1 (d) ~~Payment Directly to Provider. – With the exception of assistance authorized~~  
2 ~~under subsection (f) of this section, assistance for expenses authorized under this section~~  
3 ~~is to be paid directly to any hospital, ambulance service, attending physicians, or mental~~  
4 ~~health professionals providing counseling, upon the filing of proper forms. Payment for~~  
5 ~~the full out-of-pocket cost of the forensic medical examination shall be paid to the~~  
6 ~~provider no later than 90 days after receiving the required written notification of the~~  
7 ~~victim's expense.~~If the entity seeking payment for expenses authorized under this  
8 section is a hospital, ambulance service, or mental health professional providing  
9 counseling, the Program shall make payment directly to that entity upon the filing of  
10 proper forms. If the entity seeking payment for expenses authorized under this section is  
11 an attending physician or licensed registered nurse, the Program shall make payment to  
12 a hospital, which shall then pay the entity seeking payment. Attending physicians and  
13 licensed registered nurses shall not bill or otherwise seek payment directly from the  
14 Program, but shall instead seek payment from the hospital that accepted payment on the  
15 entity's behalf. No payment for the cost of the forensic medical examination shall be  
16 made under this subsection unless the recipient agrees in writing that receipt of that  
17 payment shall constitute payment in full for the amount owed for the cost of the  
18 examination and expenses related to the examination.

19 (e) Judicial Review. – Upon an adverse determination by the Secretary on a  
20 claim for medical expenses, a victim is entitled to judicial review of that decision. The  
21 person seeking review shall file a petition in the Superior Court of Wake County.

22 (f) ~~Examinations by Licensed Registered Nurse. – If the forensic medical~~  
23 ~~examination is conducted by a licensed registered nurse who has successfully completed~~  
24 ~~a program approved under G.S. 90-171.38(b), payment for the full out-of-pocket cost of~~  
25 ~~the forensic medical examination may be made directly to the licensed registered nurse~~  
26 ~~in lieu of any payment which may otherwise have been made under subsection (d) of~~  
27 ~~this section. Payment for the full out-of-pocket costs of a forensic medical examination~~  
28 ~~under this subsection shall be paid no later than 90 days after receiving the required~~  
29 ~~written notification of the victim's expense. The Secretary shall adopt rules to facilitate~~  
30 ~~the payments authorized under this subsection and to encourage, whenever practical, the~~  
31 ~~use of licensed registered nurses trained under G.S. 90-171.38(b) to conduct medical~~  
32 ~~examinations and procedures."~~

33 **SECTION 18.2.(b)** G.S. 143B-480.3 reads as rewritten:

34 **"§ 143B-480.3. Reduction of benefits; restitution; actions.**

35 (a) Assistance shall be reduced or denied to the extent the medical expenses are  
36 recouped through a public or private insurance plan or other victim benefit  
37 ~~source.~~source, except that the Program shall pay any co-payment that the victim is  
38 required to pay in connection with the forensic medical examination up to the maximum  
39 amount that the Program will pay for a forensic medical exam under  
40 G.S. 143B-480.2(c).

41 (b) The Program shall be an eligible recipient for restitution or reparation under  
42 G.S. 15A-1021, 15A-1343, 148-33.1, 148-33.2, 148-57.1, and any other applicable  
43 statutes.

44 (c) When any victim who:

1 (1) Has received assistance under this Part;  
 2 (2) Brings an action for damages arising out of the rape, attempted rape,  
 3 sexual offense, or attempted sexual offense for which she received that  
 4 assistance; and  
 5 (3) Recovers damages including the expenses for which she was awarded  
 6 assistance,  
 7 the court shall make as part of its judgment an order for reimbursement to the Program  
 8 of the amount of any assistance awarded less reasonable expenses allocated by the court  
 9 to that recovery.

10 (d) Funds appropriated to the Department of Crime Control and Public Safety for  
 11 this program may be used to purchase and distribute rape evidence collection kits  
 12 approved by the State Bureau of Investigation."

13 **SECTION 18.2.(c)** Of the funds appropriated by this act to the Department  
 14 of Crime Control and Public Safety for the 2008-2009 fiscal year, the sum of one  
 15 million seventy-eight thousand seventy-eight dollars (\$1,078,078) may be used to  
 16 enhance the ability of the Assistance Program for Victims of Rape and Sex Offenses to  
 17 provide assistance to victims of rape and sexual offenses.  
 18

19 **REPORT ON THE USE OF ILLEGAL IMMIGRATION PROJECT FUNDS**

20 **SECTION 18.3.** No later than March 1, 2009, the North Carolina Sheriffs'  
 21 Association shall submit a report to the Chairs of the House and Senate Appropriations  
 22 Committees and the Chairs of the House and Senate Appropriations Subcommittees on  
 23 Justice and Public Safety on the operations and effectiveness of the Illegal Immigration  
 24 Project. The report shall include all of the following:

- 25 (1) An overview of the program.
- 26 (2) The program budget.
- 27 (3) A summary of work done with funds received, which shall include the  
 28 following information:
  - 29 a. The total number of law enforcement agencies that received  
 30 funding from the program for officer training.
  - 31 b. The total number of officers trained.
  - 32 c. The total number of training sessions administered.
  - 33 d. Copies of educational/informational materials distributed.
- 34 (4) Recommendations on ways that federal, State, and local resources can  
 35 be used to further improve the effectiveness of the Illegal Immigration  
 36 Project and other immigration enforcement initiatives.  
 37

38 **PART XIX. DEPARTMENT OF ADMINISTRATION**

39 **SEXUAL ASSAULT AND RAPE CRISIS CENTER FUND**

40 **SECTION 19.1.** Article 11 of Chapter 143B of the General Statutes is  
 41 amended by adding a new Part to read:

42 "Part 3B. Sexual Assault and Rape Crisis Center Fund.

43 "§ 143B-480.20. Sexual Assault and Rape Crisis Center Fund.  
 44



1       (a) The Sexual Assault and Rape Crisis Center Fund is established within the  
2 State Treasury. The fund shall be administered by the Department of Administration,  
3 North Carolina Council for Women, and shall be used to make grants to centers for  
4 victims of sexual assault or rape crisis and to the North Carolina Coalition Against  
5 Sexual Assault, Inc. This fund shall be administered in accordance with the provisions  
6 of the State Budget Act under Chapter 143C of the General Statutes. The Department of  
7 Administration shall make quarterly grants to each eligible sexual assault or rape crisis  
8 center and to the North Carolina Coalition Against Sexual Assault, Inc. To be eligible to  
9 receive funds under this section, a sexual assault or rape crisis center shall meet the  
10 following requirements:

- 11           (1) Have been in operation on the preceding July 1 and continue to be in  
12 operation.
- 13           (2) Offer all of the following services: a hotline, transportation services,  
14 community education programs, daytime services, and call forwarding  
15 during the night; and fulfill other criteria established by the  
16 Department of Administration.
- 17           (3) Be a nonprofit corporation or a local governmental entity.
- 18           (4) Have a mission statement that clearly specifies rape crisis services are  
19 provided.
- 20           (5) Act in support of victims of rape or sexual assault by providing  
21 assistance to ensure victims' interests are represented in law  
22 enforcement and legal proceedings and support and referral services  
23 are provided in medical and community settings.

24       (b) Funds appropriated from the General Fund to the Department of  
25 Administration, North Carolina Council for Women, for the Sexual Assault and Rape  
26 Crisis Center Fund shall be distributed in two shares. The North Carolina Coalition  
27 Against Sexual Assault, Inc., and sexual assault or rape crisis centers whose services are  
28 confined to rape crisis or sexual assault services shall receive an equal share of  
29 thirty-five percent (35%) of the funds. Organizations whose services contain sexual  
30 assault or rape crisis services and domestic violence services or other support services  
31 shall receive an equal share of the remaining sixty-five percent (65%) of the funds."  
32

## 33 SCHOLARSHIPS FOR CHILDREN OF WAR VETERANS

34       SECTION 19.2.(a) G.S. 165-21 reads as rewritten:

### 35 "§ 165-21. Scholarship.

36       (a) A scholarship granted pursuant to this Article shall consist of the following  
37 benefits in either a State or private educational institution:

- 38           (1) With respect to State educational institutions, unless expressly limited  
39 elsewhere in this Article, a scholarship shall consist of:
  - 40           a. ~~Tuition,~~ Tuition at the State educational institution.
  - 41           b. ~~A reasonable standard board allowanee,~~ allowance.
  - 42           c. ~~A reasonable standard room allowanee,~~ allowance.
  - 43           d. Matriculation and other institutional fees required to be paid as  
44 a condition to remaining in ~~said~~ the institution and pursuing the

- 1 course of study selected, ~~excluding charges or fees for books,~~  
2 ~~supplies, tools and clothing selected.~~
- 3 e. An allowance of five hundred dollars (\$500.00) per academic  
4 year for charges or fees for books, supplies, and equipment.
- 5 (2) With respect to private educational institutions, a scholarship shall  
6 consist of a monetary allowance as prescribed in G.S. 165-22.1(d).
- 7 (3) Only one scholarship may be granted pursuant to this Article with  
8 respect to each child and it shall not extend for a longer period than  
9 four academic years, which years, however, need not be consecutive.
- 10 (4) No educational assistance shall be afforded a child under this Article  
11 after the end of an eight-year period beginning on the date the  
12 scholarship is first awarded. Those persons who have been granted a  
13 scholarship under this Article prior to the effective date of this act shall  
14 be entitled to the remainder of their period of scholarship eligibility if  
15 used prior to August 1, 2010. Whenever a child is enrolled in an  
16 educational institution and the period of entitlement ends while  
17 enrolled in a term, quarter or semester, such period shall be extended  
18 to the end of such term, quarter or semester, but not beyond the  
19 entitlement limitation of four academic years.
- 20 (5) A scholarship awarded to a student under this section shall not exceed  
21 the cost of attendance at the State educational institution at which the  
22 student is enrolled. If a student, who is eligible for a scholarship under  
23 this section, also receives a scholarship or other grant covering the cost  
24 of attendance at the State educational institution for which the  
25 scholarship is awarded, then the amount of the scholarship shall be  
26 reduced by an appropriate amount determined by the State educational  
27 institution at which the student is enrolled. The scholarship shall be  
28 reduced so that the sum of all grants and scholarship aid covering the  
29 cost of attendance received by the student, including the scholarship  
30 under this section, shall not exceed the cost of attendance for the State  
31 educational institution at which the student is enrolled.
- 32 (b) Repealed by Session Laws 2002-126, s. 19.3(b), effective November 1, 2002.
- 33 (c) If a child is awarded a scholarship under this Article, the Commission shall  
34 notify the recipient by May 1st of the year in which the recipient enrolls in college."
- 35 **SECTION 19.2.(b)** G.S. 165-20(6) reads as rewritten:
- 36 "(6) "State educational institution" means any constituent institution of The  
37 University of North Carolina, educational institution of higher learning  
38 which is owned and operated by the State of North Carolina, or any  
39 community college operated under the provisions of Chapter 115A and  
40 Article 3 of Chapter 116 of the General Statutes of North Carolina, or  
41 the college program of the North Carolina School of the Arts, or any  
42 technical institute operated under the provisions of Chapter 115A of  
43 the Chapter 115D of the General Statutes of North Carolina."
- 44

**PART XIXA. CULTURAL RESOURCES**

**SECTION 19A.1.(a)** Article 1 of Chapter 121 of the General Statutes is amended by adding a new section to read:

**"§ 121-7.5. Bentonville Battlefield Fund.**

(a) Fund. – The Bentonville Battlefield Fund is created as a special fund in the Department of Cultural Resources, Division of State Historic Sites. The interest earned by the Fund shall be credited to the Fund by the State Treasurer pursuant to G.S. 147-69.2 and G.S. 147-69.3. The monies in the Fund shall be allocated to the Bentonville Battlefield Historical Association by the Department of Cultural Resources to be used for operation, interpretation, maintenance, preservation, development, and expansion at Bentonville Battlefield.

(b) Disposition of Fees. – Notwithstanding Chapter 146 of the General Statutes, all receipts derived from donations, or the lease, rental, or other disposition of structures or products of the land owned by or under the supervision or control of the Division of Historic Sites in Johnston County shall be credited to the Fund.

(c) The monies credited to this Fund pursuant to this section are annually appropriated to the Department of Cultural Resources."

**PART XX. OFFICE OF THE STATE CONTROLLER****BEACON STAFF TO SUPPORT STATEWIDE ENTERPRISE TRAINING PROGRAM**

**SECTION 20.1.** The Office of the State Controller shall use existing BEACON receipts to establish eight full-time time-limited positions to support the statewide enterprise training program as follows:

- (1) \$80,375 nonrecurring in fiscal year 2008-2009 for one SAP/NCAS Training Technology Specialist.
- (2) \$141,500 nonrecurring in fiscal year 2008-2009 for two SAP/NCAS Staff Development Specialists.
- (3) \$353,750 nonrecurring in fiscal year 2008-2009 for five SAP/NCAS Trainers.

**PART XXI. HOUSING FINANCE AGENCY****HOUSING FINANCE AGENCY SHALL CONTINUE AND EXPAND THE HOME PROTECTION PROGRAM**

**SECTION 21.1.(a)** G.S. 122A-3 reads as rewritten:

**"§ 122A-3. Definitions.**

~~The following words and terms, unless the context clearly indicates a different meaning, shall have the following respective meanings:~~ The following definitions apply in this section:

- 1           (1)    ~~"Bonds" or "notes" mean the bonds or the bond anticipation notes or~~  
2           ~~construction loan notes authorized to be issued by the Agency under~~  
3           ~~this Chapter;~~
- 4           (2)    ~~"Agency" means the North Carolina Housing Finance Agency created~~  
5           ~~by this Chapter;~~
- 6           (3)    ~~Repealed by Session Laws 1973, c. 1296, s. 5;~~
- 7           (4)    ~~Repealed by Session Laws 1973, c. 1296, s. 6;~~
- 8           (5)    ~~"Governmental agency" means any department, division, public~~  
9           ~~agency, political subdivision or other public instrumentality of the~~  
10          ~~State, the federal government, any other State or public agency, or any~~  
11          ~~two or more thereof;~~
- 12          (6)    ~~Repealed by Session Laws 1973, c. 1296, s. 8;~~
- 13          (7)    ~~Repealed by Session Laws 1973, c. 1296, s. 9;~~
- 14          (8)    ~~"Mortgage" or "mortgage loan" means a mortgage loan for residential~~  
15          ~~housing, including, without limitation, a mortgage loan to finance,~~  
16          ~~either temporarily or permanently, the construction, rehabilitation,~~  
17          ~~improvement, or acquisition and rehabilitation or improvement of~~  
18          ~~residential housing and a mortgage loan insured or guaranteed by the~~  
19          ~~United States or an instrumentality thereof or for which there is a~~  
20          ~~commitment by the United States or an instrumentality thereof to~~  
21          ~~insure such a mortgage;~~
- 22          (9)    ~~Repealed by Session Laws 1973, c. 1296, s. 11;~~
- 23          (10)   ~~"Obligations" means any bonds or bond anticipation notes authorized~~  
24          ~~to be issued by the Agency under the provisions of this Chapter;~~
- 25          (11)   ~~"Persons and families of lower income" means persons and families~~  
26          ~~deemed by the Agency to require such assistance as is made available~~  
27          ~~by this Chapter on account of insufficient personal or family income,~~  
28          ~~taking into consideration, without limitation, (i) the amount of the total~~  
29          ~~income of such persons and families available for housing needs, (ii)~~  
30          ~~the size of the family, (iii) the cost and condition of housing facilities~~  
31          ~~available, (iv) the eligibility of such persons and families for federal~~  
32          ~~housing assistance of any type predicated upon a lower income basis~~  
33          ~~and (v) the ability of such persons and families to compete~~  
34          ~~successfully in the normal housing market and to pay the amounts at~~  
35          ~~which private enterprise is providing decent, safe and sanitary housing~~  
36          ~~and deemed by the Agency therefore to be eligible to occupy~~  
37          ~~residential housing financed wholly or in part, with mortgages, or with~~  
38          ~~other public or private assistance;~~
- 39          (12)   ~~"Residential housing" means a specific work or improvement~~  
40          ~~undertaken primarily to provide dwelling accommodations for persons~~  
41          ~~and families of lower income, including the rehabilitation of buildings~~  
42          ~~and improvements, and such other nonhousing facilities as may be~~  
43          ~~incidental or appurtenant thereto;~~
- 44          (13)   ~~"State" means the State of North Carolina;~~

- 1           (14) ~~"Federally insured securities" means an evidence of indebtedness~~  
2           ~~secured by a first mortgage lien on residential housing for persons of~~  
3           ~~lower income and insured or guaranteed as to repayment of principal~~  
4           ~~and interest by the United States or any agency or instrumentality~~  
5           ~~thereof; and~~
- 6           (15) ~~"Mortgage lenders" means any bank or trust company, savings bank,~~  
7           ~~national banking association, savings and loan association, or building~~  
8           ~~and loan association, life insurance company, mortgage banking~~  
9           ~~company, the federal government and any other financial institution~~  
10           ~~authorized to transact business in the State;~~
- 11           (16) ~~"Energy conservation loan" means a loan obtained from a mortgage~~  
12           ~~lender for the purpose of satisfying an existing obligation of a~~  
13           ~~borrower who is the resident owner of a single family dwelling or of~~  
14           ~~"residential housing." The existing obligation of the owner in an~~  
15           ~~"energy conservation loan" must have been incurred to pay for the~~  
16           ~~purchase of materials or the installation of materials, or both, which~~  
17           ~~results in a significant decrease in the amount of consumption of~~  
18           ~~nonrenewable sources of energy in order to provide or maintain a~~  
19           ~~comfortable level of room temperatures in his residence during the~~  
20           ~~winter. "Energy conservation loan" does not include a loan obtained to~~  
21           ~~refinance an existing loan agreement unless payment or collection of~~  
22           ~~the original loan was guaranteed by the agency.~~
- 23           (17) ~~"Rehabilitation" means the renovation or improvement of residential~~  
24           ~~housing by the owner of said residential housing.~~
- 25           (1) Agency. – The North Carolina Housing Finance Agency created by  
26           this Chapter.
- 27           (2) Bonds or notes. – The bonds or the bond anticipation notes or  
28           construction loan notes authorized to be issued by the Agency under  
29           this Chapter.
- 30           (3) Counseling agency. – A nonprofit counseling agency located in North  
31           Carolina that is approved by the North Carolina Housing Finance  
32           Agency.
- 33           (4) Energy conservation loan. – A loan obtained from a mortgage lender  
34           for the purpose of satisfying an existing obligation of a borrower who  
35           is the resident owner of a single-family dwelling or of "residential  
36           housing." The existing obligation of the owner in an "energy  
37           conservation loan" must have been incurred to pay for the purchase of  
38           materials or the installation of materials, or both, which results in a  
39           significant decrease in the amount of consumption of nonrenewable  
40           sources of energy in order to provide or maintain a comfortable level  
41           of room temperatures in his residence during the winter. "Energy  
42           conservation loan" does not include a loan obtained to refinance an  
43           existing loan agreement unless payment or collection of the original  
44           loan was guaranteed by the agency.

- 1           (5)   Federally insured securities. – An evidence of indebtedness secured by  
2           a first mortgage lien on residential housing for persons of lower  
3           income and insured or guaranteed as to repayment of principal and  
4           interest by the United States or any agency or instrumentality thereof.  
5           (6)   Governmental agency. – Any department, division, public agency,  
6           political subdivision, or other public instrumentality of the State, the  
7           federal government, any other State or public agency, or any two or  
8           more thereof.  
9           (7)   Mortgage or mortgage loan. – A mortgage loan for residential housing,  
10          including, without limitation, a mortgage loan to finance, either  
11          temporarily or permanently, the construction, rehabilitation,  
12          improvement, or acquisition and rehabilitation or improvement of  
13          residential housing and a mortgage loan insured or guaranteed by the  
14          United States or an instrumentality thereof or for which there is a  
15          commitment by the United States or an instrumentality thereof to  
16          insure such a mortgage. A mortgage obligation may be evidenced by a  
17          security document and secured by a lien upon real property, including  
18          a deed of trust and land sale agreement. Mortgage also means an  
19          obligation evidenced by a security lien on real property upon which an  
20          owner-occupied mobile home is located.  
21          (8)   Mortgage lenders. – Any bank or trust company, savings bank,  
22          national banking association, savings and loan association, or building  
23          and loan association, life insurance company, mortgage banking  
24          company, the federal government, and any other financial institution  
25          authorized to transact business in the State.  
26          (9)   Mortgagee. – The owner of a beneficial interest in a mortgage loan, the  
27          servicer for the owner of a beneficial interest in a mortgage loan, or the  
28          trustee for a securitized trust that holds title to a beneficial interest in a  
29          mortgage loan.  
30          (10) Obligations. – Any bonds or bond anticipation notes authorized to be  
31          issued by the Agency under the provisions of this Chapter.  
32          (11) Persons and families of lower income. – Persons and families deemed  
33          by the Agency to require such assistance as is made available by this  
34          Chapter on account of insufficient personal or family income, taking  
35          into consideration, without limitation, (i) the amount of the total  
36          income of such persons and families available for housing needs, (ii)  
37          the size of the family, (iii) the cost and condition of housing facilities  
38          available, (iv) the eligibility of such persons and families for federal  
39          housing assistance of any type predicated upon a lower income basis,  
40          and (v) the ability of such persons and families to compete  
41          successfully in the normal housing market and to pay the amounts at  
42          which private enterprise is providing decent, safe, and sanitary housing  
43          and deemed by the Agency therefore to be eligible to occupy

1 residential housing financed wholly or in part, with mortgages, or with  
2 other public or private assistance.

3 (12) Residential housing. – A specific work or improvement undertaken  
4 primarily to provide dwelling accommodations for persons and  
5 families of lower income, including the rehabilitation of buildings and  
6 improvements, and such other nonhousing facilities as may be  
7 incidental or appurtenant thereto.

8 (13) State. – The State of North Carolina.

9 (14) Rehabilitation. – The renovation or improvement of residential  
10 housing by the owner of said residential housing."

11 **SECTION 21.1.(b)** G.S. 122A-5.4(b) reads as rewritten:

12 "(b) The terms "persons and families of lower income" and "persons of lower  
13 income" wherever they appear in this Chapter, except where they appear in G.S. 122A-2  
14 and ~~122A-3(11)~~, G.S. 122A-3, shall be deemed to include "persons and families of  
15 moderate income" as defined in clause (c) of this section."

16 **SECTION 21.1.(c)** Chapter 122A of the General Statutes is amended by  
17 adding a new section to read:

18 **"§ 122A-5.14. Home Protection Program and Fund.**

19 (a) The North Carolina Housing Finance Agency shall establish and administer  
20 the Home Protection Program ("Program") to assist North Carolina workers who have  
21 lost jobs as a result of changing economic conditions in North Carolina when the  
22 workers are in need of assistance to avoid losing their homes to foreclosure. The  
23 Agency shall do all of the following:

24 (1) Develop and administer the Home Protection Program Fund ("Fund")  
25 to ensure that workers in North Carolina have assistance to avoid  
26 losing their homes to foreclosure. The Fund shall be a nonreverting  
27 fund.

28 (2) Make loans secured by liens on residential real property located in  
29 North Carolina to property owners who are eligible for those loans.

30 (3) Develop and administer procedures by which property owners at risk  
31 of being foreclosed upon may qualify for assistance.

32 (4) Designate, approve, and fund nonprofit counseling agencies in North  
33 Carolina to be available to assist the Agency in implementing the  
34 provisions of this section, provide services such as direct mortgagee  
35 negotiations on behalf of unemployed workers, and process loan  
36 applications for the Agency.

37 (5) Develop and fund enhanced methods by which workers may be  
38 notified of foreclosure mitigation services, may easily contact local  
39 nonprofit counseling agencies, and may apply for loans from the  
40 Agency.

41 (b) Home Protection Period. – Notwithstanding Chapters 23, 24, and 45 of the  
42 General Statutes or any other provision of law, upon the proper filing of an application  
43 for loan assistance by a mortgagor under this section, a mortgagee shall not do the

1 following for a period of 120 days following the date of the mortgagor's properly filed  
2 application:

- 3 (1) Accelerate the maturity of any mortgage obligation covered under this  
4 section.
- 5 (2) Commence or continue any legal action, including mortgage  
6 foreclosure pursuant to Chapter 45 of the General Statutes, to recover  
7 the mortgage obligation.
- 8 (3) Take possession of any security of the mortgagor for the mortgage  
9 obligation.
- 10 (4) Procure or receive a deed in lieu of foreclosure.
- 11 (5) Enter judgment by confession pursuant to a note accompanying a  
12 mortgage.
- 13 (6) Proceed to enforce the mortgage obligation pursuant to applicable  
14 rules of civil procedure.

15 The provisions of this section shall not apply if the mortgagee receives notice from  
16 the Agency that the mortgagor's application has been denied.

17 If a mortgagee acts as proscribed in subdivisions (1) through (6) of this subsection, a  
18 mortgagor shall be entitled to injunctive relief without the necessity of providing a  
19 bond. This relief shall be in addition to any defenses available under G.S. 45-21.16(d)  
20 and any other remedies at law or equity.

21 Upon the Agency's receipt of a properly filed mortgagor's application for loan  
22 assistance, the Agency shall mail notice of the application to the mortgagor's mortgagee  
23 within 10 business days of the Agency's receipt of the application. The Agency shall  
24 also mail notice of the acceptance or denial of the mortgagor's application to the  
25 mortgagee within five days of the Agency's determination. Notice shall be deemed  
26 sufficient if sent to the last known address of the mortgagee.

27 (c) Rule making. – Solely with respect to the adoption of procedures for the  
28 program by which property owners at risk of being foreclosed upon may qualify for  
29 assistance, the Agency is exempt from the requirements of Article 2A of Chapter 150B  
30 of the General Statutes. Prior to adoption or amendment of procedures, the Agency  
31 shall:

- 32 (1) Publish the proposed procedures in the North Carolina Register at least  
33 30 days prior to the adoption of the final procedures.
- 34 (2) Accept oral and written comments on the proposed procedures.
- 35 (3) Hold at least one public hearing on the proposed procedures.

36 (d) Annual Report. – By April 1 of each year, the Agency shall report to the  
37 House Appropriations Subcommittee on General Government and Senate  
38 Appropriations Subcommittee on General Government and Information Technology on  
39 the effectiveness of the Program in accomplishing its purposes and provide any other  
40 information the Agency determines is pertinent or that the General Assembly requests."

41 **SECTION 21.1.(d)** Of the funds appropriated to the Housing Finance  
42 Agency and allocated to the Home Protection Program Fund in this act, at least  
43 two-thirds shall be used for loans to North Carolina workers who have lost jobs as a  
44 result of changing economic conditions. If less than two-thirds of the funds allocated to



1 the program go to loans, the Housing Finance Agency shall account for and explain the  
2 failure to meet this requirement during the Housing Finance Agency's annual report to  
3 the House Appropriations Subcommittee on General Government and Senate  
4 Appropriations Subcommittee on General Government and Information Technology.

5  
6 **PART XXII. OFFICE OF STATE BUDGET AND MANAGEMENT**

7  
8 **STAFFING ANALYSIS OF THE ETHICS COMMISSION AND THE**  
9 **LOBBYIST REGISTRATION SECTION OF THE DEPARTMENT OF**  
10 **SECRETARY OF STATE**

11 **SECTION 22.1.** The Office of State Budget and Management shall conduct  
12 a staffing analysis of the Ethics Commission and the Lobbyist Registration Section of  
13 the Department of Secretary of State to determine if the staffing is appropriate for the  
14 workload volume that has been generated by the enactment of Session Law 2006-201.  
15 The Office of State Budget and Management shall submit a final report outlining its  
16 findings and staffing recommendations to the House Appropriations Subcommittee on  
17 General Government, Senate Appropriations Subcommittee on General Government  
18 and Information Technology, and the Fiscal Research Division by March 1, 2009.

19  
20 **MODIFY STATE FIRE PROTECTION GRANT FUND**

21 **SECTION 22.2.** Effective July 1, 2008, G.S. 58-85A-1(c) reads as rewritten:  
22 "(c) It is the intent of the General Assembly to appropriate annually to the State  
23 Fire Protection Grant Fund up to ~~three million eight hundred eighty thousand dollars~~  
24 ~~(\$3,880,000)~~ four million one hundred eighty thousand dollars (\$4,180,000) from the  
25 General Fund, one hundred fifty-eight thousand dollars (\$158,000) from the Highway  
26 Fund, and one million three hundred forty-five thousand dollars (\$1,345,000) from  
27 University of North Carolina receipts. Funds received from the General Fund shall be  
28 allocated only for providing local fire protection for State-owned property supported by  
29 the General Fund; funds received from the Highway Fund shall be allocated only for  
30 providing local fire protection for State-owned property supported by the Highway  
31 Fund; and funds received from University of North Carolina receipts shall be allocated  
32 only for providing local fire protection for State-owned property supported by  
33 University of North Carolina receipts."

34  
35 **MILITARY MORALE, RECREATION, AND WELFARE FUNDS**

36 **SECTION 22.3.** Funds appropriated in this act to the Office of State Budget  
37 and Management to the Reserve for the Military Morale, Recreation, and Welfare Fund  
38 and distributed to each military installation on a per capita basis shall be deposited in  
39 the Military Morale, Recreation, and Welfare Fund for each installation and used only  
40 for community services and other expenditures to improve quality of life programs for  
41 military members and their families in North Carolina.

42  
43 **STAFFING ANALYSIS OF THE YOUTH ADVOCACY & INVOLVEMENT**  
44 **OFFICE**

1           **SECTION 22.4.** The Office of State Budget and Management shall conduct  
2 a staffing analysis of the Youth Advocacy and Involvement Office of the Department of  
3 Administration to determine if the staffing is appropriate for the workload volume. The  
4 Office of State Budget and Management shall submit a final report outlining its findings  
5 and staffing recommendations to the House Appropriations Subcommittee on General  
6 Government, the Senate Appropriations Subcommittee on General Government and  
7 Information Technology, and the Fiscal Research Division by March 1, 2009.

8  
9           **STAFFING SURVEY OF STATE AGENCIES AND UNIVERSITIES THAT USE**  
10           **THE BEACON SYSTEM**

11           **SECTION 22.5.** The Office of State Budget and Management shall conduct  
12 a staffing survey of all State agencies and universities that use the BEACON system and  
13 determine the number of FTE staff assigned to BEACON training. The Office of State  
14 Budget and Management shall submit a final report outlining its findings and staffing  
15 recommendations to the House Appropriations Subcommittee on General Government,  
16 the Senate Appropriations Subcommittee on General Government and Information  
17 Technology, and the Fiscal Research Division by March 1, 2009.

18  
19           **PART XXIII. DEPARTMENT OF REVENUE**

20  
21           **USE OF COLLECTION ASSISTANCE FEE**

22           **SECTION 23.1.** Section 6.9(b) of S.L. 2007-323 reads as rewritten:

23           "**SECTION 6.9.(b)** The General Assembly finds that a computer system that  
24 records tax payments and determines when the payments are overdue directly and  
25 primarily relates to the collection of overdue tax debts and that the proceeds of the  
26 collection assistance fee imposed by G.S. 105-243.1 may be applied to the cost of the  
27 computer system is subject to the collection assistance fee set forth in G.S. 105-243.1.  
28 system. The Department of Revenue is authorized to use funds in the 20% Collection  
29 Assistance Fee Account, Budget Code 24704-2474, during the 2007-2008 and  
30 2008-2009 fiscal year-years to replace the Department's current computer system, and  
31 these funds are appropriated to the Department for that purpose. ~~The For fiscal year~~  
32 2007-2008, the Department shall not use more than fifteen million dollars (\$15,000,000)  
33 from the Account to replace the Department's current computer system. Funds  
34 appropriated to the Department in this subsection remain in the Account until  
35 withdrawn for expenditures for a replacement computer system and shall remain in the  
36 Account if not expended during the 2007-2008 fiscal year for the purposes set forth in  
37 this subsection. ~~For fiscal year 2008-2009, the Department shall not use more than~~  
38 twenty-five million dollars (\$25,000,000) from the Account to replace the Department's  
39 current computer system.

40           Funds appropriated under this subsection may be transferred to Budget Code  
41 24708-2478 to be applied to expenditures for a replacement computer system. Funds  
42 appropriated under this subsection that are not transferred to Budget Code 24708-2478  
43 remain in the Account until they are transferred to that Budget Code or withdrawn for  
44 expenditures for a replacement computer system. Funds appropriated under this

1 subsection that are not expended at the end of the 2007-2009 biennium remain available  
2 for expenditure for the purpose designated in this subsection."  
3

#### 4 **PART XXIV. STATE BOARD OF ELECTIONS**

##### 5 6 **2008 EARLY VOTING FUNDS**

7 **SECTION 24.1.** Section 25.1 of S.L. 2007-323 reads as rewritten:

8 **"SECTION 25.1.(a)** The State Board of Elections shall use funds in the  
9 Maintenance of Effort Reserve as follows:

- 10 (1) \$1,500,000 nonrecurring in fiscal year 2007-2008 and \$500,000  
11 nonrecurring in fiscal year 2008-2009 to rebuild the State Elections  
12 Information Management System (SEIMS).
- 13 (2) \$100,000 recurring in fiscal year 2007-2008 for the required training  
14 for all county boards of elections staff on voting equipment operating  
15 procedures.
- 16 (3) \$427,500 recurring in fiscal year 2007-2008 to centralize ballot coding  
17 in North Carolina to provide oversight, ensure accuracy of election  
18 preparation, and reduce errors with ballot styles.
- 19 (4) \$150,000 recurring in fiscal year 2007-2008 to hire 20 additional  
20 election technicians across the State to deal with technical problems  
21 that arise on a 2008 Election Day in which a federal election is on the  
22 ballot.
- 23 (5) \$1,000,000 nonrecurring in fiscal year 2008-2009 provided for  
24 additional operating support for one-stop absentee voting (early  
25 voting) sites for the 2008 general election.

26 **"SECTION 25.1.(b)** The State Board of Elections shall use funds in the Election  
27 Fund under G.S. 163-82.28 (HAVA funds) as follows:

- 28 (1) \$2,525,000 nonrecurring in fiscal year 2007-2008 and \$2,525,000  
29 nonrecurring in fiscal year 2008-2009 for maintenance performed on  
30 voting equipment.
- 31 (2) \$750,000 nonrecurring in fiscal year 2007-2008 and \$1,750,000  
32 nonrecurring in fiscal year 2008-2009 provided for additional one-stop  
33 absentee voting (early voting) sites for the 2008 first primary and  
34 general election if a federal election is on the ballot.

35 **"SECTION 25.1.(c)** Section 1 of S.L. 2007-144 is repealed."  
36

#### 37 **PART XXV. DEPARTMENT OF TRANSPORTATION**

##### 38 39 **INCREASE ADMINISTRATIVE APPROPRIATION FOR THE HIGHWAY** 40 **TRUST FUND**

41 **SECTION 25.1.** G.S. 136-176(b) reads as rewritten:

42 "(b) Funds in the Trust Fund are annually appropriated to the Department of  
43 Transportation to be allocated and used as provided in this subsection. A sum, not to  
44 exceed ~~four percent (4%)~~ four and eight-tenths percent (4.8%) of the amount of revenue

1 deposited in the Trust Fund under subdivisions (a)(1), (2), and (3) of this section ~~for the~~  
2 ~~2003-2004 fiscal year, three and eight tenths percent (3.8%) through fiscal year~~  
3 ~~2006-2007, and four and two tenths percent (4.2%) thereafter,~~ may be used each fiscal  
4 year by the Department for expenses to administer the Trust Fund. Operation and  
5 project development costs of the North Carolina Turnpike Authority are eligible  
6 administrative expenses under this subsection. Any funds allocated to the Authority  
7 pursuant to this subsection shall be repaid by the Authority from its toll revenue as soon  
8 as possible, subject to any restrictions included in the agreements entered into by the  
9 Authority in connection with the issuance of the Authority's revenue bonds. Beginning  
10 one year after the Authority begins collecting tolls on a completed Turnpike Project,  
11 interest shall accrue on any unpaid balance owed to the Highway Trust Fund at a rate  
12 equal to the State Treasurer's average annual yield on its investment of Highway Trust  
13 Fund funds pursuant to G.S. 147-6.1. Interest earned on the unpaid balance shall be  
14 deposited in the Highway Trust Fund upon repayment. The sum up to the amount  
15 anticipated to be necessary to meet the State matching funds requirements to receive  
16 federal-aid highway trust funds for the next fiscal year may be set aside for that purpose.  
17 The rest of the funds in the Trust Fund shall be allocated and used as follows:

- 18 (1) Sixty-one and ninety-five hundredths percent (61.95%) to plan, design,  
19 and construct projects on segments or corridors of the Intrastate  
20 System as described in G.S. 136-178 and to pay debt service on  
21 highway bonds and notes that are issued under the State Highway  
22 Bond Act of 1996 and whose proceeds are applied to these projects.
- 23 (2) Twenty-five and five hundredths percent (25.05%) to plan, design, and  
24 construct the urban loops described in G.S. 136-180 and to pay debt  
25 service on highway bonds and notes that are issued under the State  
26 Highway Bond Act of 1996 and whose proceeds are applied to these  
27 urban loops.
- 28 (3) Six and one-half percent (6.5%) to supplement the appropriation to  
29 cities for city streets under G.S. 136-181.
- 30 (4) Six and one-half percent (6.5%) for secondary road construction as  
31 provided in G.S. 136-182 and to pay debt service on highway bonds  
32 and notes that are issued under the State Highway Bond Act of 1996  
33 and whose proceeds are applied to secondary road construction.

34 The Department must administer funds allocated under subdivisions (1), (2), and (4)  
35 of this subsection in a manner that ensures that sufficient funds are available to make  
36 the debt service payments on bonds issued under the State Highway Bond Act of 1996  
37 as they become due."  
38

## 39 DEPARTMENT OF TRANSPORTATION TO PRODUCE BIENNIAL STATE 40 TRANSPORTATION MAPS AND COASTAL BOATING GUIDES

41 **SECTION 25.2.(a)** The Department of Transportation shall cease annual  
42 production of the North Carolina State Transportation Map and Coastal Boating Guide  
43 and shall produce a biennial North Carolina State Transportation Map and Coastal  
44 Boating Guide beginning in the 2008-2009 fiscal year.

1           **SECTION 25.2.(b)** The Department shall provide a written report to the  
2 Joint Legislative Transportation Oversight Committee on the biennial map production  
3 plan and identify any cost savings for nonproduction years. The report shall also include  
4 historical budget and production information for the past five years. The report is due by  
5 November 14, 2008.

6  
7 **ONE-STOP SHOPS FOR DRIVERS LICENSE AND REGISTRATION PLATES**

8           **SECTION 25.3.(a)** The Department of Transportation, Division of Motor  
9 Vehicles, is prohibited from opening drivers license issuance, vehicle registration  
10 issuance, and renewal One-Stop Shops until the General Assembly has considered and  
11 appropriated funds for the purpose of One-Stop Shops.

12           **SECTION 25.3.(b)** The Department of Transportation shall develop a plan  
13 that thoroughly outlines the operational plans of combined function centers designated  
14 as One-Stop Shops. The plan may contain recommendations regarding making  
15 necessary changes to G.S. 20-63(h) to expand Division services. The plan should detail  
16 a cost effectiveness comparison between the current means for delivery of service and  
17 the proposed combined function center services. The plan should also include a  
18 thorough justification for each proposed One-Stop Shop location, including any  
19 assumptions made in the justification process. The plan should clearly highlight the  
20 benefits to the State, including customer service enhancements for Division customers  
21 obtained by implementation of One-Stop Shops. The Division shall also conduct an  
22 analysis of the anticipated number of transactions at the One-Stop Shops and consider  
23 the impact on commission contracts for independent license plate agents, as well as any  
24 other interested party affected by the change.

25           **SECTION 25.3.(c)** The Division shall report to the Joint Legislative  
26 Transportation Oversight Committee, the Joint Appropriations Subcommittee for  
27 Transportation, and the Fiscal Research Division no later than October 31, 2008.

28  
29 **REALIGN THE CONTINUATION AND CERTIFIED BUDGETS OF EACH**  
30 **DIVISION WITHIN THE DEPARTMENT**

31           **SECTION 25.4.** The Department of Transportation and the Office of State  
32 Budget and Management shall review each of the Department's division's expenditure  
33 patterns and realign the continuation and certified budget. The certified budget shall  
34 become the current expenditure plan for each division based on actual expenditure  
35 patterns from repeated annually approved budget adjustments for the Department.

36           **SECTION 25.4.** The Department of Transportation shall prepare reports on  
37 the cash spending plan based on the certified budget's line item detail. The first report  
38 shall show cash expenditure plans for the 2008-2009 fiscal year and the second report  
39 shall include the next biennium's budget.

40           **SECTION 25.4.** The Department of Transportation and the Office of State  
41 Budget and Management shall report on the realignment of the budget and cash  
42 spending plan based on the certified budget to the Joint Legislative Transportation  
43 Oversight Committee, Appropriations Subcommittee for Transportation, and the Fiscal

1 Research Division no later than August 1, 2008, on the 2008-2009 fiscal year cash  
2 expenditure plan and March 15 for the next biennium's budget.

3  
4 **TRANSFER HIGHWAY TRUST FUND MONIES IN THE AMOUNT OF**  
5 **TWENTY-FIVE MILLION DOLLARS BEGINNING IN FISCAL YEAR**  
6 **2008-2009 AND FORTY-NINE MILLION DOLLARS BEGINNING IN**  
7 **FISCAL YEAR 2009-2010 TO THE NC TURNPIKE AUTHORITY FOR**  
8 **DEBT SERVICE ON BONDS**

9 **SECTION 25.5. (a)** G.S. 105-187.9(b) reads as rewritten:

10 "(b) Transfer. – In each fiscal year the State Treasurer shall transfer the amounts  
11 provided below from the taxes deposited in the Trust Fund to the General Fund. The  
12 transfer of funds authorized by this section may be made by transferring one-fourth of  
13 the amount at the end of each quarter in the fiscal year or by transferring the full amount  
14 annually on July 1 of each fiscal year, subject to the availability of revenue.

15 (1) The sum of one hundred ~~seventy—million—dollars~~  
16 ~~(\$170,000,000).~~ forty-five million dollars (\$145,000,000).

17 (2) In addition to the amount transferred under subdivision (1) of this  
18 subsection, the sum of one million seven hundred thousand dollars  
19 (\$1,700,000) shall be transferred in the 2001-2002 fiscal year. The  
20 amount distributed under this subdivision shall increase in the  
21 2002-2003 fiscal year to the sum of two million four hundred thousand  
22 dollars (\$2,400,000). In each fiscal year thereafter, the sum transferred  
23 under this subdivision shall be the amount distributed in the previous  
24 fiscal year plus or minus a percentage of this sum equal to the  
25 percentage by which tax collections under this Article increased or  
26 decreased for the most recent 12-month period for which data are  
27 available."

28 **SECTION 25.5.(b)** G.S. 136-176 is amended by adding a new subsection to  
29 read:

30 "(b2) There is annually appropriated to the North Carolina Turnpike Authority from  
31 the Highway Trust Fund the sum of twenty-five million dollars (\$25,000,000) to be  
32 used to service debt on bonds issued for the construction of the Triangle Expressway.  
33 The amounts appropriated to the Authority pursuant to this subsection shall be used by  
34 the Authority to pay debt service or related financing costs and expenses on revenue  
35 bonds or notes issued by the Authority to finance the costs of one or more Turnpike  
36 Projects or to refund such bonds or notes. The appropriations established by this  
37 subsection constitute an agreement by the State to pay the funds appropriated hereby to  
38 the Authority within the meaning of G.S. 159-81(4). Notwithstanding the foregoing, it is  
39 the intention of the General Assembly that the enactment of this provision and the  
40 issuance of bonds or notes by the Authority in reliance thereon shall not in any manner  
41 constitute a pledge of the faith and credit and taxing power of the State, and nothing  
42 contained herein shall prohibit the General Assembly from amending the appropriations  
43 set forth in this act at any time to decrease or eliminate the amount annually  
44 appropriated to the Authority."

1           **SECTION 25.5.(c)** G.S. 105-187.9(b) reads as rewritten:

2           "(b) Transfer. – In each fiscal year the State Treasurer shall transfer the amounts  
3 provided below from the taxes deposited in the Trust Fund to the General Fund. The  
4 transfer of funds authorized by this section may be made by transferring one-fourth of  
5 the amount at the end of each quarter in the fiscal year or by transferring the full amount  
6 annually on July 1 of each fiscal year, subject to the availability of revenue.

7           (1) The sum of one hundred ~~forty five~~ million ~~dollars~~  
8 (~~\$145,000,000~~)-twenty-one million dollars (\$121,000,000).

9           (2) In addition to the amount transferred under subdivision (1) of this  
10 subsection, the sum of one million seven hundred thousand dollars  
11 (\$1,700,000) shall be transferred in the 2001-2002 fiscal year. The  
12 amount distributed under this subdivision shall increase in the  
13 2002-2003 fiscal year to the sum of two million four hundred thousand  
14 dollars (\$2,400,000). In each fiscal year thereafter, the sum transferred  
15 under this subdivision shall be the amount distributed in the previous  
16 fiscal year plus or minus a percentage of this sum equal to the  
17 percentage by which tax collections under this Article increased or  
18 decreased for the most recent 12-month period for which data are  
19 available."

20           **SECTION 25.5.(d)** G.S. 136-176(b2), as enacted by subsection (b) of this  
21 section, reads as rewritten:

22           "(b2) There is annually appropriated to the North Carolina Turnpike Authority from  
23 the Highway Trust Fund the sum of ~~twenty five~~forty-nine million dollars  
24 (~~\$25,000,000~~)-(\$49,000,000). Of the amount allocated by this subsection, twenty-five  
25 million dollars (\$25,000,000) shall be used to pay debt service or related financing costs  
26 and expenses on revenue bonds or notes issued for the construction of the Triangle  
27 Expressway and twenty-four million dollars (\$24,000,000) shall be used to pay debt  
28 service or related financing expenses on revenue bonds or notes issued for the  
29 construction of the Monroe Bypass or to refund such bonds and notes. The amounts  
30 appropriated to the Authority pursuant to this subsection shall be used by the Authority  
31 to pay debt service or related financing costs and expenses on revenue bonds or notes  
32 issued by the Authority to finance the costs of one or more Turnpike Projects or to  
33 refund such bonds or notes. The appropriations established by this subsection constitute  
34 an agreement by the State to pay the funds appropriated hereby to the Authority within  
35 the meaning of G.S. 159-81(4). Notwithstanding the foregoing, it is the intention of the  
36 General Assembly that the enactment of this provision and the issuance of bonds or  
37 notes by the Authority in reliance thereon shall not in any manner constitute a pledge of  
38 the faith and credit and taxing power of the State, and nothing contained herein shall  
39 prohibit the General Assembly from amending the appropriations set forth in this act at  
40 any time to decrease or eliminate the amount annually appropriated to the Authority."

41           **SECTION 25.5.(e)** Subsections (a), (b), and (e) of this section become  
42 effective July 1, 2008. Subsections (c) and (d) of this section become effective July 1,  
43 2009.

44

**FUNDS FOR UNSAFE AND OBSOLETE FIELD FACILITIES**

**SECTION 25.6.** Section 27.6 of S.L. 2007-323 is repealed.

**CASH FLOW HIGHWAY FUNDS AND HIGHWAY TRUST FUND  
APPROPRIATIONS**

**SECTION 25.7.** Section 27.2 of S.L. 2007-323 is repealed.

**SECTION 25.7.** The General Assembly authorizes and certifies anticipated revenues of the Highway Fund as follows:

For Fiscal Year 2009-2010	\$2,070.8 million
For Fiscal Year 2010-2011	\$2,066.0 million
For Fiscal Year 2011-2012	\$2,064.5 million
For Fiscal Year 2012-2013	\$2,075.6 million

**SECTION 25.7.** The General Assembly authorizes and certifies anticipated revenues of the Highway Trust Fund as follows:

For Fiscal Year 2009-2010	\$1,178.4 million
For Fiscal Year 2010-2011	\$1,199.8 million
For Fiscal Year 2011-2012	\$1,226.9 million
For Fiscal Year 2012-2013	\$1,263.4 million

**DEPARTMENT OF TRANSPORTATION TO APPLY FOR INTERSTATE  
CORRIDOR GRANT FUNDS**

**SECTION 25.8.** The Department of Transportation and the North Carolina Turnpike Authority shall apply for all federal grant monies available for Interstate corridors. The grant funds shall be used for the preservation of the highway infrastructure and to provide for improvements and enhancements to the Interstate.

The Department shall report on the status of all grant applications made and any funding awarded for Interstate corridors to the Joint Legislative Transportation Oversight Committee no later than December 1, 2008.

**AVIATION FUNDS FOR THE MOUNT AIRY-SURRY COUNTY AIRPORT  
AUTHORITY**

**SECTION 25.9.** Of the funds appropriated to the Department of Transportation, Division of Aviation, for fiscal year 2008-2009, the sum of three million dollars (\$3,000,000) shall be allocated to the Mount Airy-Surry County Airport Authority for expansion and renovation of the regional airport.

**PART XXVI SALARIES AND BENEFITS****GOVERNOR AND COUNCIL OF STATE/SALARY INCREASES**

**SECTION 26.1.(a)** Effective July 1, 2008, G.S. 147-11(a) reads as rewritten:

"(a) The salary of the Governor shall be ~~one hundred thirty five thousand eight hundred fifty four dollars (\$135,854)~~ one hundred thirty-nine thousand five hundred ninety dollars (\$139,590) annually, payable monthly."



1           **SECTION 26.1.(b)** Section 28.1(b) of S.L. 2007-323 reads as rewritten:  
 2           "**SECTION 28.1.(b)** Effective ~~July 1, 2007,~~ July 1, 2008, the annual salaries for the  
 3 members of the Council of State, payable monthly, for the ~~2007-2008 and 2008-2009~~  
 4 fiscal ~~years-year~~ are:

<u>Council of State</u>	<u>Annual Salary</u>
Lieutenant Governor	<del>\$119,901</del> <u>\$123,198</u>
Attorney General	<del>119,901</del> <u>123,198</u>
Secretary of State	<del>119,901</del> <u>123,198</u>
State Treasurer	<del>119,901</del> <u>123,198</u>
State Auditor	<del>119,901</del> <u>123,198</u>
Superintendent of Public Instruction	<del>119,901</del> <u>123,198</u>
Agriculture Commissioner	<del>119,901</del> <u>123,198</u>
Insurance Commissioner	<del>119,901</del> <u>123,198</u>
Labor Commissioner	<del>119,901</del> <u>123,198</u> "

16  
 17 **NONELECTED DEPARTMENT HEAD/SALARY INCREASES**

18           **SECTION 26.2.** Effective July 1, 2008, Section 28.2 of S.L. 2007-323 reads  
 19 as rewritten:

20           "**SECTION 28.2.** In accordance with G.S. 143B-9, the maximum annual salaries,  
 21 payable monthly, for the nonelected heads of the principal State departments for the  
 22 ~~2007-2008 and 2008-2009~~ fiscal ~~years-year~~ are:

<u>Nonelected Department Heads</u>	<u>Annual Salary</u>
Secretary of Administration	<del>\$117,142</del> <u>\$120,363</u>
Secretary of Correction	<del>117,142</del> <u>120,363</u>
Secretary of Crime Control and Public Safety	<del>117,142</del> <u>120,363</u>
Secretary of Cultural Resources	<del>117,142</del> <u>120,363</u>
Secretary of Commerce	<del>117,142</del> <u>120,363</u>
Secretary of Environment and Natural Resources	<del>117,142</del> <u>120,363</u>
Secretary of Health and Human Services	<del>117,142</del> <u>120,363</u>
Secretary of Juvenile Justice and Delinquency Prevention	<del>117,142</del> <u>120,363</u>
Secretary of Revenue	<del>117,142</del> <u>120,363</u>
Secretary of Transportation	<del>117,142</del> <u>120,363</u> "

36  
 37 **CERTAIN EXECUTIVE BRANCH OFFICIALS/SALARY INCREASES**

38           **SECTION 26.3.** Effective July 1, 2008, Section 28.3 of S.L. 2007-323 reads  
 39 as rewritten:

40           "**SECTION 28.3.** The annual salaries, payable monthly, for the ~~2007-2008 and~~  
 41 ~~2008-2009~~ fiscal ~~years-year~~ for the following executive branch officials are:

<u>Executive Branch Officials</u>	<u>Annual Salary</u>
Chairman, Alcoholic Beverage Control Commission	<del>\$106,621</del> <u>\$109,553</u>

1	State Controller	149,216	153,319
2	Commissioner of Motor Vehicles	106,624	109,553
3	Commissioner of Banks	119,901	123,198
4	Chairman, Employment Security Commission		133,161
5	State Personnel Director	117,142	120,363
6	Chairman, Parole Commission	97,358	100,035
7	Members of the Parole Commission	44,942	46,178
8	Chairman, Utilities Commission	133,531	137,203
9	Members of the Utilities Commission	119,901	123,198
10	Executive Director, Agency for		
11	Public Telecommunications	89,884	92,356
12	Director, Museum of Art	109,252	112,256
13	Executive Director, North Carolina		
14	Agricultural Finance Authority	103,781	106,635
15	State Chief Information Officer	149,126	153,227"

**COMPREHENSIVE SALARY STUDY**

**SECTION 26.3A.** The Legislative Research Commission shall conduct a comprehensive study of the salaries paid to teachers, other school employees, State officers and employees, including members of the General Assembly. The Commission shall report to the General Assembly prior to convening of the 2009 Regular Session.

**JUDICIAL BRANCH OFFICIALS/SALARY INCREASES**

**SECTION 26.4.** Effective July 1, 2008, Section 28.4 of S.L. 2007-323 reads as written:

**"SECTION 28.4.(a)** The annual salaries, payable monthly, for specified judicial branch officials for the ~~2007-2008 and 2008-2009~~ fiscal ~~years~~ year are:

	<u>Judicial Branch Officials</u>	<u>Annual Salary</u>
29	Chief Justice, Supreme Court	<del>\$137,160</del> <u>\$140,932</u>
30	Associate Justice, Supreme Court	<del>133,576</del> <u>137,249</u>
31	Chief Judge, Court of Appeals	<del>130,236</del> <u>133,817</u>
32	Judge, Court of Appeals	<del>128,011</del> <u>131,531</u>
33	Judge, Senior Regular Resident Superior Court	<del>124,532</del> <u>127,957</u>
34	Judge, Superior Court	<del>121,053</del> <u>124,382</u>
35	Chief Judge, District Court	<del>109,923</del> <u>112,946</u>
36	Judge, District Court	<del>106,445</del> <u>109,372</u>
37	District Attorney	<del>116,112</del> <u>119,305</u>
38	Administrative Officer of the Courts	<del>123,346</del> <u>126,738</u>
39	Assistant Administrative Officer of the Courts	<del>112,665</del> <u>115,763</u>
40	Public Defender	<del>116,112</del> <u>119,305</u>

**"SECTION 28.4.(b)** The district attorney or public defender of a judicial district, with the approval of the Administrative Officer of the Courts or the Commission on

1 Indigent Defense Services, respectively, shall set the salaries of assistant district  
 2 attorneys or assistant public defenders, respectively, in that district such that the average  
 3 salaries of assistant district attorneys or assistant public defenders in that district do not  
 4 exceed sixty-nine thousand forty-seven dollars (\$69,047), and the minimum salary of  
 5 any assistant district attorney or assistant public defender is at least thirty-six thousand  
 6 eighty-two dollars (\$36,082), effective July 1, 2007.

7 "SECTION 28.4.(b1) The district attorney or public defender of a judicial district,  
 8 with the approval of the Administrative Officer of the Courts or the Commission on  
 9 Indigent Defense Services, respectively, shall set the salaries of assistant district  
 10 attorneys or assistant public defenders, respectively, in that district such that the average  
 11 salaries of assistant district attorneys or assistant public defenders in that district do not  
 12 exceed seventy thousand nine hundred forty-six dollars (\$70,946), and the minimum  
 13 salary of any assistant district attorney or assistant public defender is at least  
 14 thirty-seven thousand one hundred eighty-two dollars (\$37,182), effective July 1, 2008.

15 "SECTION 28.4.(c) Effective July 1, 2007, the annual salaries of permanent,  
 16 full-time employees of the Judicial Department whose salaries are not itemized in this  
 17 act shall be increased by four percent (4.0%). Effective July 1, 2008, the annual salaries  
 18 of permanent, full-time employees of the Judicial Department whose salaries are not  
 19 itemized in this act shall be increased by the greater of one thousand one hundred  
 20 dollars (\$1,100) or two and seventy-five hundredths percent (2.75%).

21 "SECTION 28.4.(d) Effective July 1, 2007, the annual salaries of permanent,  
 22 part-time employees of the Judicial Department whose salaries are not itemized in this  
 23 act shall be increased by four percent (4.0%). Effective July 1, 2008, the annual salaries  
 24 of permanent, part-time employees of the Judicial Department whose salaries are not  
 25 itemized in this act shall be increased by pro rata amounts of one thousand one hundred  
 26 dollars (\$1,100) or two and seventy-five hundredths percent (2.75%) whichever is  
 27 greater."

28  
 29 **CLERK OF SUPERIOR COURT/SALARY INCREASES**

30 **SECTION 26.5.** Effective July 1, 2008, G.S. 7A-101(a) reads as rewritten:

31 "(a) The clerk of superior court is a full-time employee of the State and shall  
 32 receive an annual salary, payable in equal monthly installments, based on the population  
 33 of the county as determined in subsection (a1) of this section, according to the following  
 34 schedule:

Population	Annual Salary
Less than 100,000	<del>\$ 80,196</del> \$82,401
100,000 to 149,999	<del>89,993</del> 92,468
150,000 to 249,999	<del>99,792</del> 102,536
250,000 and above	<del>109,593</del> 112,607.

40 When a county changes from one population group to another, the salary of the clerk  
 41 shall be changed, on July 1 of the fiscal year for which the change is reported, to the  
 42 salary appropriate for the new population group, except that the salary of an incumbent  
 43 clerk shall not be decreased by any change in population group during his continuance  
 44 in office."

**ASSISTANT AND DEPUTY CLERKS OF COURT/SALARY INCREASES**

**SECTION 26.6.** Effective July 1, 2008, G.S. 7A-102(c1) reads as rewritten:

"(c1) A full-time assistant clerk or a full-time deputy clerk, and up to one full-time deputy clerk serving as head bookkeeper per county, shall be paid an annual salary subject to the following minimum and maximum rates:

Assistant Clerks and	Annual Salary
Head Bookkeeper	
Minimum	<del>\$31,122</del> <u>\$32,222</u>
Maximum	<del>53,304</del> <u>54,767</u>
Deputy Clerks	Annual Salary
Minimum	<del>\$26,788</del> <u>\$27,888</u>
Maximum	<del>41,456.</del> <u>42,596.</u>

**MAGISTRATES' SALARY INCREASES**

**SECTION 26.7.(a)** Effective July 1, 2008, G.S. 7A-171.1(a) reads as rewritten:

"(a) The Administrative Officer of the Courts, after consultation with the chief district judge and pursuant to the following provisions, shall set an annual salary for each magistrate.

- (1) A full-time magistrate shall be paid the annual salary indicated in the table set out in this subdivision. A full-time magistrate is a magistrate who is assigned to work an average of not less than 40 hours a week during the term of office. The Administrative Officer of the Courts shall designate whether a magistrate is full-time. Initial appointment shall be at the entry rate. A magistrate's salary shall increase to the next step every two years on the anniversary of the date the magistrate was originally appointed for increases to Steps 1 through 3, and every four years on the anniversary of the date the magistrate was originally appointed for increases to Steps 4 through 6.

Table of Salaries of Full-Time Magistrates

Step Level	Annual Salary
Entry Rate	<del>\$31,533</del> <u>\$32,633</u>
Step 1	<del>34,425</del> <u>35,525</u>
Step 2	<del>37,571</del> <u>38,671</u>
Step 3	<del>41,006</del> <u>42,134</u>
Step 4	<del>44,768</del> <u>45,999</u>
Step 5	<del>49,007</del> <u>50,355</u>
Step 6	<del>53,760.</del> <u>55,238.</u>

- (2) A part-time magistrate is a magistrate who is assigned to work an average of less than 40 hours of work a week during the term, except that no magistrate shall be assigned an average of less than 10 hours of work a week during the term. A part-time magistrate is included, in

1 accordance with G.S. 7A-170, under the provisions of G.S. 135-1(10)  
 2 and G.S. 135-40.2(a). The Administrative Officer of the Courts  
 3 designates whether a magistrate is a part-time magistrate. A part-time  
 4 magistrate shall receive an annual salary based on the following  
 5 formula: The average number of hours a week that a part-time  
 6 magistrate is assigned work during the term shall be multiplied by the  
 7 annual salary payable to a full-time magistrate who has the same  
 8 number of years of service prior to the beginning of that term as does  
 9 the part-time magistrate and the product of that multiplication shall be  
 10 divided by the number 40. The quotient shall be the annual salary  
 11 payable to that part-time magistrate.

- 12 (3) Notwithstanding any other provision of this subsection, a magistrate  
 13 who is licensed to practice law in North Carolina or any other state  
 14 shall receive the annual salary provided in the Table in subdivision (1)  
 15 of this subsection for Step 4."

16 **SECTION 26.7.(b)** Effective July 1, 2008, G.S. 7A-171.1(a1)(1) reads as  
 17 rewritten:

18 "(a1) Notwithstanding subsection (a) of this section, the following salary provisions  
 19 apply to individuals who were serving as magistrates on June 30, 1994:

- 20 (1) The salaries of magistrates who on June 30, 1994, were paid at a salary  
 21 level of less than five years of service under the table in effect that date  
 22 shall be as follows:

23 Less than 1 year of service	\$25,428	<u>\$26,528</u>
24 1 or more but less than 3 years of service	26,595	<u>27,695</u>
25 3 or more but less than 5 years of service	28,944.	<u>30,044.</u>

26 Upon completion of five years of service, those magistrates shall  
 27 receive the salary set as the Entry Rate in the table in subsection (a)."  
 28

29 **GENERAL ASSEMBLY PRINCIPAL CLERKS/SALARY INCREASES**

30 **SECTION 26.8.** Effective July 1, 2008, G.S. 120-37(c) reads as rewritten:

31 "(c) The principal clerks shall be full-time officers. Each principal clerk shall be  
 32 entitled to other benefits available to permanent legislative employees and shall be paid  
 33 an annual salary of ~~one hundred one thousand two hundred ninety eight dollars~~  
 34 ~~(\$101,298)~~ one hundred four thousand eighty-four dollars (\$104,084) payable monthly.  
 35 Each principal clerk shall also receive such additional compensation as approved by the  
 36 Speaker of the House of Representatives or the President Pro Tempore of the Senate,  
 37 respectively, for additional employment duties beyond those provided by the rules of  
 38 their House. The Legislative Services Commission shall review the salary of the  
 39 principal clerks prior to submission of the proposed operating budget of the General  
 40 Assembly to the Governor and shall make appropriate recommendations for changes in  
 41 those salaries. Any changes enacted by the General Assembly shall be by amendment to  
 42 this paragraph."  
 43

44 **SERGEANT-AT-ARMS AND READING CLERKS/SALARY INCREASES**

1           **SECTION 26.9.** Effective July 1, 2008, G.S. 120-37(b) reads as rewritten:

2           "(b) The sergeant-at-arms and the reading clerk in each house shall be paid a  
3 salary of ~~three hundred fifty nine dollars (\$359.00)~~ three hundred eighty dollars  
4 (\$380.00) per week plus subsistence at the same daily rate provided for members of the  
5 General Assembly, plus mileage at the rate provided for members of the General  
6 Assembly for one round trip only from their homes to Raleigh and return. The  
7 sergeants-at-arms shall serve during sessions of the General Assembly and at such time  
8 prior to the convening of, and subsequent to adjournment or recess of, sessions as may  
9 be authorized by the Legislative Services Commission. The reading clerks shall serve  
10 during sessions only."

#### 11 12 **LEGISLATIVE EMPLOYEES/SALARY INCREASES**

13           **SECTION 26.10.** Effective July 1, 2008, the Legislative Services Officer  
14 shall increase the salaries of nonelected employees of the General Assembly in effect  
15 for fiscal year 2007-2008 by the greater of one thousand one hundred dollars (\$1,100)  
16 or two and seventy-five hundredths percent (2.75%). Nothing in this act limits any of  
17 the provisions of G.S. 120-32.

#### 18 19 **COMMUNITY COLLEGES PERSONNEL/SALARY INCREASES**

20           **SECTION 26.11.** Section 28.11 of S.L. 2007-323 reads as rewritten:

21           "**SECTION 28.11.(a)** The Director of the Budget shall transfer from the Reserve  
22 for Compensation Increases, created in this act for fiscal years 2007-2008 and  
23 2008-2009, funds to the North Carolina Community Colleges System Office necessary  
24 to provide an annual salary increase of four percent (4.0%) including funds for the  
25 employer's retirement and social security contributions, commencing July 1, 2007, for  
26 all community college employees supported by State funds.

27           "**SECTION 28.11.(a1)** Effective July 1, 2008, the Director of the Budget shall  
28 transfer from the Reserve for Compensation Increases, created in this act for fiscal year  
29 2008-2009, funds to the North Carolina Community Colleges System Office necessary  
30 to provide an annual salary increase of:

31           (1) Three percent (3.0%) including funds for the employer's retirement  
32 and social security contributions, commencing July 1, 2008, for all  
33 community college faculty and professional staff supported by State  
34 funds.

35           (2) The greater of one thousand one hundred dollars (\$1,100) or two and  
36 seventy-five hundredths percent (2.75%) including funds for the  
37 employer's retirement and social security contributions, commencing  
38 July 1, 2008, for all other community college employees supported by  
39 State funds.

40           "**SECTION 28.11.(b)** The Director of the Budget shall transfer from the Reserve  
41 for Compensation Increases, created in this act for fiscal years 2007-2008 and  
42 2008-2009, funds to the North Carolina Community Colleges System Office necessary  
43 to provide an additional annual salary increase of one percent (1.0%) for Community

1 College faculty and professional staff, including funds for the employer's retirement and  
2 social security contributions, supported by State funds."

3  
4 **UNIVERSITY OF NORTH CAROLINA SYSTEM/EPA SALARY INCREASES**

5 **SECTION 26.12.** Section 28.12 of S.L. 2007-323 reads as rewritten:

6 "SECTION 28.12.(a) Effective July 1, 2007, the Director of the Budget shall  
7 transfer to the Board of Governors of The University of North Carolina sufficient funds  
8 from the Reserve for Compensation Increases, created in this act for fiscal years  
9 2007-2008 and 2008-2009, including funds for the employer's retirement and social  
10 security contributions, to provide to employees of The University of North Carolina,  
11 other than teachers of the North Carolina School of Science and Mathematics, whose  
12 salaries are supported by State funds and who are exempt from the State Personnel Act  
13 (EPA) an annual salary increase of five percent (5%) for faculty. The percentage annual  
14 salary increase of five percent (5%) authorized by this section shall be made on an  
15 aggregated average basis, according to the rules adopted by the Board of Governors of  
16 The University of North Carolina and may not be used for any purpose other than for  
17 salary increases and necessary employer contributions provided by this section. The  
18 Board of Governors may use a portion of the annual salary increase provided by this  
19 section to improve competitive national peer rankings for faculty.

20 "SECTION 28.12.(a1) Effective July 1, 2008, the Director of the Budget shall  
21 transfer to the Board of Governors of The University of North Carolina sufficient funds  
22 from the Reserve for Compensation Increases, created in this act for fiscal year  
23 2008-2009, including funds for the employer's retirement and social security  
24 contributions, to provide to employees of The University of North Carolina, other than  
25 teachers of the North Carolina School of Science and Mathematics, whose salaries are  
26 supported by State funds and who are exempt from the State Personnel Act (EPA) an  
27 annual salary increase of three percent (3%) for faculty and non-faculty. The percentage  
28 annual salary increase of three percent (3%) authorized by this section shall be made on  
29 an aggregated average basis, according to the rules adopted by the Board of Governors  
30 of The University of North Carolina, and may not be used for any purpose other than for  
31 salary increases and necessary employer contributions provided by this section.

32 "SECTION 28.12.(b) Effective July 1, 2007, the Director of the Budget shall  
33 transfer to the Board of Governors of The University of North Carolina sufficient funds  
34 from the Reserve for Compensation Increases, created in this act for fiscal years  
35 2007-2008 and 2008-2009, including funds for the employer's retirement and social  
36 security contributions, to provide to employees of The University of North Carolina,  
37 other than teachers of the North Carolina School of Science and Mathematics, whose  
38 salaries are supported by State funds and who are exempt from the State Personnel Act  
39 (EPA) an annual salary increase of four percent (4.0%) for nonfaculty.

40 "SECTION 28.12.(c) The Director of the Budget shall transfer to the Board of  
41 Governors of The University of North Carolina sufficient funds from the Reserve for  
42 Compensation Increases, created in this act for fiscal years 2007-2008 and 2008-2009 to  
43 provide an average annual salary increase of five percent (5%) but at least an annual  
44 increase of one thousand two hundred forty dollars (\$1,240), including funds for the

1 employer's retirement and social security contributions, commencing July 1, 2007, for  
2 all teaching employees of the North Carolina School of Science and Mathematics,  
3 supported by State funds and whose salaries are exempt from the State Personnel Act  
4 (EPA). These funds shall be allocated to individuals according to the rules adopted by  
5 the Board of Trustees of the North Carolina School of Science and Mathematics and  
6 may not be used for any purpose other than for salary increases and necessary employer  
7 contributions provided by this section.

8 "SECTION 28.12.(c1) The Director of the Budget shall transfer to the Board of  
9 Governors of The University of North Carolina sufficient funds from the Reserve for  
10 Compensation Increases, created in this act for fiscal year 2008-2009, to provide an  
11 average annual salary increase of three percent (3%), but at least an annual increase of  
12 four hundred seventy dollars (\$470.00), including funds for the employer's retirement  
13 and social security contributions, commencing July 1, 2008, for all teaching employees  
14 of the North Carolina School of Science and Mathematics, supported by State funds and  
15 whose salaries are exempt from the State Personnel Act (EPA). These funds shall be  
16 allocated to individuals according to the rules adopted by the Board of Trustees of the  
17 North Carolina School of Science and Mathematics and may not be used for any  
18 purpose other than for salary increases and necessary employer contributions provided  
19 by this section."

## 21 MOST STATE EMPLOYEES/SALARY INCREASES

22 **SECTION 26.13.** Effective July 1, 2008, Section 28.14 of S.L. 2007-323  
23 reads as rewritten:

24 **"SECTION 28.14.(a)** The salaries in effect June 30, 2007, of all permanent  
25 full-time State employees whose salaries are set in accordance with the State Personnel  
26 Act, and who are paid from the General Fund or the Highway Fund, shall be increased,  
27 effective July 1, 2007, by four percent (4%). Effective July 1, 2008, the salaries in effect  
28 June 30, 2008, of all permanent, full-time State employees whose salaries are set in  
29 accordance with the State Personnel Act, and who are paid from the General Fund or  
30 Highway Fund shall be increased by the greater of one thousand one hundred dollars  
31 (\$1,100) or two and seventy-five hundredths percent (2.75%).

32 **"SECTION 28.14.(b)** Except as otherwise provided in this act, the fiscal year  
33 2007-2008 salaries for permanent full-time State officials and persons in exempt  
34 positions that are recommended by the Governor and set by the General Assembly shall  
35 be increased by four percent (4%), effective July 1, 2007. Effective July 1, 2008, the  
36 compensation of permanent, full-time State officials and persons in exempt positions  
37 that are recommended by the Governor and set by the General Assembly shall be  
38 increased by the greater of one thousand one hundred dollars (\$1,100) or two and  
39 seventy-five hundredths percent (2.75%).

40 **"SECTION 28.14.(c)** The salaries in effect for fiscal year 2007-2008 for all  
41 permanent part-time State employees shall be increased, effective July 1, 2007, by the  
42 four percent (4%) salary increase provided for permanent full-time employees covered  
43 under this part. Effective July 1, 2008, the salaries of permanent, part-time State



1 employees shall be increased by the greater of pro rata amounts of one thousand one  
2 hundred dollars (\$1,100) or two and seventy-five hundredths percent (2.75%).

3 "SECTION 28.14.(d) The Director of the Budget may allocate out of special  
4 operating funds or from other sources of the employing agency, except tax revenues,  
5 sufficient funds to allow ~~a salary increase, effective July 1, 2007,~~ increases in  
6 accordance with subsection (a), (b), or (c) of this section including funds for the  
7 employer's retirement and social security contributions, for the permanent full-time and  
8 part-time employees of the agency, provided the employing agency elects to make  
9 available the necessary funds.

10 "SECTION 28.14.(e) ~~Within~~ For the 2007-2008 fiscal year, within regular State  
11 Budget Act procedures as limited by this act, all State agencies and departments may  
12 increase on an equitable basis the rate of pay of temporary and permanent hourly State  
13 employees, subject to availability of funds in the particular agency or department, by  
14 pro rata amounts of the four percent (4%) salary increase provided for permanent  
15 full-time employees covered by the provisions of subsection (a) of this section,  
16 commencing July 1, 2007. For the 2008-2009 fiscal year, within regular State Budget  
17 Act procedures as limited by this act, all State agencies and departments may increase  
18 on an equitable basis the rate of pay of temporary and permanent hourly State  
19 employees, subject to availability of funds in the particular agency or department, by the  
20 greater of pro rata amounts of one thousand one hundred dollar (\$1,100) or two and  
21 seventy-five hundredths percent (2.75%) salary increase provided for permanent  
22 full-time employees covered by the provisions of subsection (a) of this section,  
23 commencing July 1, 2008."

## 24 ALL STATE-SUPPORTED PERSONNEL/SALARY INCREASES

25 SECTION 26.14. Effective July 1, 2008, Section 28.15 of S.L. 2007-323  
26 reads as rewritten:

27 "SECTION 28.15.(a) Salaries and related benefits for positions that are funded  
28 partially from the General Fund or Highway Fund and partially from sources other than  
29 the General Fund or Highway Fund shall be increased from the General Fund or  
30 Highway Fund appropriation only to the extent of the proportionate part of the salaries  
31 paid from the General Fund or Highway Fund.

32 "SECTION 28.15.(b) The granting of the salary increases under this act does not  
33 affect the status of eligibility for salary increments for which employees may be eligible  
34 unless otherwise required by this act.

35 "SECTION 28.15.(c) The fiscal year 2007-2008 salary increases provided in this  
36 act are to be effective July 1, 2007, do not apply to persons separated from State service  
37 due to resignation, dismissal, reduction in force, death, or retirement, or whose last  
38 workday is prior to July 1, 2007. The fiscal year 2008-2009 salary increases provided in  
39 this act are to be effective July 1, 2008, do not apply to persons separated from State  
40 service due to resignation, dismissal, reduction in force, death, or retirement, or whose  
41 last workday is prior to July 1, 2008.

42 Payroll checks issued to employees ~~after July 1, 2007,~~ which represent payment of  
43 services provided prior to ~~July 1, 2007,~~ these increases shall not be eligible for salary  
44

1 increases provided for in this act. This subsection shall apply to all employees, subject  
2 to or exempt from the State Personnel Act, paid from State funds, including public  
3 schools, community colleges, and The University of North Carolina.

4 **"SECTION 28.15.(d)** The Director of the Budget shall transfer from the Reserve  
5 for Compensation Increases in this act for fiscal year 2007-2008 and fiscal year  
6 2008-2009 all funds necessary for the salary increases provided by this act, including  
7 funds for the employer's retirement and social security contributions.

8 **"SECTION 28.15.(e)** Nothing in this act authorizes the transfer of funds between  
9 the General Fund and the Highway Fund for salary increases.

10 **"SECTION 28.15.(f)** ~~Permanent~~ For the 2007-2008 fiscal year, permanent,  
11 full-time employees who work a nine-, ten-, or eleven-month work year schedule shall  
12 receive the four percent (4.0%) annual increase provided by this act. For the 2008-2009  
13 fiscal year, permanent, full-time employees who work a nine-, ten-, or eleven-month  
14 work year schedule shall receive the greater of the one thousand one hundred dollar  
15 (\$1,100) or two and seventy-five hundredths percent (2.75%) annual increase provided  
16 by this act."  
17

#### 18 **OFFICE OF STATE PERSONNEL TO PERFORM LABOR MARKET** 19 **ANALYSIS OF CERTAIN POSITIONS**

20 **SECTION 26.15.(a)** The Office of State Personnel shall conduct a labor  
21 market analysis of the Administrative Support positions in the Department of  
22 Transportation to determine whether current employees are compensated appropriately  
23 relative to market rates for similar positions. If appropriate, the Office of State  
24 Personnel shall recommend to the State Personnel Commission a Salary Range Revision  
25 or establishment of a Special Minimum Rate, as those terms are defined in the State  
26 Personnel Manual. The Office of State Personnel shall report its findings and any  
27 actions of the State Personnel Commission to the Appropriations Committees of the  
28 House and Senate no later than two weeks after the convening of the 2009 legislative  
29 session.

30 **SECTION 26.15.(b)** The Office of State Personnel shall conduct a labor  
31 market analysis of the Information Technology and Law Enforcement positions in the  
32 Department of Transportation to determine whether current employees are compensated  
33 appropriately relative to labor market rates for similar positions. This study shall be  
34 based upon employees' competency assessments made at the time these positions were  
35 Career Banded or on the employees' date of hire, if later, and shall not include an  
36 analysis of "career progression adjustments" that could be made under current policy  
37 due to additional skills/competencies demonstrated by an employee subsequent to their  
38 initial competency assessment. The Office of State Personnel shall report its findings to  
39 the Appropriations Committees of the House and Senate no later than two weeks after  
40 the convening of the 2009 legislative session.

41 **SECTION 26.15.(c)** The Office of State Personnel shall conduct an analysis  
42 of the Department of Health and Human Services Division of Mental Health's proposal  
43 to increase salaries of Health Care Technicians, Developmental Disability Trainers, and  
44 Youth Program Assistants based upon the establishment of defined skill and

1 competency sets and employees' subsequent demonstration of those skills and  
 2 competencies. This analysis shall determine whether the Division's goals can be  
 3 accomplished through current State Personnel Policy regulating "Reallocations." If so,  
 4 the Office of State Personnel shall so advise the Division of Mental Health and assist  
 5 them by timely processing any reallocation requests. The Office of State Personnel shall  
 6 report its findings and actions to the Appropriations Committees of the House and  
 7 Senate no later than two weeks after the convening of the 2009 legislative session.

8  
 9 **TEACHER SALARY SCHEDULES**

10 **SECTION 26.16.(a)** Effective for the 2008-2009 school year, the Director of  
 11 the Budget shall transfer from the Reserve for Compensation Increases funds necessary  
 12 to implement the teacher salary schedules set out in subsection (b) of this section and  
 13 for longevity in accordance with subsection (d) of this section, including funds for the  
 14 employer's retirement and social security contributions for all teachers whose salaries  
 15 are supported from the State's General Fund.

16 These funds shall be allocated to individuals according to rules adopted by  
 17 the State Board of Education.

18 **SECTION 26.16.(b)** The following monthly salary schedules shall apply for  
 19 the 2008-2009 fiscal year to certified personnel of the public schools who are classified  
 20 as teachers. The schedule contains 32 steps with each step corresponding to one year of  
 21 teaching experience.

22  
 23 2008-2009 Monthly Salary Schedule

24 "A" Teachers

25 Years of Experience	"A" Teachers	NBPTS Certification
26 0	\$3,022	N/A
27 1	\$3,064	N/A
28 2	\$3,108	N/A
29 3	\$3,264	\$3,656
30 4	\$3,404	\$3,812
31 5	\$3,538	\$3,963
32 6	\$3,667	\$4,107
33 7	\$3,771	\$4,224
34 8	\$3,819	\$4,277
35 9	\$3,868	\$4,332
36 10	\$3,918	\$4,388
37 11	\$3,967	\$4,443
38 12	\$4,018	\$4,500
39 13	\$4,069	\$4,557
40 14	\$4,122	\$4,617
41 15	\$4,176	\$4,677
42 16	\$4,231	\$4,739
43 17	\$4,286	\$4,800
44 18	\$4,345	\$4,866

1	19	\$4,403	\$4,931
2	20	\$4,461	\$4,996
3	21	\$4,523	\$5,066
4	22	\$4,584	\$5,134
5	23	\$4,650	\$5,208
6	24	\$4,714	\$5,280
7	25	\$4,779	\$5,352
8	26	\$4,845	\$5,426
9	27	\$4,913	\$5,503
10	28	\$4,984	\$5,582
11	29	\$5,055	\$5,662
12	30	\$5,153	\$5,771
13	31+	\$5,255	\$5,886

2008-2009 Monthly Salary Schedule

"M" Teachers

Years of Experience	"M" Teachers	NBPTS Certification
19	0	N/A
20	1	N/A
21	2	N/A
22	3	\$4,021
23	4	\$4,193
24	5	\$4,359
25	6	\$4,518
26	7	\$4,646
27	8	\$4,705
28	9	\$4,766
29	10	\$4,827
30	11	\$4,888
31	12	\$4,950
32	13	\$5,013
33	14	\$5,078
34	15	\$5,145
35	16	\$5,212
36	17	\$5,281
37	18	\$5,354
38	19	\$5,424
39	20	\$5,496
40	21	\$5,572
41	22	\$5,647
42	23	\$5,729
43	24	\$5,807
44	25	\$5,888

1	26	\$5,330	\$5,970
2	27	\$5,404	\$6,052
3	28	\$5,482	\$6,140
4	29	\$5,561	\$6,228
5	30	\$5,668	\$6,348
6	31+	\$5,781	\$6,475

**SECTION 26.16.(c)** Annual longevity payments for teachers shall be at the rate of one and one-half percent (1.5%) of base salary for 10 to 14 years of State service, two and twenty-five hundredths percent (2.25%) of base salary for 15 to 19 years of State service, three and twenty-five hundredths percent (3.25%) of base salary for 20 to 24 years of State service, and four and one-half percent (4.5%) of base salary for 25 or more years of State service. The longevity payment shall be paid in a lump sum once a year.

**SECTION 26.16.(d)** Certified public schoolteachers with certification based on academic preparation at the six-year degree level shall receive a salary supplement of one hundred twenty-six dollars (\$126.00) per month in addition to the compensation provided for certified personnel of the public schools who are classified as "M" teachers. Certified public schoolteachers with certification based on academic preparation at the doctoral degree level shall receive a salary supplement of two hundred fifty-three dollars (\$253.00) per month in addition to the compensation provided for certified personnel of the public schools who are classified as "M" teachers.

**SECTION 26.16.(e)** The first step of the salary schedule for school psychologists shall be equivalent to Step 5, corresponding to five years of experience, on the salary schedule established in this section for certified personnel of the public schools who are classified as "M" teachers. Certified psychologists shall be placed on the salary schedule at an appropriate step based on their years of experience. Certified psychologists shall receive longevity payments based on years of State service in the same manner as teachers.

Certified psychologists with certification based on academic preparation at the six-year degree level shall receive a salary supplement of one hundred twenty-six dollars (\$126.00) per month in addition to the compensation provided for certified psychologists. Certified psychologists with certification based on academic preparation at the doctoral degree level shall receive a salary supplement of two hundred fifty-three dollars (\$253.00) per month in addition to the compensation provided for certified psychologists.

**SECTION 26.16.(f)** Speech pathologists who are certified as speech pathologists at the master's degree level and audiologists who are certified as audiologists at the master's degree level and who are employed in the public schools as speech and language specialists and audiologists shall be paid on the school psychologist salary schedule.

Speech pathologists and audiologists with certification based on academic preparation at the six-year degree level shall receive a salary supplement of one hundred

1 twenty-six dollars (\$126.00) per month in addition to the compensation provided for  
 2 speech pathologists and audiologists. Speech pathologists and audiologists with  
 3 certification based on academic preparation at the doctoral degree level shall receive a  
 4 salary supplement of two hundred fifty-three dollars (\$253.00) per month in addition to  
 5 the compensation provided for speech pathologists and audiologists.

6 **SECTION 26.16.(g)** Certified school nurses who are employed in the public  
 7 schools as nurses shall be paid on the "M" salary schedule.

8 **SECTION 26.16.(h)** As used in this section, the term "teacher" shall also  
 9 include instructional support personnel.

10  
 11 **SCHOOL BASED ADMINISTRATOR SALARY SCHEDULE**

12 **SECTION 26.17.(a)** Effective for the 2008-2009 school year, the Director of  
 13 the Budget shall transfer from the Reserve for Compensation Increases funds necessary  
 14 to implement the salary schedules for school-based administrators as provided in this  
 15 section. These funds shall be used for State-paid employees only.

16 **SECTION 26.17.(b)** The base salary schedule for school-based  
 17 administrators shall apply only to principals and assistant principals. The base salary  
 18 schedule for the 2008-2009 fiscal year, commencing July 1, 2008, is as follows:

19  
 20 2008-2009 Principal and Assistant Principal Salary Schedules  
 21 Classification

22 Years of Exp	Assistant 23 Principal	Prin I (0-10)	Prin II (11-21)	Prin III (22-32)	Prin IV (33-43)
24 0-4	\$3,781	-	-	-	-
25 5	\$3,931	-	-	-	-
26 6	\$4,074	-	-	-	-
27 7	\$4,189	-	-	-	-
28 8	\$4,243	\$4,243	-	-	-
29 9	\$4,298	\$4,298	-	-	-
30 10	\$4,353	\$4,353	\$4,408	-	-
31 11	\$4,408	\$4,408	\$4,464	-	-
32 12	\$4,464	\$4,464	\$4,521	\$4,579	-
33 13	\$4,521	\$4,521	\$4,579	\$4,640	\$4,701
34 14	\$4,579	\$4,579	\$4,640	\$4,701	\$4,762
35 15	\$4,640	\$4,640	\$4,701	\$4,762	\$4,828
36 16	\$4,701	\$4,701	\$4,762	\$4,828	\$4,891
37 17	\$4,762	\$4,762	\$4,828	\$4,891	\$4,956
38 18	\$4,828	\$4,828	\$4,891	\$4,956	\$5,025
39 19	\$4,891	\$4,891	\$4,956	\$5,025	\$5,092
40 20	\$4,956	\$4,956	\$5,025	\$5,092	\$5,166
41 21	\$5,025	\$5,025	\$5,092	\$5,166	\$5,237
42 22	\$5,092	\$5,092	\$5,166	\$5,237	\$5,310
43 23	\$5,166	\$5,166	\$5,237	\$5,310	\$5,383
44 24	\$5,237	\$5,237	\$5,310	\$5,383	\$5,458

1	25	\$5,310	\$5,310	\$5,383	\$5,458	\$5,537
2	26	\$5,383	\$5,383	\$5,458	\$5,537	\$5,617
3	27	\$5,458	\$5,458	\$5,537	\$5,617	\$5,725
4	28	\$5,537	\$5,537	\$5,617	\$5,725	\$5,839
5	29	\$5,617	\$5,617	\$5,725	\$5,839	\$5,956
6	30	\$5,725	\$5,725	\$5,839	\$5,956	\$6,075
7	31	\$5,839	\$5,839	\$5,956	\$6,075	\$6,197
8	32	-	\$5,956	\$6,075	\$6,197	\$6,321
9	33	-	-	\$6,197	\$6,321	\$6,447
10	34	-	-	\$6,321	\$6,447	\$6,576
11	35	-	-	-	\$6,576	\$6,708
12	36	-	-	-	\$6,708	\$6,842
13	37	-	-	-	-	\$6,979

2008-2009 Principal and Assistant Principal Salary Schedules

Classification

Years of Exp	Prin V (44-54)	Prin VI (55-65)	Prin VII (66-100)	Prin VIII (101+)
0-14	\$4,828	-	-	-
15	\$4,891	-	-	-
16	\$4,956	\$5,025	-	-
17	\$5,025	\$5,092	\$5,237	-
18	\$5,092	\$5,166	\$5,310	\$5,383
19	\$5,166	\$5,237	\$5,383	\$5,458
20	\$5,237	\$5,310	\$5,458	\$5,537
21	\$5,310	\$5,383	\$5,537	\$5,617
22	\$5,383	\$5,458	\$5,617	\$5,725
23	\$5,458	\$5,537	\$5,725	\$5,839
24	\$5,537	\$5,617	\$5,839	\$5,956
25	\$5,617	\$5,725	\$5,956	\$6,075
26	\$5,725	\$5,839	\$6,075	\$6,197
27	\$5,839	\$5,956	\$6,197	\$6,321
28	\$5,956	\$6,075	\$6,321	\$6,447
29	\$6,075	\$6,197	\$6,447	\$6,576
30	\$6,197	\$6,321	\$6,576	\$6,708
31	\$6,321	\$6,447	\$6,708	\$6,842
32	\$6,447	\$6,576	\$6,842	\$6,979
33	\$6,576	\$6,708	\$6,979	\$7,119
34	\$6,708	\$6,842	\$7,119	\$7,261
35	\$6,842	\$6,979	\$7,261	\$7,406
36	\$6,979	\$7,119	\$7,406	\$7,554
37	\$7,119	\$7,261	\$7,554	\$7,705
38	\$7,261	\$7,406	\$7,705	\$7,859

1	39	-	\$7,554	\$7,859	\$8,016
2	40	-	\$7,705	\$8,016	\$8,176
3	41	-	-	\$8,176	\$8,340

4  
 5           **SECTION 26.17.(c)** The appropriate classification for placement of  
 6 principals and assistant principals on the salary schedule, except for principals in  
 7 alternative schools and in cooperative innovative high schools, shall be determined in  
 8 accordance with the following schedule:

9	Classification	Number of Teachers Supervised
10	Assistant Principal	
11	Principal I	Fewer than 11 Teachers
12	Principal II	11-21 Teachers
13	Principal III	22-32 Teachers
14	Principal IV	33-43 Teachers
15	Principal V	44-54 Teachers
16	Principal VI	55-65 Teachers
17	Principal VII	66-100 Teachers
18	Principal VIII	More than 100 Teachers

19  
 20  
 21  
 22           The number of teachers supervised includes teachers and assistant principals  
 23 paid from State funds only; it does not include teachers or assistant principals paid from  
 24 non-State funds or the principal or teacher assistants.

25           The beginning classification for principals in alternative schools and in  
 26 cooperative innovative high school programs shall be the Principal III level. Principals  
 27 in alternative schools who supervise 33 or more teachers shall be classified according to  
 28 the number of teachers supervised.

29           **SECTION 26.17.(d)** A principal shall be placed on the step on the salary  
 30 schedule that reflects total number of years of experience as a certificated employee of  
 31 the public schools and an additional step for every three years of experience as a  
 32 principal. A principal or assistant principal shall also continue to receive any additional  
 33 State-funded percentage increases earned for the 1997-1998, 1998-1999, and 1999-2000  
 34 school years for improvement in student performance or maintaining a safe and orderly  
 35 school.

36           **SECTION 26.17.(e)** Principals and assistant principals with certification  
 37 based on academic preparation at the six-year degree level shall be paid a salary  
 38 supplement of one hundred twenty-six dollars (\$126.00) per month and at the doctoral  
 39 degree level shall be paid a salary supplement of two hundred fifty-three dollars  
 40 (\$253.00) per month.

41           **SECTION 26.17.(f)** Longevity pay for principals and assistant principals  
 42 shall be as provided for State employees under the State Personnel Act.

43           **SECTION 26.17.(g)** If a principal is reassigned to a higher job classification  
 44 because the principal is transferred to a school within a local school administrative unit



1 with a larger number of State-allotted teachers, the principal shall be placed on the  
 2 salary schedule as if the principal had served the principal's entire career as a principal  
 3 at the higher job classification.

4 If a principal is reassigned to a lower job classification because the principal  
 5 is transferred to a school within a local school administrative unit with a smaller number  
 6 of State-allotted teachers, the principal shall be placed on the salary schedule as if the  
 7 principal had served the principal's entire career as a principal at the lower job  
 8 classification.

9 This subsection applies to all transfers on or after the effective date of this  
 10 section, except transfers in school systems that have been created, or will be created, by  
 11 merging two or more school systems. Transfers in these merged systems are exempt  
 12 from the provisions of this subsection for one calendar year following the date of the  
 13 merger.

14 **SECTION 26.17.(h)** Participants in an approved full-time master's in school  
 15 administration program shall receive up to a 10-month stipend at the beginning salary of  
 16 an assistant principal during the internship period of the master's program. For the  
 17 2006-2007 fiscal year and subsequent fiscal years, the stipend shall not exceed the  
 18 difference between the beginning salary of an assistant principal plus the cost of tuition,  
 19 fees, and books and any fellowship funds received by the intern as a full-time student,  
 20 including awards of the Principal Fellows Program. The Principal Fellows Program or  
 21 the school of education where the intern participates in a full-time master's in school  
 22 administration program shall supply the Department of Public Instruction with  
 23 certification of eligible full-time interns.

24 **SECTION 26.17.(i)** During the 2008-2009 fiscal year, the placement on the  
 25 salary schedule of an administrator with a one-year provisional assistant principal's  
 26 certificate shall be at the entry-level salary for an assistant principal or the appropriate  
 27 step on the teacher salary schedule, whichever is higher.

28  
 29 **CENTRAL OFFICE SALARIES**

30 **SECTION 26.18.(a)** The monthly salary ranges that follow apply to  
 31 assistant superintendents, associate superintendents, directors/coordinators, supervisors,  
 32 and finance officers for the 2008-2009 fiscal year, beginning July 1, 2008.

33	School Administrator I	\$3,309	\$6,207
34	School Administrator II	\$3,508	\$6,583
35	School Administrator III	\$3,724	\$6,984
36	School Administrator IV	\$3,874	\$7,262
37	School Administrator V	\$4,030	\$7,556
38	School Administrator VI	\$4,275	\$8,013
39	School Administrator VII	\$4,447	\$8,336

40 The local board of education shall determine the appropriate category and  
 41 placement for each assistant superintendent, associate superintendent,  
 42 director/coordinator, supervisor, or finance officer within the salary ranges and within  
 43 funds appropriated by the General Assembly for central office administrators and

1 superintendents. The category in which an employee is placed shall be included in the  
 2 contract of any employee.

3 **SECTION 26.18.(b)** The monthly salary ranges that follow apply to public  
 4 school superintendents for the 2008-2009 fiscal year, beginning July 1, 2008.

5	Superintendent I	\$4,720	\$8,843
6	Superintendent II	\$5,011	\$9,377
7	Superintendent III	\$5,316	\$9,948
8	Superintendent IV	\$5,642	\$10,552
9	Superintendent V	\$5,988	\$11,196

10 The local board of education shall determine the appropriate category and  
 11 placement for the superintendent based on the average daily membership of the local  
 12 school administrative unit and within funds appropriated by the General Assembly for  
 13 central office administrators and superintendents.

14 **SECTION 26.18.(c)** Longevity pay for superintendents, assistant  
 15 superintendents, associate superintendents, directors/coordinators, supervisors, and  
 16 finance officers shall be as provided for State employees under the State Personnel Act.

17 **SECTION 26.18.(d)** Superintendents, assistant superintendents, associate  
 18 superintendents, directors/coordinators, supervisors, and finance officers with  
 19 certification based on academic preparation at the six-year degree level shall receive a  
 20 salary supplement of one hundred twenty-six dollars (\$126.00) per month in addition to  
 21 the compensation provided pursuant to this section. Superintendents, assistant  
 22 superintendents, associate superintendents, directors/coordinators, supervisors, and  
 23 finance officers with certification based on academic preparation at the doctoral degree  
 24 level shall receive a salary supplement of two hundred fifty-three dollars (\$253.00) per  
 25 month in addition to the compensation provided for under this section.

26 **SECTION 26.18.(e)** The State Board of Education shall not permit local  
 27 school administrative units to transfer State funds from other funding categories for  
 28 salaries for public school central office administrators.

29 **SECTION 26.18.(f)** The annual salary increase for all permanent full-time  
 30 personnel paid from the Central Office Allotment shall be the greater of one thousand  
 31 one hundred dollars (\$1,100) or two and seventy-five hundredths percent (2.75%),  
 32 commencing July 1, 2008. The State Board of Education shall allocate these funds to  
 33 local school administrative units. The local boards of education shall establish  
 34 guidelines for providing salary increases to these personnel.  
 35

36 **NONCERTIFIED PERSONNEL SALARIES**

37 **SECTION 26.19.(a)** The annual salary increase for permanent, full-time  
 38 noncertified public school employees whose salaries are supported from the State's  
 39 General Fund shall be the greater of one thousand one hundred dollars (\$1,100) or two  
 40 and seventy-five hundredths percent (2.75%) commencing July 1, 2008.

41 **SECTION 26.19.(b)** Local boards of education shall increase the rates of  
 42 pay for such employees who were employed for all or part of fiscal year 2007-2008 and  
 43 who continue their employment for fiscal year 2008-2009 by providing an annual salary

1 increase for employees of the greater of one thousand one hundred dollars (\$1,100) or  
2 two and seventy-five hundredths percent (2.75%).

3 For part-time employees, the pay increase shall be pro rata based on the  
4 number of hours worked.

5 **SECTION 26.19.(c)** The State Board of Education may adopt salary ranges  
6 for noncertified personnel to support increases of the greater of one thousand one  
7 hundred dollars (\$1,100) or two and seventy-five hundredths percent (2.75%) for the  
8 2008-2009 fiscal year.

9  
10 **BONUS FOR CERTIFIED PERSONNEL AT THE TOP OF THEIR SALARY**  
11 **SCHEDULES**

12 **SECTION 26.20.** Effective July 1, 2008, any permanent personnel  
13 employed on July 1, 2008, and paid at the top of the principal and assistant principal  
14 salary schedule shall receive a onetime bonus equivalent to two percent (2%).

15 Effective July 1, 2008, any permanent certified personnel employed on July  
16 1, 2008, and paid on the teacher salary schedule with 31+ years of experience shall  
17 receive a onetime bonus equivalent to one and eight-tenths percent (1.8%). Personnel  
18 defined under G.S. 115C-325(a)(5a) are not eligible to receive the bonus.

19  
20 **NO PENALTY FOR TEACHERS TAKING ONE DAY OF PERSONAL LEAVE**

21 **SECTION 26.21.(a)** G.S. 115C-302.1(d) reads as rewritten:

22 "(d) Personal Leave. – Teachers earn personal leave at the rate of .20 days for  
23 each full month of employment not to exceed two days per year. Personal leave may be  
24 accumulated without any applicable maximum until June 30 of each year. A teacher  
25 may carry forward to July 1 a maximum of five days of personal leave; the remainder of  
26 the teacher's personal leave shall be converted to sick leave on June 30. At the time of  
27 retirement, a teacher may also convert accumulated personal leave to sick leave for  
28 creditable service towards retirement.

29 Personal leave may be used only upon the authorization of the teacher's immediate  
30 supervisor. A teacher shall not take personal leave on the first day the teacher is  
31 required to report for the school year, on a required teacher workday, on days scheduled  
32 for State testing, or on the day before or the day after a holiday or scheduled vacation  
33 day, unless the request is approved by the principal. On all other days, if the request is  
34 made at least five days in advance, the request shall be automatically granted subject to  
35 the availability of a substitute teacher, and the teacher cannot be required to provide a  
36 reason for the request. Teachers may transfer personal leave days between local school  
37 administrative units. The local school administrative unit shall credit a teacher who has  
38 separated from service and is reemployed within 60 months from the date of separation  
39 with all personal leave accumulated at the time of separation. Local school  
40 administrative units shall not advance personal leave. Teachers using up to one day of  
41 personal leave per year shall receive full salary less the required substitute  
42 deduction salary. Teachers using more than one day per year shall receive full salary  
43 less the required substitute deduction. As used in this subsection, 'teachers' means  
44 classroom teachers and media specialists who require a substitute."

1           **SECTION 26.21.(b)** This section expires June 30, 2009.

2  
3           **SALARY-RELATED CONTRIBUTIONS/EMPLOYER**

4           **SECTION 26.22.** Section 28.19(c) of S.L. 2007-323 reads as rewritten:

5           "**SECTION 28.19.(c)** Effective July 1, 2008, the State's employer contribution rates  
6 budgeted for retirement and related benefits as percentage of covered salaries for the  
7 2008-2009 fiscal year are: (i) ~~seven and eighty three hundredths percent (7.83%)~~ eight  
8 and fourteen hundredths percent (8.14%) – Teachers and State Employees; (ii) ~~twelve~~  
9 ~~and eighty three hundredths percent (12.83%)~~ thirteen and fourteen hundredths percent  
10 (13.14%) – State Law Enforcement Officers; (iii) eleven and forty-six hundredths  
11 percent (11.46%) – University Employees' Optional Retirement System; (iv) eleven and  
12 forty-six hundredths percent (11.46%) – Community College Optional Retirement  
13 Program; (v) seventeen and thirty-one hundredths percent (17.31%) – Consolidated  
14 Judicial Retirement System; and (vi) four and ten hundredths percent (4.10%) –  
15 Legislative Retirement System. Each of the foregoing contribution rates includes four  
16 and ten hundredths percent (4.10%) for hospital and medical benefits. The rate for  
17 Teachers and State Employees, State Law Enforcement Officers, Community College  
18 Optional Retirement Program, and for the University Employees' Optional Retirement  
19 Program includes fifty-two hundredths percent (0.52%) for the Disability Income Plan.  
20 The rates for Teachers and State Employees and State Law Enforcement Officers  
21 include sixteen-hundredths percent (0.16%) for the Death Benefits Plan. The rate for  
22 State Law Enforcement Officers includes five percent (5%) for Supplemental  
23 Retirement Income."  
24

25           **PROVIDE COST-OF-LIVING INCREASES FOR RETIREES OF THE**  
26           **TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM, THE**  
27           **JUDICIAL RETIREMENT SYSTEM, AND THE LEGISLATIVE**  
28           **RETIREMENT SYSTEM**

29           **SECTION 26.23.(a)** G.S. 135-5 is amended by adding a new subsection to  
30 read:

31           "~~(rrr)~~ From and after July 1, 2008, the retirement allowance to or on account of  
32 beneficiaries whose retirement commenced on or before July 1, 2007, shall be increased  
33 by two and two-tenths percent (2.2%) of the allowance payable on June 1, 2008, in  
34 accordance with G.S. 135-5(o). Furthermore, from and after July 1, 2008, the retirement  
35 allowance to or on account of beneficiaries whose retirement commenced after July 1,  
36 2007, but before June 30, 2008, shall be increased by a prorated amount of two and  
37 two-tenths percent (2.2%) of the allowance payable as determined by the Board of  
38 Trustees based upon the number of months that a retirement allowance was paid  
39 between July 1, 2007, and June 30, 2008."

40           **SECTION 26.23.(b)** G.S. 135-65 is amended by adding a new subsection to  
41 read:

42           "~~(cc)~~ From and after July 1, 2008, the retirement allowance to or on account of  
43 beneficiaries whose retirement commenced on or before July 1, 2007, shall be increased  
44 by two and two-tenths percent (2.2%) of the allowance payable on June 1, 2008.

1 Furthermore, from and after July 1, 2008, the retirement allowance to or on account of  
2 beneficiaries whose retirement commenced after July 1, 2007, but before June 30, 2008,  
3 shall be increased by a prorated amount of two and two-tenths percent (2.2%) of the  
4 allowance payable as determined by the Board of Trustees based upon the number of  
5 months that a retirement allowance was paid between July 1, 2007, and June 30, 2008."

6 **SECTION 26.23.(c)** G.S. 120-4.22A is amended by adding a new subsection  
7 to read:

8 "(w) In accordance with subsection (a) of this section, from and after July 1, 2008,  
9 the retirement allowance to or on account of beneficiaries whose retirement commenced  
10 on or before January 1, 2008, shall be increased by two and two-tenths percent (2.2%)  
11 of the allowance payable on June 1, 2008. Furthermore, from and after July 1, 2008, the  
12 retirement allowance to or on account of beneficiaries whose retirement commenced  
13 after January 1, 2008, but before June 30, 2008, shall be increased by a prorated amount  
14 of two and two-tenths percent (2.2%) of the allowance payable as determined by the  
15 Board of Trustees based upon the number of months that a retirement allowance was  
16 paid between January 1, 2008, and June 30, 2008."

17  
18 **INCLUDE THE DIRECTOR OF THE OFFICE OF INDIGENT DEFENSE**  
19 **SERVICES AS A MEMBER OF THE CONSOLIDATED JUDICIAL**  
20 **RETIREMENT SYSTEM**

21 **SECTION 26.24.(a)** G.S. 135-50(b) reads as rewritten:

22 "(b) The purpose of this Article is to improve the administration of justice by  
23 attracting and retaining the most highly qualified talent available within the State to the  
24 positions of justice and judge, district attorney and solicitor, public defender, the  
25 Director of Indigent Defense Services, and clerk of superior court, within the General  
26 Court of Justice."

27 **SECTION 26.24.(b)** G.S. 135-51 reads as rewritten:

28 "**§ 135-51. Scope.**

29 (a) This Article provides consolidated retirement benefits for all justices and  
30 judges, district attorneys, and solicitors who are serving on January 1, 1974, and who  
31 become such thereafter; and for all clerks of superior court who are so serving on  
32 January 1, 1975, and who become such after that date; and for all public defenders who  
33 are serving on July 1, 2007, and who become public defenders after that ~~date-date~~; and  
34 for the Director of Indigent Defense Services who is serving on July 1, 2008, and those  
35 who become Director of Indigent Defense Services after that date.

36 (b) For justices and judges of the appellate and superior court divisions of the  
37 General Court of Justice who so served prior to January 1, 1974, the provisions of this  
38 Article supplement and, under certain circumstances, replace the provisions of Articles  
39 6 and 8, as the case may be, of Chapter 7A of the General Statutes.

40 For district attorneys and judges of the district court of the General Court of Justice  
41 who so served prior to January 1, 1974, the provisions of this Article supplement and,  
42 under certain circumstances, replace the provisions of Article 1 of this Chapter.

1 For clerks of superior court of the General Court of Justice who so served prior to  
2 January 1, 1975, the provisions of this Article supplement and, under certain  
3 circumstances, replace the provisions of Article 1 of this Chapter.

4 (c) The retirement benefits of any person who becomes a justice or judge, district  
5 attorney, or solicitor on and after January 1, 1974, or clerk of superior court on and after  
6 January 1, 1975, or public defender on or after July 1, 2007, or the Director of Indigent  
7 Defense Services on or after July 1, 2008, shall be determined solely in accordance with  
8 the provisions of this Article."

9 **SECTION 26.24.(c)** G.S. 135-53 reads as rewritten:

10 **"§ 135-53. Definitions.**

11 The following words and phrases as used in this Article, unless a different meaning  
12 is plainly required by the context, shall have the following meanings:

- 13 (1) "Accumulated contributions" with respect to any member shall mean  
14 the sum of all the amounts deducted from the compensation of the  
15 member pursuant to G.S. 135-68 since he last became a member and  
16 credited to his account in the annuity savings fund, plus any amount  
17 standing to his credit pursuant to G.S. 135-67(c) as a result of a prior  
18 period of membership, plus any amounts credited to his account  
19 pursuant to G.S. 135-28.1(b) or 135-56(b), together with regular  
20 interest on all such amounts computed as provided in G.S. 135-7(b).
- 21 (2) "Actuarial equivalent" shall mean a benefit of equal value when  
22 computed upon the bases of such mortality tables as shall be adopted  
23 by the Board of Trustees, and regular interest.
- 24 (2a) "Average final compensation" shall mean the average annual  
25 compensation of a member during the 48 consecutive calendar months  
26 of membership service producing the highest such average.
- 27 (3) "Beneficiary" shall mean any person in receipt of a retirement  
28 allowance or other benefit as provided in this Article.
- 29 (4) "Board of Trustees" shall mean the Board of Trustees established by  
30 G.S. 135-6.
- 31 (4a) "Clerk of superior court" shall mean the clerk of superior court  
32 provided for in G.S. 7A-100(a).
- 33 (5) "Compensation" shall mean all salaries and wages derived from public  
34 funds which are earned by a member of the Retirement System for his  
35 service as a justice or judge, or district attorney, or clerk of superior  
36 court, or public ~~defender~~.defender, or the Director of Indigent Defense  
37 Services.
- 38 (6) "Creditable service" shall mean for any member the total of his prior  
39 service plus his membership service.
- 40 (6a) "District attorney" shall mean the district attorney or solicitor provided  
41 for in G.S. 7A-60.
- 42 (6b) "Director of Indigent Defense Services" shall mean the Director of  
43 Indigent Defense Services as provided for in G.S. 7A-498.6.

- 1 (7) "Filing" when used in reference to an application for retirement shall  
2 mean the receipt of an acceptable application on a form provided by  
3 the Retirement System.
- 4 (8) "Final compensation" shall mean for any member the annual  
5 equivalent of the rate of compensation most recently applicable to him.
- 6 (9) "Judge" shall mean any justice or judge of the General Court of Justice  
7 and the administrative officer of the courts.
- 8 (10) "Medical board" shall mean the board of physicians provided for in  
9 G.S. 135-6.
- 10 (11) "Member" shall mean any person included in the membership of the  
11 Retirement System as provided in this Article.
- 12 (12) "Membership service" shall mean service as a judge, district attorney,  
13 clerk of superior court, ~~or public defender~~ defender, or the Director of  
14 Indigent Defense Services rendered while a member of the Retirement  
15 System.
- 16 (13) "Previous system" shall mean, with respect to any member, the  
17 retirement benefit provisions of Article 6 and Article 8 of Chapter 7A  
18 of the General Statutes, to the extent that such Article or Articles were  
19 formerly applicable to the member, and in the case of judges of the  
20 district court division, district attorney, public defender, the Director of  
21 Indigent Defense Services, and clerk of superior court of the General  
22 Court of Justice, the Teachers' and State Employees' Retirement  
23 System.
- 24 (14) "Prior service" shall mean service rendered by a member, prior to his  
25 membership in the Retirement System, for which credit is allowable  
26 under G.S. 135-56.
- 27 (14a) "Public defender" means a public defender provided for in  
28 G.S. 7A-498.7, the appellate defender provided for in G.S. 7A-498.8,  
29 the capital defender, and the juvenile defender.
- 30 (15) "Regular interest" shall mean interest compounded annually at such a  
31 rate as shall be determined by the Board of Trustees in accordance  
32 with G.S. 135-7(b).
- 33 (16) "Retirement" shall mean the withdrawal from active service with a  
34 retirement allowance granted under the provisions of this Chapter. In  
35 order for a member's retirement to become effective in any month, the  
36 member must render no service at any time during that month.
- 37 (17) "Retirement allowance" shall mean the periodic payments to which a  
38 beneficiary becomes entitled under the provisions of this Article.
- 39 (18) "Retirement System" shall mean the "Consolidated Judicial Retirement  
40 System" of North Carolina, as established in this Article.
- 41 (19) "Year" as used in this Article shall mean the regular fiscal year  
42 beginning July 1 and ending June 30 in the following calendar year,  
43 unless otherwise defined by regulation of the Board of Trustees."

44 **SECTION 26.24.(d)** G.S. 135-54 reads as rewritten:

1 **"§ 135-54. Name and date of establishment.**

2 A Retirement System is hereby established and placed under the management of the  
3 Board of Trustees for the purpose of providing retirement allowances and other benefits  
4 under the provisions of this Article for justices and judges, district attorneys, public  
5 defenders, the Director of Indigent Defense Services, and clerks of superior court of the  
6 General Court of Justice of North Carolina, and their survivors. The Retirement System  
7 so created shall be established as of January 1, 1974.

8 The Retirement System shall have the power and privileges of a corporation and  
9 shall be known as the "Consolidated Judicial Retirement System of North Carolina,"  
10 and by such name all of its business shall be transacted."

11 **SECTION 26.24.(e)** G.S. 135-55 reads as rewritten:

12 **"§ 135-55. Membership.**

13 (a) The membership of the Retirement System shall consist of:

- 14 (1) All judges and district attorneys in office on January 1, 1974;  
15 (2) All persons who become judges and district attorneys or reenter  
16 service as judges and district attorneys after January 1, 1974;  
17 (3) All clerks of superior court in office on January 1, 1975;  
18 (4) All persons who become clerks of superior court or reenter service as  
19 clerks of superior court after January 1, 1975;  
20 (5) All public defenders in office on July 1, 2007; ~~and~~  
21 (6) All persons who become public defenders or reenter service as public  
22 defenders after ~~July 1, 2007~~. July 1, 2007;  
23 (7) The Director of Indigent Defense Services on July 1, 2008; and  
24 (8) All persons who become the Director of Indigent Defense Services or  
25 reenter service as the Director of Indigent Defense Services after July  
26 1, 2008.

27 (b) The membership of any person in the Retirement System shall cease upon:

- 28 (1) The withdrawal of his accumulated contributions after he is no longer  
29 a judge, district attorney, public defender, the Director of Indigent  
30 Defense Services, or clerk of superior court, or  
31 (2) His retirement under the provisions of the Retirement System, or  
32 (3) His death."

33 **SECTION 26.24.(f)** G.S. 135-58(a5) reads as rewritten:

34 "(a5) Any member who retires under the provisions of G.S. 135-57(a) or  
35 G.S. 135-57(c) on or after July 1, 2007, but before July 1, 2008, after the member has  
36 either attained the member's 65th birthday or has completed 24 years or more of  
37 creditable service, shall receive an annual retirement allowance, payable monthly,  
38 which shall commence on the effective date of the member's retirement and shall be  
39 continued on the first day of each month thereafter during the member's lifetime, the  
40 amount of which shall be computed as the sum of the amounts in subdivisions (1), (2),  
41 (3), (4), and (5) of this subsection, provided that in no event shall the annual allowance  
42 payable to any member be greater than an amount which, when added to the allowance,  
43 if any, to which the member is entitled under the Teachers' and State Employees'  
44 Retirement System, the Legislative Retirement System, or the Local Governmental



1 Employees' Retirement System (prior in any case to any reduction for early retirement  
2 or for an optional mode of payment), would total three-fourths of the member's final  
3 compensation:

- 4 (1) Four and two hundredths percent (4.02%) of the member's final  
5 compensation, multiplied by the number of years of creditable service  
6 rendered as a justice of the Supreme Court or judge of the Court of  
7 Appeals;
- 8 (2) Three and fifty-two hundredths percent (3.52%) of the member's final  
9 compensation, multiplied by the number of years of creditable service  
10 rendered as a judge of the superior court or as Administrative Officer  
11 of the Courts;
- 12 (3) Three and two hundredths percent (3.02%) of the member's final  
13 compensation, multiplied by the number of years of creditable service  
14 rendered as a judge of the district court, district attorney, clerk of  
15 superior court, or public defender;
- 16 (4) A service retirement allowance computed in accordance with the  
17 service retirement provisions of Article 3 of Chapter 128 of the  
18 General Statutes using an average final compensation as defined in  
19 G.S. 135-53(2a) and creditable service equal to the number of years of  
20 the member's creditable service that was transferred from the Local  
21 Governmental Employees' Retirement System to this System as  
22 provided in G.S. 135-56; and
- 23 (5) A service retirement allowance computed in accordance with the  
24 service retirement provisions of Article 1 of this Chapter using an  
25 average final compensation as defined in G.S. 135-53(2a) and  
26 creditable service, including any sick leave standing to the credit of the  
27 member, equal to the number of years of the member's creditable  
28 service that was transferred from the Teachers' and State Employees'  
29 Retirement System or the Legislative Retirement System to this  
30 System as provided in G.S. 135-56."

31 **SECTION 26.24.(g)** G.S. 135-58 is amended by adding a new subsection to  
32 read:

33 "(a6) Any member who retires under the provisions of G.S. 135-57(a) or  
34 G.S. 135-57(c) on or after July 1, 2008, after the member has either attained the  
35 member's 65th birthday or has completed 24 years or more of creditable service, shall  
36 receive an annual retirement allowance, payable monthly, which shall commence on the  
37 effective date of the member's retirement and shall be continued on the first day of each  
38 month thereafter during the member's lifetime, the amount of which shall be computed  
39 as the sum of the amounts in subdivisions (1), (2), (3), (4), and (5) of this subsection,  
40 provided that in no event shall the annual allowance payable to any member be greater  
41 than an amount which, when added to the allowance, if any, to which the member is  
42 entitled under the Teachers' and State Employees' Retirement System, the Legislative  
43 Retirement System, or the Local Governmental Employees' Retirement System (prior in

1 any case to any reduction for early retirement or for an optional mode of payment),  
2 would total three-fourths of the member's final compensation:

- 3 (1) Four and two hundredths percent (4.02%) of the member's final  
4 compensation, multiplied by the number of years of creditable service  
5 rendered as a justice of the Supreme Court or judge of the Court of  
6 Appeals;
- 7 (2) Three and fifty-two hundredths percent (3.52%) of the member's final  
8 compensation, multiplied by the number of years of creditable service  
9 rendered as a judge of the superior court or as Administrative Officer  
10 of the Courts;
- 11 (3) Three and two hundredths percent (3.02%) of the member's final  
12 compensation, multiplied by the number of years of creditable service  
13 rendered as a judge of the district court, district attorney, clerk of  
14 superior court, public defender, or the Director of Indigent Defense  
15 Services;
- 16 (4) A service retirement allowance computed in accordance with the  
17 service retirement provisions of Article 3 of Chapter 128 of the  
18 General Statutes using an average final compensation as defined in  
19 G.S. 135-53(2a) and creditable service equal to the number of years of  
20 the member's creditable service that was transferred from the Local  
21 Governmental Employees' Retirement System to this System as  
22 provided in G.S. 135-56; and
- 23 (5) A service retirement allowance computed in accordance with the  
24 service retirement provisions of Article 1 of this Chapter using an  
25 average final compensation as defined in G.S. 135-53(2a) and  
26 creditable service, including any sick leave standing to the credit of the  
27 member, equal to the number of years of the member's creditable  
28 service that was transferred from the Teachers' and State Employees'  
29 Retirement System or the Legislative Retirement System to this  
30 System as provided in G.S. 135-56."

31 **SECTION 26.24.(h)** G.S. 135-56 is amended by adding a new subsection to  
32 read:

33 "(i) On and after July 1, 2008, the creditable service of a member who is the  
34 Director of Indigent Defense Services and a member of the Teachers' and State  
35 Employees' Retirement System at the time of transfer of membership from the previous  
36 system to this System shall include service as the Director of Indigent Defense Services  
37 and as a public defender that was creditable in the previous system immediately prior to  
38 July 1, 2008. The accumulated contributions, creditable service, and reserves, if any, of  
39 a member as clerk of the Supreme Court or clerk of the Court of Appeals shall be  
40 transferred from the previous system to this System in the same manner as prescribed  
41 under G.S. 135-28.1 as it pertained to judges of the district court division of the General  
42 Court of Justice."

43  
44 **PART XXVII. CAPITAL APPROPRIATIONS.**

**CAPITAL APPROPRIATIONS/GENERAL FUND**

**SECTION 27.1.** There is appropriated from the General Fund for the 2008-2009 fiscal year the following amounts for capital improvements:

**Capital Improvements – General Fund** **2008-2009**

## Department of Administration

Capital Area Visitors Center and Parking Garage Planning	\$ 2,600,000
North Carolina Freedom Monument Planning	500,000

## Department of Agriculture and Consumer Services

Agriculture Building Comprehensive Renovation Planning	1,225,000
Motor Fuels/Metrology Laboratory Planning	1,000,000
Southeastern North Carolina Agricultural Center Pavilion Planning	314,585
Study Evaluation of the Veterinary Diagnostic Laboratory System	620,000

## Department of Commerce

Port of Morehead City Port-wide Berth Structure Construction	2,500,000
Port of Wilmington Berth 8 Replacement – Phase I	5,000,000
Wanchese Seafood Industrial Park – Capital Improvements	605,700

## Department of Correction

Lanesboro Correctional Institution – Medium Security Addition Planning and Site Development	6,950,000
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## Department of Crime Control and Public Safety

Butner Training Site Buffer – Phase II	126,200
Butner Training Site Sewer Extension and Latrine Replacement	245,430
Gastonia Armory Rehabilitation Addition and Alteration	527,100
Master Facilities Planning Statewide – Phase II	300,300
Siler City Armory Rehabilitation Addition and Alteration	929,600

## Department of Cultural Resources

Charlotte Hawkins Brown State Historic Site	1,000,000
Mattamuskeet Lodge Renovations – Phase II	6,615,500
Museum of History Chronology Exhibit – Phase I to 1900 (Supplement)	1,000,000

## Department of Environment and Natural Resources

Land for Tomorrow Parks and Conservation Land Acquisition	50,000,000
Water Resources Development Projects	20,000,000
Zoo Africa Pavilion Replacement Planning	600,000
Zoo Polar Bear Exhibit Addition and Renovation	2,700,000

1	Department of Justice	
2	Addition to SBI Buildings 17 and 18	1,792,006
3		
4	State Highway Patrol	
5	Training Academy Facilities and Dormitory Planning	1,790,300
6		
7	University of North Carolina System	
8	Appalachian State University – College of Nursing and	
9	Health Sciences Building Planning	2,100,000
10		
11	Elizabeth City State University – School of Aviation Complex	
12	Planning and Site Development	1,500,000
13		
14	East Carolina University – New Family Medicine/Geriatric	
15	Center Planning	1,874,932
16		
17	Fayetteville State University – Teaching Education	
18	and General Classroom Building Planning	1,700,000
19		
20	Millennium Campus – Joint Primary Data Center Planning	1,852,016
21		
22	North Carolina Agricultural and Technical State University – Horse	
23	Barns	3,338,068
24		
25	North Carolina School of Science and Mathematics Discovery Center	
26	Planning and Site Development	7,250,000
27		
28	North Carolina School of the Arts – Central Storage Facility Planning	444,000
29		
30	North Carolina State University – 4-H Camps Improvements	2,500,000
31		
32	University of North Carolina at Asheville – Replace Carmichael	
33	Hall & University Lecture Hall Planning	1,100,000
34		
35	University of North Carolina at Chapel Hill	
36	Biomedical Research Imaging Center Planning	4,000,000
37	School of Law Replacement Planning	3,500,000
38		
39	University of North Carolina at Charlotte – Science Building Planning	2,400,000
40		
41	University of North Carolina at Pembroke – Information	
42	Commons Building Planning	2,000,000
43		
44	University of North Carolina at Wilmington – Allied Health and	

1	Human Sciences Building Planning	1,700,000
2		
3	Western Carolina University– Education and Allied Professions	
4	Building Planning	1,900,000
5		
6	Winston-Salem State University	
7	Sciences and General Office Building Planning	3,000,000
8	Student Activity Center – Budget Supplement	9,799,000
9		
10	University of North Carolina General Administration Upper Coastal	
11	Plain Education and Health Center Planning	1,000,000
12		
13	University of North Carolina System Wide	
14	Fire Safety Improvements – Student Residence Halls	3,000,000
15	Land Acquisition	5,000,000
16		
17	<b>TOTAL CAPITAL IMPROVEMENTS – GENERAL FUND</b>	<b>\$169,899,737</b>

**WATER RESOURCES DEVELOPMENT PROJECT FUNDS**

**SECTION 27.2.(a)** The Department of Environment and Natural Resources shall allocate the funds appropriated in this act for water resources development projects to the following projects whose costs are as indicated:

24	<b>Name of Project</b>	<b>2008-2009</b>
25		
26	(1) Wilmington Harbor Deepening	\$ 1,000,000
27	(2) Wilmington Harbor Maintenance	500,000
28	(3) Morehead City Harbor Maintenance	0
29	(4) B. Everett Jordan Water Supply Storage	200,000
30	(5) Dredging Contingency Fund	2,500,000
31	(6) Deep Creek Structure 5-D (Yadkin County)	5,444,000
32	(7) North Carolina Beach and Inlet Management Plan	250,000
33	(8) Neuse River Basin Study	33,000
34	(9) Manteo (Shallowbag Bay) Channel Maintenance	100,000
35	(10) Currituck Sound Water Management Study	50,000
36	(11) Planning Assistance to Communities	100,000
37	(12) Bogue Banks Beach Protection	120,000
38	(13) West Onslow Beach (Topsail Beach, Pender County)	0
39	(14) Belhaven Harbor Feasibility Study	15,000
40	(15) Princeville Flood Control	0
41	(16) Surf City – N. Topsail Beach Protection (Pender County)	0
42	(17) North Carolina International Terminal	500,000
43	(18) AIWW Dredging	1,638,000
44	(19) State-Local Projects	2,000,000

1	(20)	Swan Quarter Dike Project (Hyde County)	250,000
2	(21)	Aquatic Plant Control, Statewide and Lake Gaston	200,000
3	(22)	Aquatic Weed Program Storage Facility	100,000
4	(23)	Hammocks Beach SP – Cow Channel Dredging	2,600,000
5	(24)	Dillsboro Dam Removal	400,000
6	(25)	Topsail Beach Emergency Nourishment	2,000,000

7  
8 **TOTALS**

9 **\$20,000,000**

10  
11 **SECTION 29.3.(b)** Where the actual costs are different from the estimated  
12 costs under subsection (a) of this section, the Department may adjust the allocations  
13 among projects as needed. If any projects funded under subsection (a) of this section are  
14 delayed and the budgeted State funds cannot be used during the 2008-2009 fiscal year,  
15 or if the projects funded under subsection (a) of this section are accomplished at a lower  
16 cost, the Department may use the resulting fund availability to fund any of the  
17 following:

- 18 (1) U.S. Army Corps of Engineers project feasibility studies.  
19 (2) U.S. Army Corps of Engineers projects whose schedules have  
20 advanced and require State-matching funds in fiscal year 2008-2009.  
21 (3) State-local water resources development projects.

22 Funds not expended or encumbered for these purposes shall revert to the General Fund  
23 at the end of the 2009-2010 fiscal year.

24 **SECTION 29.3.(c)** The Department shall make semiannual reports on the  
25 use of these funds to the Joint Legislative Commission on Governmental Operations,  
26 the Fiscal Research Division, and the Office of State Budget and Management. Each  
27 report shall include all of the following:

- 28 (1) All projects listed in this section.  
29 (2) The estimated cost of each project.  
30 (3) The date that work on each project began or is expected to begin.  
31 (4) The date that work on each project was completed or is expected to be  
32 completed.  
33 (5) The actual cost of each project.

34 The semiannual reports shall also show those projects advanced in schedule,  
35 those projects delayed in schedule, and an estimate of the amount of funds expected to  
36 revert to the General Fund.

37  
38 **REPAIRS AND RENOVATIONS RESERVE ALLOCATION**

39 **SECTION 27.3.(a)** Of the funds in the Reserve for Repairs and Renovations  
40 for the 2008-2009 fiscal year, the sum of five million dollars (\$5,000,000) shall be  
41 allocated to the Energy Efficiency Reserve for the purposes set forth in subsection (c) of  
42 this section. Of the remaining funds in the Reserve for Repairs and Renovations for the  
43 2008-2009 fiscal year, forty-six percent (46%) shall be allocated to the Board of  
44 Governors of The University of North Carolina for repairs and renovations pursuant to

1 G.S. 143C-4-3, in accordance with guidelines developed in The University of North  
2 Carolina Funding Allocation Model for Reserve for Repairs and Renovations, as  
3 approved by the Board of Governors of The University of North Carolina, and fifty-four  
4 percent (54%) shall be allocated to the Office of State Budget and Management for  
5 repairs and renovations pursuant to G.S. 143C-4-3.

6 Notwithstanding G.S. 143C-4-3, the Board of Governors may allocate funds  
7 for the repair and renovation of facilities not supported from the General Fund if the  
8 Board determines that sufficient funds are not available from other sources and that  
9 conditions warrant General Fund assistance. Any such finding shall be included in the  
10 Board's submission to the Joint Legislative Commission on Governmental Operations  
11 on the proposed allocation of funds.

12 The Board of Governors and the Office of State Budget and Management  
13 shall consult with the Joint Legislative Commission on Governmental Operations prior  
14 to the allocation or reallocation of these funds.

15 **SECTION 27.3.(b)** Of the funds allocated to the Board of Governors of The  
16 University of North Carolina in subsection (a) of this section, a portion shall be used by  
17 the Board of Governors for the installation of fire sprinklers in University residence  
18 halls. This portion shall be in addition to funds otherwise appropriated in this act for the  
19 same purpose. Such funds shall be allocated among the University's constituent  
20 institutions by the President of The University of North Carolina, who shall consider the  
21 following factors when allocating those funds:

- 22 (1) The safety and well-being of the residents of campus housing  
23 programs.
- 24 (2) The current level of housing rents charged to students and how that  
25 compares to an institution's public peers and other UNC institutions.
- 26 (3) The level of previous authorizations to constituent institutions for the  
27 construction or renovation of residence halls funded from the General  
28 Fund, or from bonds or certificates of participation supported by the  
29 General Fund, since 1996.
- 30 (4) The financial status of each constituent institution's housing system,  
31 including debt capacity, debt coverage ratios, credit rankings, required  
32 reserves, the planned use of cash balances for other housing system  
33 improvements, and the constituent institution's ability to pay for the  
34 installation of fire sprinklers in all residence halls.
- 35 (5) The total cost of each proposed project, including the cost of installing  
36 fire sprinklers and the cost of other construction, such as asbestos  
37 removal and additional water supply needs.

38 The Board of Governors shall submit progress reports to the Joint Legislative  
39 Commission on Governmental Operations. Reports shall include the status of  
40 completed, current, and planned projects. Reports shall also include information on the  
41 financial status of each constituent institution's housing system, the constituent  
42 institution's ability to pay for fire protection in residence halls, and the timing of  
43 installation of fire sprinklers. Reports shall be submitted on January 1 and July 1 until  
44 all residence halls have fire sprinklers.

1           **SECTION 27.3.(c)** The Energy Efficiency Reserve shall be administered by  
 2 the State Energy Office. The State Energy Office, in consultation with the State  
 3 Construction Office, shall use the funds in the Energy Efficiency Reserve to provide  
 4 funding for projects designed to make State, university, or community college facilities  
 5 more energy efficient. Projects eligible to make State, university, or community college  
 6 facilities more energy efficient from remaining funds in the Energy Efficiency Reserve  
 7 include:

- 8           (1) Replacement of incandescent light bulbs with compact fluorescent  
 9 light bulbs, installation of exit signs that employ light-emitting diode  
 10 (LED) technology, the installation of occupancy sensors or optical  
 11 sensors, and other lighting efficiency improvements.
- 12           (2) For windows that need replacement, installation of more energy  
 13 efficient windows.
- 14           (3) Insulation improvements when practicable.
- 15           (4) Replacement of inefficient or oversized heating, ventilation, and  
 16 air-conditioning (HVAC) systems when those systems are subject to  
 17 replacement and installation of programmable automation systems.
- 18           (5) Installation of aerators in sink faucets that reduce the flow rate and  
 19 other water system projects that reduce water consumption.
- 20           (6) Any other retrofit or replacement projects that make State, university,  
 21 or community college facilities more energy efficient for which the  
 22 incremental cost of the project will be equal to or less than the energy  
 23 or water savings that result over a period of three years after  
 24 completion.

25 Funds appropriated to the Reserve for the 2008-2009 fiscal year shall not  
 26 revert and shall remain available until expended. The State Energy Office shall report to  
 27 the House of Representatives and Senate Appropriations Committees on the use of the  
 28 Reserve funds no later than May 1, 2009.

29  
 30 **NON-GENERAL FUND CAPITAL IMPROVEMENT AUTHORIZATIONS**

31           **SECTION 27.4.(a)** The General Assembly authorizes the following capital  
 32 projects to be funded with receipts or from other non-General Fund sources:

34	<b>Amount of Non-General Fund</b>
35 <b>Name of Project</b>	<b>Funding Authorized for 2008-2009</b>
36	
37 Department of Agriculture and Consumer Services	
38           Caswell Research Farm – Repair Shop	\$ 450,000
39           Piedmont Research Station – Grain Storage Facility Renovation	400,000
40           Raleigh Farmers Market – Capital Improvements	900,000
41           Research Stations – Irrigation System Renovation	200,000
42           Research Stations – Storage Facilities	225,000
43           Senator Bob Martin Eastern Agricultural	
44                           Center – Capital Improvements	500,000



1	State Fair – Campground	6,341,601
2	State Fair – Infrastructure Improvements	200,000
3	State Fair – Pond Improvements	500,000
4	Tidewater Research Station – Steer Barn	350,000
5	Triad Farmers Market – Capital Improvements	3,000,000
6	WNC Agricultural Center – New Vision Plan	900,000
7		
8	Department of Correction	
9	Broughton Correctional Center – Laundry Steam Plant	1,400,000
10	Umstead Correctional Center – Laundry Steam Plant	1,322,965
11	Wayne Correctional Center – Chase Laundry Steam Plant	1,368,926
12		
13	Department of Crime Control and Public Safety	
14	NC National Guard – Armory Improvements	8,402,273
15	NC National Guard – Asheville Field Maintenance Shop	3,743,000
16	NC National Guard – Camp Butner Training	
17	Site – Cantonment Complex	15,617,000
18	NC National Guard – Fixed Wing Hanger Complex – Morrisville	6,466,000
19		
20	Department of Cultural Resources	
21	Museum of Art – Enhanced Landscaping	7,500,000
22	USS North Carolina Battleship Memorial – Phase 3 Renovations	1,977,000
23		
24	Department of Environment and Natural Resources	
25	Bladen Lakes State Forest – Shop Building	943,800
26	Forest Resources – Region 2 Training Building	460,500
27		
28	Department of Transportation	
29	Statewide Transportation Operations Center	7,650,000
30		
31	Wildlife Resources Commission	
32	Armstrong Hatchery – Lower Raceway Renovation	1,725,000
33	Boating Access Area Improvements	2,800,000
34	Centennial Campus Center for Wildlife Education –	
35	Exhibit Completion	200,000
36	Centennial Campus Center for Wildlife Education –	
37	Heat and Humidity Controls	6,000
38	Chowan Bridge Fishing Pier and Boating Access	2,000,000
39	Land Acquisitions – State Game Lands	62,660,000
40	Marion Depot – Drainage Repairs	200,000
41	McKinney Lake Hatchery – Kettle Replacement	1,955,000
42	New Coldwater Fish Hatchery	7,900,000
43	New Construction Depot	500,000
44	Outer Banks Center for Wildlife Education – Repairs and	

1	Improvements	223,000
2	Outer Banks Center for Wildlife Education – Teaching Facility	700,000
3	Pisgah Center for Wildlife Education – Gift Shop Extension	200,000
4	Pisgah Center for Wildlife Education – Outdoor Exhibit	450,000
5	Pisgah Center for Wildlife Education – Repairs and	
6	Improvements	148,000
7	Pisgah Center for Wildlife Education – Storage Building	150,000
8	Pisgah Center for Wildlife Education – Teaching Facility	564,905
9	Pisgah Center for Wildlife Education – Teaching Facility	
10	Upfit and Pavilion	280,000
11	Rhodes Pond Dam Repairs	500,000
12	Table Rock Hatchery – New Building	575,000
13	Table Rock Hatchery – Office Building and Workshop	345,000
14	Watha Fish Hatchery – Residence Replacement	707,250

15  
16 **TOTAL AMOUNT OF NON-GENERAL FUND CAPITAL**

17 **PROJECTS AUTHORIZED**

**\$155,607,220**

18  
19 **SECTION 27.4.(b)** From funds deposited with the State Treasurer in a  
20 capital improvement account to the credit of the Department of Agriculture and  
21 Consumer Services pursuant to G.S. 146-30, the sum of thirty thousand dollars  
22 (\$30,000) for the 2008-2009 fiscal year shall be transferred to the Department of  
23 Agriculture and Consumer Services to be used, notwithstanding G.S. 146-30, by the  
24 Department for its plant conservation program under Article 19B of Chapter 106 of the  
25 General Statutes for costs incidental to the acquisition of land, such as land appraisals,  
26 land surveys, title searches, environmental studies, and for the management of the plant  
27 conservation program preserves owned by the Department.

28 **SECTION 27.4.(c)** Of the funds previously authorized to be used for the  
29 construction of a frozen dough manufacturing facility at Maury Correctional Institution,  
30 the Department of Correction may use one million five hundred thousand dollars  
31 (\$1,500,000) to upfit a general industry operation at Tabor Correctional Institution.  
32

33 **STUDY RELOCATION OF HIGHWAY PATROL TRAINING FACILITIES**

34 **SECTION 27.5.** The Department of Crime Control and Public Safety, in  
35 consultation with the Department of Administration, shall study suitable locations all  
36 across this State for a relocation of the Highway Patrol's Garner Road complex and shall  
37 report its findings and recommendations to the Chairs of the House and Senate  
38 Appropriations Committees and to the Chairs of the House Appropriations  
39 Subcommittee on Capital no later than February 1, 2009.  
40

41 **ACCESS TO DRY CLEANING SOLVENT CLEANUP FUND FOR GREEN**  
42 **SQUARE PROJECT**

43 **SECTION 27.6.** The limitation contained in G.S. 143-215.104N(b)(9) shall  
44 not apply to costs incurred by the Department of Environment and Natural Resources in

1 connection with the Green Square Project site, originally authorized in Section 1 of S.L.  
2 2005-255.

#### 3 4 **CHRONOLOGY EXHIBIT ON FIRST FLOOR OF NC MUSEUM OF HISTORY**

5 **SECTION 27.7.** The Department of Cultural Resources may use all of the  
6 funds appropriated in this act and in Section 29.1 of S.L. 2007-323 for the North  
7 Carolina Museum of History Chronology Exhibit to make capital improvements  
8 necessary to ensure that the entire exhibit is located on the first floor of the Museum.  
9

#### 10 **SPECIAL INDEBTEDNESS PROJECTS**

11 **SECTION 27.8.(a)** The State, with the prior approval of the State Treasurer  
12 and the Council of State, as provided in Article 9 of Chapter 142 of the General  
13 Statutes, is authorized to issue or incur special indebtedness in order to provide funds to  
14 the State to be used, together with other available funds, to pay the capital facility costs  
15 of the projects described in this subsection. In accordance with G.S. 142-83, this  
16 subsection authorizes the issuance or incurrence of special indebtedness:

- 17 (1) In the maximum aggregate principal amount of sixty-two million  
18 dollars (\$62,000,000) to finance the capital facility costs of completing  
19 a School of Dentistry building at East Carolina University and no more  
20 than 10 satellite dental clinics across the State. No more than a  
21 maximum aggregate amount of twenty million dollars (\$20,000,000)  
22 of special indebtedness may be issued or incurred under this  
23 subdivision prior to July 1, 2009. No more than a maximum aggregate  
24 amount of fifty-five million dollars (\$55,000,000) of special  
25 indebtedness may be issued or incurred under this subdivision prior to  
26 July 1, 2010.
- 27 (2) In the maximum aggregate principal amount of eighteen million  
28 dollars (\$18,000,000) to finance the capital facility costs of a School of  
29 Education building at Elizabeth City State University. No more than a  
30 maximum aggregate amount of five million dollars (\$5,000,000) of  
31 special indebtedness may be issued or incurred under this subdivision  
32 prior to July 1, 2009. No more than a maximum aggregate amount of  
33 fifteen million dollars (\$15,000,000) of special indebtedness may be  
34 issued or incurred under this subdivision prior to July 1, 2010.
- 35 (3) In the maximum aggregate principal amount of twenty million four  
36 hundred ninety thousand dollars (\$20,490,000) to finance the capital  
37 facility costs of completing a general classroom building at North  
38 Carolina Agricultural and Technical State University. No more than a  
39 maximum aggregate amount of ten million dollars (\$10,000,000) of  
40 special indebtedness may be issued or incurred under this subdivision  
41 prior to July 1, 2009.
- 42 (4) In the maximum aggregate principal amount of twenty-four million  
43 five hundred thousand dollars (\$24,500,000) to finance the capital  
44 facility costs of completing a School of Nursing building at North

1 Carolina Central University. No more than a maximum aggregate  
2 amount of seven million dollars (\$7,000,000) of special indebtedness  
3 may be issued or incurred under this subdivision prior to July 1, 2009.  
4 No more than a maximum aggregate amount of fifteen million dollars  
5 (\$15,000,000) of special indebtedness may be issued or incurred under  
6 this subdivision prior to July 1, 2010.

7 (5) In the maximum aggregate principal amount of one hundred nine  
8 million one hundred thousand dollars (\$109,100,000) to finance the  
9 capital facility costs of completing the Centennial Campus library at  
10 North Carolina State University. No more than a maximum aggregate  
11 amount of thirty million dollars (\$30,000,000) of special indebtedness  
12 may be issued or incurred under this subdivision prior to July 1, 2009.  
13 No more than a maximum aggregate amount of sixty million dollars  
14 (\$60,000,000) of special indebtedness may be issued or incurred under  
15 this subdivision prior to July 1, 2010. No more than a maximum  
16 aggregate amount of ninety million dollars (\$90,000,000) of special  
17 indebtedness may be issued or incurred under this subdivision prior to  
18 July 1, 2011.

19 (6) In the maximum aggregate principal amount of sixty-nine million  
20 dollars (\$69,000,000) to finance the capital facility costs of completing  
21 a School of Dentistry expansion at the University of North Carolina at  
22 Chapel Hill. No special indebtedness may be issued or incurred under  
23 this subdivision prior to July 1, 2009. No more than a maximum  
24 aggregate amount of twenty-five million dollars (\$25,000,000) of  
25 special indebtedness may be issued or incurred under this subdivision  
26 prior to July 1, 2010. No more than a maximum aggregate amount of  
27 sixty-one million dollars (\$61,000,000) of special indebtedness may be  
28 issued or incurred under this subdivision prior to July 1, 2011.

29 (7) In the maximum aggregate principal amount of forty-two million six  
30 hundred seventy thousand dollars (\$42,670,000) to finance the capital  
31 facility costs of completing an academic classroom and office building  
32 at the University of North Carolina at Greensboro. No more than a  
33 maximum aggregate amount of twenty-one million dollars  
34 (\$21,000,000) of special indebtedness may be issued or incurred under  
35 this subdivision prior to July 1, 2009.

36 (8) In the maximum aggregate principal amount of forty-five million one  
37 hundred seventy thousand five hundred dollars (\$45,170,500) to  
38 finance the capital facility costs of completing a health care and mental  
39 health facility at the North Carolina Correctional Institute for Women.  
40 No more than a maximum aggregate amount of seventeen million  
41 dollars (\$17,000,000) of special indebtedness may be issued or  
42 incurred under this subdivision prior to July 1, 2009. No more than a  
43 maximum aggregate amount of forty-one million dollars (\$41,000,000)

1 of special indebtedness may be issued or incurred under this  
2 subdivision prior to July 1, 2010.

3 (9) In the maximum aggregate principal amount of thirteen million ten  
4 thousand dollars (\$13,010,000) to finance the capital facility costs of  
5 completing a minimum security addition at Scotland Correctional  
6 Institution. No more than a maximum aggregate amount of six million  
7 dollars (\$6,000,000) of special indebtedness may be issued or incurred  
8 under this subdivision prior to July 1, 2009. No more than a maximum  
9 aggregate amount of ten million dollars (\$10,000,000) of special  
10 indebtedness may be issued or incurred under this subdivision prior to  
11 July 1, 2010.

12 (10) In the maximum aggregate principal amount of eighteen million nine  
13 hundred fifty thousand dollars (\$18,950,000) to finance the capital  
14 facility costs of completing a medium security addition at Bertie  
15 Correctional Institution. No more than a maximum aggregate amount  
16 of seven million dollars (\$7,000,000) of special indebtedness may be  
17 issued or incurred under this subdivision prior to July 1, 2009. No  
18 more than a maximum aggregate amount of fourteen million dollars  
19 (\$14,000,000) of special indebtedness may be issued or incurred under  
20 this subdivision prior to July 1, 2010.

21 (11) In the maximum aggregate principal amount of thirteen million ten  
22 thousand dollars (\$13,010,000) to finance the capital facility costs of  
23 completing a minimum security addition at Tabor Correctional  
24 Institution. No more than a maximum aggregate amount of six million  
25 dollars (\$6,000,000) of special indebtedness may be issued or incurred  
26 under this subdivision prior to July 1, 2009. No more than a maximum  
27 aggregate amount of ten million dollars (\$10,000,000) of special  
28 indebtedness may be issued or incurred under this subdivision prior to  
29 July 1, 2010.

30 (12) In the maximum aggregate principal amount of one hundred seven  
31 million dollars (\$107,000,000) to finance the capital facility costs of  
32 completing the Green Square Project in the Department of  
33 Environment and Natural Resources, originally authorized in S.L.  
34 2005-255. No special indebtedness may be issued or incurred under  
35 this subdivision prior to July 1, 2009. No more than a maximum  
36 aggregate amount of forty million dollars (\$40,000,000) of special  
37 indebtedness may be issued or incurred under this subdivision prior to  
38 July 1, 2010. No more than a maximum aggregate amount of one  
39 hundred four million dollars (\$104,000,000) of special indebtedness  
40 may be issued or incurred under this subdivision prior to July 1, 2011.

41 **SECTION 27.8.(b)** Section 1.1 of S.L. 2004-179, as amended by Section  
42 30.3A of S.L. 2005-276 and Section 2.1 of S.L. 2006-146, reads as rewritten:

43 "SECTION 1.1. In accordance with G.S. 142-83, this section authorizes the  
44 issuance or incurrence of special indebtedness in the following maximum aggregate

1 principal amounts to finance the costs of the following projects. The table below  
 2 provides the maximum principal amounts. The first column is the aggregate maximum  
 3 principal amount. The second column is the maximum portion of this amount that can  
 4 be issued or incurred before July 1, 2005. The State, with the prior approval of the State  
 5 Treasurer and the Council of State, as provided in Article 9 of Chapter 142 of the  
 6 General Statutes, is authorized to issue or incur special indebtedness in order to provide  
 7 funds to the State to be used, together with other available funds, to pay the cost of these  
 8 projects.

9 10 11	<b>Aggregate Maximum</b>	<b>Maximum before 7/1/05</b>	<b>Project</b>
\$180,000,000	\$110,000,000		Acquiring, constructing, and equipping a new cancer rehabilitation and treatment center, a nearby physicians' office building, and a walkway between the two, all to be located at the University of North Carolina Hospitals at Chapel Hill.
60,000,000	30,000,000		Acquiring, constructing, and equipping the North Carolina Cardiovascular Diseases Institute at East Carolina University.
35,000,000	25,000,000		Acquiring, constructing, and equipping a Bioinformatics Center at the University of North Carolina at Charlotte.
28,000,000	25,000,000		Acquiring, constructing, and equipping a stand-alone facility to house the new Pharmacy School program to be located at Elizabeth City State University, and interim temporary facilities to house the program during construction of the facility.
35,000,000	25,000,000		Acquiring, constructing, and equipping a Center for Health Promotion and Partnerships at the University of North Carolina at Asheville.
10,000,000	10,000,000		Land acquisition, site preparation, engineering, architectural, and other consulting services, and construction for the Southeastern North Carolina Nursing Education and Research Center at Fayetteville State University.
10,000,000	10,000,000		Site preparation, engineering, architectural, and other consulting services and the construction of a research building on the joint Millennial Campus of North Carolina Agricultural and Technical State University

1  
2  
3 10,000,000 10,000,000  
4  
5  
6  
7  
8 10,000,000 10,000,000  
9  
10  
11  
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13  
14  
15  
16  
17  
18  
19 ~~10,000,000~~ 11,500,000 10,000,000

and the University of North Carolina at Greensboro.  
Land acquisition, site preparation, engineering, architectural, and other consulting services, and construction of a Nursing and Allied Health Building at the University of North Carolina at Pembroke.  
To Western Carolina University for land acquisition, site preparation, engineering, architectural, and other consulting services, and construction of a building for Western Carolina University and the Mountain Area Health Education Consortium for the North Carolina Center for Health and Aging to be operated as a consortium among Western Carolina University, the University of North Carolina at Asheville, and the Mountain Area Health Education Consortium.  
Land acquisition, site preparation, engineering, architectural, and other consulting services, and construction of a Center for Design Innovation in the Piedmont Triad Research Park to be operated jointly by Winston-Salem State University and the North Carolina School of the Arts.

26 **TOTAL:**  
27 ~~\$388,000,000~~ \$389,500,000 \$265,000,000"

28 **SECTION 27.8.(c)** Section 23.12(a) of S.L. 2006-66 reads as rewritten:

29 **"SECTION 23.12.(a)** In accordance with G.S. 142-83, this subsection authorizes  
30 the issuance or incurrence of special indebtedness in the maximum aggregate principal  
31 amount of ~~forty million dollars (\$40,000,000)~~ forty-five million one hundred thirty  
32 thousand dollars (\$45,130,000) to finance the costs of constructing new buildings and  
33 pavilions and renovating existing buildings at the North Carolina Museum of Art. The  
34 State, with the prior approval of the State Treasurer and the Council of State, as  
35 provided in Article 9 of Chapter 142 of the General Statutes, is authorized to issue or  
36 incur special indebtedness in order to provide funds to the State to be used, together  
37 with other available funds, to pay the costs of constructing and renovating the project  
38 described in this subsection."

39 **SECTION 27.8.(d)** This section is effective when it becomes law.

40  
41 **PART XXVIII. TAX LAW CHANGES**

42  
43 **IRC UPDATE**

44 **SECTION 28.1.(a)** G.S. 105-228.90(b)(1b) reads as rewritten:

"(1b) Code. – The Internal Revenue Code as enacted as of ~~January 1, 2007,~~  
~~May 1, 2008,~~ including any provisions enacted as of that date which  
 become effective either before or after that date."

**SECTION 28.1.(b)** Notwithstanding subsection (a) of this section, any  
 amendments to the Internal Revenue Code enacted after January 1, 2007, that increase  
 North Carolina taxable income for the 2007 taxable year become effective for taxable  
 years beginning on or after January 1, 2008.

**SECTION 28.1.(c)** G.S. 105-130.5(a) reads as rewritten:

"(a) The following additions to federal taxable income shall be made in  
 determining State net income:

...  
 (15) ~~The~~ For taxable years 2002-2005, the applicable percentage of the  
 amount allowed as a special accelerated depreciation deduction under  
 section 168(k) or section 1400L of the Code, as set out in the table  
 below. In addition, a taxpayer who was allowed a special accelerated  
 depreciation deduction under section 168(k) or section 1400L of the  
 Code in a taxable year beginning before January 1, 2002, and whose  
 North Carolina taxable income in that earlier year reflected that  
 accelerated depreciation deduction must add to federal taxable income  
 in the taxpayer's first taxable year beginning on or after January 1,  
 2002, an amount equal to the amount of the deduction allowed in the  
 earlier taxable year. These adjustments do not result in a difference in  
 basis of the affected assets for State and federal income tax purposes.  
 The applicable percentage is as follows:

Taxable Year	Percentage
2002	100%
2003	70%
2004	70%
<del>2005 and thereafter</del>	0%

...."

**SECTION 28.1.(d)** G.S. 105-130.5(a) is amended by adding a new  
 subdivision to read:

"(a) The following additions to federal taxable income shall be made in  
 determining State net income:

...  
 (15a) The applicable percentage of the amount allowed as a special  
 accelerated depreciation deduction under section 168(k) of the Code  
 for property placed in service after December 31, 2007, but before  
 January 1, 2009. In addition, a taxpayer who was allowed a special  
 accelerated depreciation deduction in taxable year 2007 for property  
 placed in service during that period, and whose North Carolina taxable  
 income for that year reflected that accelerated depreciation deduction  
 must add to federal taxable income in the taxpayer's 2008 taxable year



1 an amount equal to the applicable percentage of the deduction amount  
 2 allowed in the 2007 taxable year. These adjustments do not result in a  
 3 difference in basis of the affected assets for State and federal income  
 4 tax purposes. The applicable percentage under this subdivision is  
 5 eighty-five percent (85%).

6 ...."

7 **SECTION 28.1.(e)** G.S. 105-134.6(c) reads as rewritten:

8 "(c) Additions. – The following additions to taxable income shall be made in  
 9 calculating North Carolina taxable income, to the extent each item is not included in  
 10 taxable income:

11 ...

12 (8) ~~The~~ For taxable years 2002-2005, the applicable percentage of the  
 13 amount allowed as a special accelerated depreciation deduction under  
 14 section 168(k) or section 1400L of the Code, as set out in the table  
 15 below. In addition, a taxpayer who was allowed a special accelerated  
 16 depreciation deduction under section 168(k) or section 1400L of the  
 17 Code in a taxable year beginning before January 1, 2002, and whose  
 18 North Carolina taxable income in that earlier year reflected that  
 19 accelerated depreciation deduction must add to federal taxable income  
 20 in the taxpayer's first taxable year beginning on or after January 1,  
 21 2002, an amount equal to the amount of the deduction allowed in the  
 22 earlier taxable year. These adjustments do not result in a difference in  
 23 basis of the affected assets for State and federal income tax purposes.  
 24 The applicable percentage is as follows:

Taxable Year	Percentage
2002	100%
2003	70%
2004	70%
2005 <del>and thereafter</del>	0%

29 ...."

30  
 31 **SECTION 28.1.(f)** G.S. 105-134.6(c) is amended by adding a new  
 32 subdivision to read:

33 "(c) Additions. – The following additions to taxable income shall be made in  
 34 calculating North Carolina taxable income, to the extent each item is not included in  
 35 taxable income:

36 ...

37 (8a) The applicable percentage of the amount allowed as a special  
 38 accelerated depreciation deduction under section 168(k) of the Code  
 39 for property placed in service after December 31, 2007, but before  
 40 January 1, 2009. In addition, a taxpayer who was allowed a special  
 41 accelerated depreciation deduction in taxable year 2007 for property  
 42 placed in service for that period, and whose North Carolina taxable  
 43 income for that year reflected that accelerated depreciation deduction  
 44 must add to federal taxable income in the taxpayer's 2008 taxable year

1            an amount equal to the applicable percentage of the deduction amount  
2            allowed in the 2007 taxable year. These adjustments do not result in a  
3            difference in basis of the affected assets for State and federal income  
4            tax purposes. The applicable percentage under this subdivision is  
5            eighty-five percent (85%).

6            ...."

7            **SECTION 28.1.(g)** G.S. 105-130.5(b) is amended by adding a new  
8 subdivision to read:

9            "(b) The following deductions from federal taxable income shall be made in  
10 determining State net income:

11            ...

12            (21a) In each of the taxpayer's first five taxable years beginning on or after  
13            January 1, 2009, an amount equal to twenty percent (20%) of the  
14            amount added to taxable income in taxable year 2008 as accelerated  
15            depreciation under subdivision (a)(15a) of this section.

16            ...."

17            **SECTION 28.1.(h)** G.S. 105-134.6(b) is amended by adding a new  
18 subdivision to read:

19            "(b) Deductions. – The following deductions from taxable income shall be made  
20 in calculating North Carolina taxable income, to the extent each item is included in  
21 taxable income:

22            ...

23            (17a) In each of the taxpayer's first five taxable years beginning on or after  
24            January 1, 2009, an amount equal to twenty percent (20%) of the  
25            amount added to taxable income in taxable year 2008 as accelerated  
26            depreciation under subdivision (c)(8a) of this section.

27            ...."

28            **SECTION 28.1.(i)** This section is effective for taxable years beginning on or  
29 after January 1, 2008.

### 30 **EXTEND CREDIT FOR RESEARCH AND DEVELOPMENT**

31            **SECTION 28.2.(a)** G.S. 105-129.51(b) reads as rewritten:

32            "(b) This Article is repealed for taxable years beginning on or after January 1,  
33 ~~2009-2014.~~"

34            **SECTION 28.2.(b)** This section is effective when it becomes law.

### 35 **EXTEND LOW-INCOME HOUSING CREDIT**

36            **SECTION 28.3.(a)** G.S. 105-129.45 reads as rewritten:

37            "**§ 105-129.45. Sunset.**

38            This Article is repealed effective January 1, ~~2010-2015.~~ The repeal applies to  
39 developments to which federal credits are allocated on or after January 1, ~~2010-2015.~~"

40            **SECTION 28.3.(b)** This section is effective when it becomes law.

### 41 **EXTEND MILL REHABILITATION TAX CREDIT**

1           **SECTION 28.4.(a)** G.S. 105-129.70 reads as rewritten:  
2   "**§ 105-129.70. Definitions.**

3       The following definitions apply in this Article:

- 4           (1) Certified historic structure. – Defined in section 47 of the Code.  
5           (2) Certified rehabilitation. – Defined in G.S. 105-129.36.  
6           (3) Cost certification. – The certification obtained by the State Historic  
7           Preservation Officer from the taxpayer of the amount of the qualified  
8           rehabilitation expenditures or the rehabilitation expenses incurred with  
9           respect to a certified rehabilitation of an eligible site.  
10          (3a) Development tier area. – Defined in G.S. 143B-437.08.  
11          (4) Eligibility certification. – The certification obtained from the State  
12          Historic Preservation Officer that the applicable facility comprises an  
13          eligible site. ~~site and that the rehabilitation is a certified rehabilitation.~~  
14          (5) Eligible site. – A site located in this State that satisfies all of the  
15          following conditions:  
16           a. It was used as a manufacturing facility or for purposes ancillary  
17           to manufacturing, as a warehouse for selling agricultural  
18           products, or as a public or private utility.  
19           b. It is a certified historic structure or a State-certified historic  
20           structure.  
21           c. It has been at least eighty percent (80%) vacant for a period of  
22           at least two years immediately preceding the date the eligibility  
23           certification is made.  
24           d. ~~The cost certification documents that the qualified rehabilitation~~  
25           ~~expenditures for a site for which a taxpayer is allowed a credit~~  
26           ~~under section 47 of the Code or the rehabilitation expenses for a~~  
27           ~~site for which the taxpayer is not allowed a credit under section~~  
28           ~~47 of the Code exceed three million dollars (\$3,000,000) for the~~  
29           ~~site as a whole.~~  
30          (6) Repealed by Session Laws 2006-252, s. 2.22, effective January 1,  
31          2007.  
32          (7) Pass-through entity. – Defined in G.S. 105-228.90.  
33          (8) Qualified rehabilitation expenditures. – Defined in section 47 of the  
34          Code.  
35          (9) Rehabilitation expenses. – Defined in G.S. 105-129.36.  
36          (10) State-certified historic structure. – Defined in G.S. 105-129.36.  
37          (11) State Historic Preservation Officer. – Defined in G.S. 105-129.36."

38   **SECTION 28.4.(b)** G.S. 105-129.71(a) reads as rewritten:

39       "(a) Credit. – A taxpayer who is allowed a credit under section 47 of the Code for  
40       making qualified rehabilitation expenditures of at least three million dollars  
41       (\$3,000,000) with respect to a certified rehabilitation of an eligible site is allowed a  
42       credit equal to a percentage of the expenditures that qualify for the federal credit. The  
43       credit may be claimed in the year in which the eligible site is placed into service. When  
44       the eligible site is placed into service in two or more phases in different years, the

1 amount of credit that may be claimed in a year is the amount based on the qualified  
2 rehabilitation expenditures associated with the phase placed into service during that  
3 year. In order to be eligible for a credit allowed by this Article, the taxpayer must  
4 provide to the Secretary a copy of the eligibility certification and the cost certification.  
5 The amount of the credit is as follows:

6 (1) For an eligible site located in a development tier one or two area,  
7 determined as of the date of the eligibility certification, the amount of  
8 the credit is equal to forty percent (40%) of the qualified rehabilitation  
9 expenditures.

10 (2) For an eligible site located in a development tier three area, determined  
11 as of the date of the eligibility certification, the amount of the credit is  
12 equal to thirty percent (30%) of the qualified rehabilitation  
13 expenditures."

14 **SECTION 28.4.(c)** G.S. 105-129.72(a) reads as rewritten:

15 "(a) Credit. – A taxpayer who is not allowed a federal income tax credit under  
16 section 47 of the Code and who makes rehabilitation expenses of at least three million  
17 dollars (\$3,000,000) with respect to a certified rehabilitation of an eligible site is  
18 allowed a credit equal to a percentage of the rehabilitation expenses. The entire credit  
19 may not be taken for the taxable year in which the property is placed in service, but  
20 must be taken in five equal installments beginning with the taxable year in which the  
21 property is placed in service. When the eligible site is placed into service in two or more  
22 phases in different years, the amount of credit that may be claimed in a year is the  
23 amount based on the rehabilitation expenses associated with the phase placed into  
24 service during that year. In order to be eligible for a credit allowed by this Article, the  
25 taxpayer must provide to the Secretary a copy of the eligibility certification and the cost  
26 certification. For an eligible site located in a development tier one or two area,  
27 determined as of the date of the eligibility certification, the amount of the credit is equal  
28 to forty percent (40%) of the rehabilitation expenses. No credit is allowed for a site  
29 located in a development tier three area."

30 **SECTION 28.4.(d)** G.S. 105-129.75 reads as rewritten:

31 "**§ 105-129.75. Sunset.**

32 This Article expires January 1, 2011, for rehabilitation projects for which an  
33 application for an eligibility certification is submitted on or after that date.~~for qualified~~  
34 ~~rehabilitation expenditures and rehabilitation expenses incurred on or after January 1,~~  
35 ~~2011."~~

36 **SECTION 28.4.(e)** This section is effective for taxable years beginning on  
37 or after January 1, 2008.

### 38 **EXTEND SUNSET FOR STATE PORTS TAX CREDIT**

39 **SECTION 28.5.(a)** G.S. 105-130.41(d) reads as rewritten:

40 "(d) Sunset. – This section is repealed effective for taxable years beginning on or  
41 after January 1, ~~2009-2014.~~"

42 **SECTION 28.5.(b)** G.S. 105-151.22(d) reads as rewritten:  
43

1       "(d) Sunset. – This section is repealed effective for taxable years beginning on or  
2 after January 1, ~~2009-2014.~~"

3               **SECTION 28.5.(c)** This section is effective when it becomes law.  
4

#### 5 **EXEMPT DISASTER ASSISTANCE DEBIT SALES**

6               **SECTION 28.6.(a)** G.S. 105-164.13 is amended by adding a new  
7 subdivision to read:

8               "(58) Tangible personal property purchased with a client assistance debit  
9               card issued for disaster assistance relief by a State agency or a federal  
10              agency or instrumentality."

11              **SECTION 28.6.(b)** This section becomes effective July 1, 2008, and applies  
12 to purchases made on or after that date.  
13

#### 14 **CLOSE FRANCHISE TAX LOOPHOLES BY REQUIRING A LIMITED** 15 **LIABILITY COMPANY THAT ELECTS TO BE TREATED AS A** 16 **CORPORATION AND A CAPTIVE REIT TO PAY FRANCHISE TAX**

17              **SECTION 28.7.(a)** G.S. 105-114(b) reads as rewritten:

18              "(b) Definitions. – The following definitions apply in this Article:

19              ...

20              (2) Corporation. – A domestic corporation, a foreign corporation, an  
21 electric membership corporation organized under Chapter 117 of the  
22 General Statutes or doing business in this State, or an association that  
23 is organized for pecuniary gain, has capital stock represented by  
24 shares, whether with or without par value, and has privileges not  
25 possessed by individuals or partnerships. The term includes a mutual  
26 or capital stock savings and loan association or building and loan  
27 association chartered under the laws of any state or of the United  
28 States. The term includes a limited liability company that elects to be  
29 taxed as a ~~C Corporation~~ corporation under the Code, but does not  
30 otherwise include a limited liability company.  
31

31              ...."

32              **SECTION 28.7.(b)** G.S. 105-114.1(a)(5) reads as rewritten:

33              "(5) Noncorporate limited liability company. – A limited liability company  
34 that does not elect to be taxed as a ~~C Corporation~~ corporation under the  
35 Code."

36              **SECTION 28.7.(c)** G.S. 105-125(b) reads as rewritten:

37              "(b) Certain Investment Companies. —~~A corporation doing business in North~~  
38 ~~Carolina that qualifies as a "regulated investment company" under section 851 of the~~  
39 ~~Code or as a "real estate investment trust" under section 856 of the Code and elects for~~  
40 ~~federal income tax purposes to be treated as a "regulated investment company" or as a~~  
41 ~~"real estate investment trust,"~~ A corporation doing business in North Carolina that meets  
42 one or more of the following conditions may, in determining its basis for franchise tax,  
43 deduct the aggregate market value of its investments in the stocks, bonds, debentures, or

1 other securities or evidences of debt of other corporations, partnerships, individuals,  
2 municipalities, governmental agencies, or ~~governments-governments~~:

3 (1) A regulated investment company. – A regulated investment company  
4 is an entity that qualifies as a regulated investment company under  
5 section 851 of the Code.

6 (2) A REIT, unless the REIT is a captive REIT. – The terms 'REIT' and  
7 'captive REIT' have the same meanings as defined in  
8 G.S. 105-130.12."

9 **SECTION 28.7.(d)** This section is effective for taxable years beginning on  
10 or after January 1, 2009.

## 11 **PUBLICLY TRADED PARTNERSHIPS**

12 **SECTION 28.8.(a)** G.S. 105-154 reads as rewritten:

13 **"§ 105-154. Information at the source returns.**

14 (a) Repealed by Session Laws 1993, c. 354, s. 14.

15 (b) Information Returns of Payers. – A person who is a resident of this State, has  
16 a place of business in this State, or has an employee, an agent, or another representative  
17 in any capacity in this State shall file an information return as required by the Secretary  
18 if the person directly or indirectly pays or controls the payment of any income to any  
19 taxpayer. The return shall contain all information required by the Secretary. The filing  
20 of any return in compliance with this section by a foreign corporation is not evidence  
21 that the corporation is doing business in this State.

22 (c) Information Returns of Partnerships. – A partnership doing business in this  
23 State and required to file a return under the Code shall file an information return with  
24 the Secretary. A partnership that the Secretary believes to be doing business in this State  
25 and to be required to file a return under the Code shall file an information return when  
26 requested to do so by the Secretary. The information return shall contain all information  
27 required by the Secretary. It shall state specifically the items of the partnership's gross  
28 income, the deductions allowed under the Code, and the adjustments required by this  
29 Part. The information return shall also include the name and address of each person who  
30 would be entitled to share in the partnership's net income, if distributable, and the  
31 amount each person's distributive share would be. The information return shall specify  
32 the part of each person's distributive share of the net income that represents corporation  
33 dividends. The information return shall be signed by one of the partners under  
34 affirmation in the form required by the Secretary.

35 A partnership that files an information return under this subsection shall furnish to  
36 each person who would be entitled to share in the partnership's net income, if  
37 distributable, any information necessary for that person to properly file a State income  
38 tax return. The information shall be in the form prescribed by the Secretary and must be  
39 furnished on or before the due date of the information return.

40 (d) Payment of Tax on Behalf of Nonresident Owner or Partner. – If a business  
41 conducted in this State is owned by a nonresident individual or by a partnership having  
42 one or more nonresident members, the manager of the business shall report the earnings  
43 of the business in this State, the distributive share of the income of each nonresident  
44

1 owner or partner, and any other information required by the Secretary. The manager of  
2 the business shall pay with the return the tax on each nonresident owner or partner's  
3 share of the income computed at the rate levied on individuals under  
4 G.S. 105-134.2(a)(3). The business may deduct the payment for each nonresident owner  
5 or partner from the owner or partner's distributive share of the profits of the business in  
6 this State. If the nonresident partner is not an individual and the partner has executed an  
7 affirmation that the partner will pay the tax with its corporate, partnership, trust, or  
8 estate income tax return, the manager of the business is not required to pay the tax on  
9 the partner's share. In this case, the manager shall include a copy of the affirmation with  
10 the report required by this subsection.

11 (e) Publicly Traded Partnership. – The information return and payment  
12 requirements under this section are modified as follows for a publicly traded partnership  
13 that is described in section 7704(c) of the Code:

14 (1) The information return required under subsection (c) of this section is  
15 limited to partners whose distributive share of the partnership's net  
16 income during the tax year was more than five hundred dollars  
17 (\$500.00).

18 (2) The payment requirements under subsection (d) of this section do not  
19 apply."

20 **SECTION 28.8.(b)** This section is effective for taxable years beginning on  
21 or after January 1, 2008.

## 22 **INCREASE EARNED INCOME TAX CREDIT TO FIVE PERCENT**

23 **SECTION 28.9.(a)** G.S. 105-151.31(a) reads as rewritten:

24 "(a) Credit. – An individual who claims for the taxable year an earned income tax  
25 credit under section 32 of the Code is allowed a credit against the tax imposed by this  
26 Part equal to ~~three and one half percent (3.5%)~~ five percent (5%) of the amount of credit  
27 the individual qualified for under section 32 of the Code. A nonresident or part-year  
28 resident who claims the credit allowed by this section must reduce the amount of the  
29 credit by multiplying it by the fraction calculated under G.S. 105-134.5(b) or (c), as  
30 appropriate."  
31

32 **SECTION 28.9.(b)** This section is effective for taxable years beginning on  
33 or after January 1, 2008.

## 34 **INCREASE THE CREDIT FOR SMALL BUSINESS EMPLOYEE HEALTH** 35 **BENEFITS AND EXTEND THE SUNSET**

36 **SECTION 28.10.(a)** G.S. 105-129.16E reads as rewritten:

37 **"§ 105-129.16E. Credit for small business employee health benefits.**

38 (a) Credit. – A small business that provides health benefits for all of its eligible  
39 employees during the taxable year is allowed a credit to offset its costs in providing  
40 health benefits for its eligible employees. For the purposes of this subsection, a taxpayer  
41 provides health benefits if it pays at least fifty percent (50%) of the premiums for health  
42 care coverage that equals or exceeds the minimum provisions of the basic health care  
43

1 plan of coverage recommended by the Small Employer Carrier Committee pursuant to  
2 G.S. 58-50-125 or if its employees have qualifying existing coverage.

3 The credit is equal to a dollar amount per eligible employee whose total wages or  
4 salary received from the business does not exceed forty thousand dollars (\$40,000) on  
5 an annual basis. The dollar amount is ~~two hundred fifty dollars (\$250.00)~~, three hundred  
6 dollars (\$300.00), not to exceed the taxpayer's costs of providing health benefits for the  
7 employee during the taxable year.

8 (b) Allocation. – If the taxpayer is an individual who is a nonresident or a  
9 part-year resident, the taxpayer must reduce the amount of the credit by multiplying it  
10 by the fraction calculated under G.S. 105-134.5(b) or (c), as appropriate. If the taxpayer  
11 is not an individual and is required to apportion its multistate business income to this  
12 State, the taxpayer must reduce the amount of the credit by multiplying it by the  
13 apportionment fraction used to apportion its apportionable income to this State.

14 (c) Definitions. – The following definitions apply in this section:

15 (1) Eligible employee. – Defined in G.S. 58-50-110.

16 (2) Qualifying existing coverage. – Defined in G.S. 58-50-130(a)(4a).

17 (3) Small business. – A taxpayer that employs no more than 25 eligible  
18 employees throughout the taxable year.

19 (d) Sunset. – This section expires for taxable years beginning on or after January  
20 1, ~~2009~~, 2014."

21 **SECTION 28.10.(b)** This section is effective for taxable years beginning on  
22 or after January 1, 2009.

23  
24 **PROVIDE A PROPERTY TAX EXCLUSION FOR HONORABLY**  
25 **DISCHARGED DISABLED VETERANS AND THEIR SURVIVING**  
26 **SPOUSES AND TO REIMBURSE LOCAL GOVERNMENTS FOR THE**  
27 **RESULTING REVENUE LOSS**

28 **SECTION 28.11.(a)** G.S. 105-275(21) is repealed.

29 **SECTION 28.11.(b)** Article 12 of Chapter 105 of the General Statutes is  
30 amended by adding a new section to read:

31 **"§ 105-277.1C. Property tax homestead exclusion for disabled veterans and for**  
32 **surviving spouses of disabled veterans; election of benefit; application.**

33 (a) Exclusion. – A permanent residence owned and occupied by a qualifying  
34 owner is designated a special class of property under Article V, Section 2(2) of the  
35 North Carolina Constitution and is taxable in accordance with this section. The amount  
36 of the appraised value of the residence equal to the exclusion amount is excluded from  
37 taxation. The exclusion amount is the greater of forty-eight thousand dollars (\$48,000)  
38 or fifty percent (50%) of the appraised value of the residence, not to exceed fifty percent  
39 (50%) of the maximum amount of a conventional mortgage authorized under 12 U.S.C.  
40 § 1717(b)(2).

41 If the qualifying owner predeceases his or her spouse and if, upon the death of the  
42 qualifying owner, the spouse holds legal or beneficial title to the homestead and  
43 permanently resides on the homestead, the exclusion from taxation provided by this  
44 section carries over to the benefit of the surviving spouse until he or she remarries. If



1 the spouse sells the property, an exclusion not to exceed the amount granted from the  
2 most recent ad valorem tax roll may be transferred to his or her new residence, as long  
3 as it is used as his or her primary residence and he or she does not remarry. The  
4 exclusion amount for newly acquired property is subject to the valuation limitations in  
5 the preceding paragraph of this subsection.

6 (1) Temporary absence. – An otherwise qualifying owner does not lose the  
7 benefit of this exclusion because of a temporary absence from his or  
8 her permanent residence for reasons of health or because of an  
9 extended absence while confined to a rest home or nursing home, so  
10 long as the residence is unoccupied or occupied by the owner's spouse  
11 or other dependent.

12 (2) Multiple ownership. – A permanent residence owned and occupied by  
13 husband and wife as tenants by the entirety is entitled to the full  
14 benefit of this exclusion notwithstanding that only one of them meets  
15 the disability requirements of this section. When a permanent  
16 residence is owned and occupied by two or more persons other than  
17 husband and wife and one or more of the owners qualifies for this  
18 exclusion, each qualifying owner is entitled to the full amount of the  
19 exclusion not to exceed his or her proportionate share of the valuation  
20 of the property. No part of an exclusion available to one co-owner may  
21 be claimed by any other co-owner, and in no event may the total  
22 exclusion allowed for a permanent residence exceed the exclusion  
23 amount provided in this section.

24 (b) Definitions. – The following definitions apply in this section:

25 (1) Owner. – A person who holds legal or equitable title, whether  
26 individually, as a tenant by the entirety, a joint tenant, or a tenant in  
27 common, or as the holder of a life estate or an estate for the life of  
28 another. A manufactured home jointly owned by husband and wife is  
29 considered property held by the entirety.

30 (2) Permanent residence. – A person's legal residence. It includes the  
31 dwelling, the dwelling site, not to exceed one acre, and related  
32 improvements. The dwelling may be a single-family residence, a unit  
33 in a multifamily residential complex, or a manufactured home.

34 (3) Qualifying owner. – An owner who is an honorably discharged veteran  
35 of any branch of the Armed Forces of the United States who, as of  
36 January 1 preceding the taxable year for which the exclusion is  
37 claimed, is a North Carolina resident and who meets either one of the  
38 following criteria:

39 a. Has been certified by the United States Government or the  
40 United States Department of Veterans Affairs, or its  
41 predecessor, with a permanent total disability that is  
42 service-connected.

43 b. Receives benefits under 38 U.S.C. § 2101.

1 (c) Election. – An owner who qualifies for more than one form of property tax  
2 relief under this section, G.S. 105-277.1, and G.S. 105-277.1B may elect to receive only  
3 one of these forms of relief.

4 (d) Application. –

5 (1) Time for filing. – An application for the exclusion provided by this  
6 section should be filed during the regular listing period, but may be  
7 filed and must be accepted at any time up to and through June 1  
8 preceding the tax year for which the exclusion is claimed.

9 (2) Separate applications for multiple ownership. – When property is  
10 owned by two or more persons other than husband and wife and one or  
11 more of them qualifies for this exclusion, each owner must apply  
12 separately for his or her proportionate share of the exclusion.

13 (3) Proof of disability or receipt of federal housing assistance. – Persons  
14 applying for this exclusion shall (i) enter the appropriate information  
15 on a form made available by the assessor under G.S. 105-282.1 and (ii)  
16 furnish acceptable proof of qualification. The proof must be in the  
17 form of a letter or other document from the United States Government  
18 or the United States Department of Veterans Affairs certifying that the  
19 applicant is an honorably discharged veteran who either has a  
20 service-connected total and permanent disability or who is receiving  
21 benefits under 38 U.S.C. § 2101."

22 **SECTION 28.11.(c)** Article 12 of Chapter 105 of the General Statutes is  
23 amended by adding a new section to read:

24 **"§ 105-277.1D. Property classified for taxation at reduced valuation; duties of tax**  
25 **collectors; reimbursement of localities for tax lost.**

26 (a) Tax Collectors to Furnish List of Qualifying Taxpayers. – On December 1 of  
27 each year, the tax collector of each county and the tax collector of each municipality  
28 shall furnish to the Secretary of Revenue a list containing the name and address of each  
29 taxpayer who has qualified in that year for the exclusion provided in G.S. 105-277.1C.  
30 The list shall also contain for each name the total amount of property excluded, the tax  
31 rate to which the property is subject, and the product obtained by multiplying those two  
32 numbers by each other. The lists shall be accompanied by an affidavit attesting to the  
33 accuracy of the list and shall all be on a form prescribed by the Secretary of Revenue.

34 (b) Extension. – The Secretary of Revenue may, for cause, grant an extension for  
35 the submission of a list required by this section.

36 (c) Reimbursement to Counties and Municipalities. – Before May 31, 2009, the  
37 Secretary of Revenue shall distribute to each county and municipality with taxpayers  
38 who qualified for the exclusion provided in G.S. 105-277.1C one hundred percent  
39 (100%) of the total lost revenue. The lost revenue is determined by multiplying the tax  
40 exclusion for each taxpayer on the list in subsection (a) of this section by the applicable  
41 tax rate. Each year thereafter, on or before May 31, the Secretary of Revenue shall pay  
42 the lost revenue to each county and municipality that was entitled to receive a  
43 distribution under this subsection in 2009.

1       (d) Funds Collected for Other Units of Local Government. – Any funds received  
2 by any county or municipality under this section because the county or municipality was  
3 collecting taxes for another municipality shall be credited to the funds of that other  
4 municipality in accordance with rules issued by the Local Government Commission.

5       (e) Funding for Reimbursement. – In order to pay for the reimbursement under  
6 this section, there is annually appropriated to each county and municipality with  
7 taxpayers who qualified for the exclusion provided in G.S. 105-277.1C an amount equal  
8 to the reimbursement amount. In order to pay for the cost to the Department of Revenue  
9 of administering reimbursement, there is annually appropriated to the Department of  
10 Revenue the cost of administration."

11               **SECTION 28.11.(d)** G.S. 105-282.1(a)(2)c. reads as rewritten:

12               " c.   Special classes of property classified for taxation at a reduced  
13               valuation under G.S. 105-277(h), 105-277.1, 105-277.1C,  
14               105-277.10, 105-277.13, 105-278."

15               **SECTION 28.11.(e)** This section is effective for taxes imposed for taxable  
16 years beginning on or after July 1, 2008. Notwithstanding the provisions of  
17 G.S. 105-282.1(a), an application for the benefit provided in this act for the 2008-2009  
18 tax year shall be considered timely if it is filed on or before September 1, 2008.

19  
20 **SALES TAX HOLIDAY FOR CERTAIN ENERGY STAR RATED**  
21 **APPLIANCES**

22               **SECTION 28.12.(a)** G.S. 105-164.3 is amended by adding a new  
23 subdivision to read:

24 **"§ 105-164.3. Definitions.**

25       The following definitions apply in this Article:

26       ...

27       (8g) Energy Star qualified product. – Defined in the Streamlined  
28       Agreement."

29               **SECTION 28.12.(b)** Article 5 of Chapter 105 of the General Statutes is  
30 amended by adding a new section to read:

31 **"§ 105-164.13D. Sales and use tax holiday for Energy Star qualified products.**

32       (a) The taxes imposed by this Article do not apply to the Energy Star qualified  
33 products listed in this section if sold between 12:01 A.M. on the first Friday of  
34 November and 11:59 P.M. the following Sunday. The qualified products are:

35               (1) Clothes washers, dishwashers, freezers, or refrigerators.

36               (2) Room air conditioners, dehumidifiers, or programmable thermostats.

37               (3) Compact fluorescent light bulbs.

38       (b) The exemption allowed by this section does not apply to the following:

39               (1) Sales of a product for use in a trade or business.

40               (2) Rentals."

41               **SECTION 28.12.(c)** G.S. 105-467 reads as rewritten:

42 **"§ 105-467. Scope of sales tax.**

43       ...

1 (b) Exemptions and Refunds. – The State exemptions and exclusions contained  
2 in G.S. 105-164.13, the State sales and use tax ~~holiday~~holidays contained in  
3 G.S. 105-164.13C and G.S. 105-164.13D, and the State refund provisions contained in  
4 G.S. 105-164.14 apply to the local sales and use tax authorized to be levied and imposed  
5 under this Article. Except as provided in this subsection, a taxing county may not allow  
6 an exemption, exclusion, or refund that is not allowed under the State sales and use tax.  
7 A local school administrative unit and a joint agency created by interlocal agreement  
8 among local school administrative units pursuant to G.S. 160A-462 to jointly purchase  
9 food service-related materials, supplies, and equipment on their behalf is allowed an  
10 annual refund of sales and use taxes paid by it under this Article on direct purchases of  
11 tangible personal property and services, other than electricity, telecommunications  
12 service, and ancillary service. Sales and use tax liability indirectly incurred by the entity  
13 on building materials, supplies, fixtures, and equipment that become a part of or  
14 annexed to any building or structure that is owned or leased by the entity and is being  
15 erected, altered, or repaired for use by the entity is considered a sales or use tax liability  
16 incurred on direct purchases by the entity for the purpose of this subsection. A request  
17 for a refund shall be in writing and shall include any information and documentation  
18 required by the Secretary. A request for a refund is due within six months after the end  
19 of the entity's fiscal year. Refunds applied for more than three years after the due date  
20 are barred.

21 (c) Sourcing. – The local sales tax authorized to be imposed and levied under this  
22 Article applies to taxable transactions by retailers whose place of business is located  
23 within the taxing county. The sourcing principles in G.S. 105-164.4B apply in  
24 determining whether the local sales tax applies to a transaction."

25 **SECTION 28.12.(d)** The second paragraph of Section 4 of Chapter 1096 of  
26 the 1967 Session Laws reads as rewritten:

27 "The exemptions and exclusions contained in G.S. 105-164.13 and the sales and use  
28 tax ~~holiday~~holidays contained in G.S. 105-164.13C and G.S. 105-164.13D apply with  
29 equal force and like manner to the local sales tax authorized to be imposed and levied  
30 under this division. The county shall have no authority, with respect to the local sales  
31 and use tax imposed under this division, to change, alter, add, or delete any exemptions  
32 or exclusions contained under G.S. 105-164.13."

33 **SECTION 28.12.(e)** This section is effective when it becomes law and  
34 applies to sales made on or after that date.  
35

#### 36 SET INSURANCE REGULATORY FEE

37 **SECTION 28.13.(a)** The percentage rate to be used in calculating the  
38 insurance regulatory charge under G.S. 58-6-25 is five and one-half percent (5.5%) for  
39 the 2008 calendar year.

40 **SECTION 28.13.(b)** This section is effective when it becomes law.  
41

#### 42 SET REGULATORY FEE FOR UTILITIES COMMISSION

43 **SECTION 28.14.(a)** The percentage rate to be used in calculating the public  
44 utility regulatory fee under G.S. 62-302(b)(2) is twelve one-hundredths of one percent

(0.12%) for each public utility's North Carolina jurisdictional revenues earned during each quarter that begins on or after July 1, 2008.

**SECTION 28.14.(b)** The electric membership corporation regulatory fee imposed under G.S. 62-302(b1) for the 2008-2009 fiscal year is two hundred thousand dollars (\$200,000).

**SECTION 28.14.(c)** This section becomes effective July 1, 2008.

**EXTEND AND AMEND TAX CREDIT FOR REINVESTMENT**

**SECTION 28.15.(a)** G.S. 105-129.28 reads as rewritten:

**"§ 105-129.28. Credit for reinvestment.**

(a) Credit. – A major recycling facility that is accessible by neither ocean barge nor ship and that transports materials to the facility or products away from the facility is allowed a credit against the tax imposed by Part 1 of Article 4 of this Chapter equal to its additional transportation and transloading expenses incurred with respect to the materials and products due to its inability to use ocean barges or ships. The additional expenses for which credit is allowed are expenses due to using river barges and expenses due to having to use another mode of transportation because the quantity that is transported by river barge is insufficient to meet the facility's needs. In order to claim the credit allowed by this section, the facility must provide the Secretary of Commerce audited documentation of the amount of its additional transportation and transloading expenses incurred during the taxable year.

(b) Cap. – The credit allowed to a major recycling facility under this section for the taxable year may not exceed the applicable annual cap provided in the following table:

Taxable Year	Cap
1998	\$ 150,000
1999	\$ 640,000
2000	\$ 3,860,000
2001	\$ 8,050,000
2002	\$ 9,550,000
2003	\$ 10,100,000
2004-2007	\$ 10,400,000
<u>2008 and thereafter</u>	<u>\$ 1,000,000</u>

(c) Reduction. – ~~For the first ten taxable years after the owner begins transporting materials and products to and from the major recycling facility, the~~The credit allowed by this section must be reduced by the amount of credit allowed in previous years that was used for a purpose other than an allowable purpose under subsection (d) of this section, as certified by the Secretary of Commerce.

(d) Use of Credited Amount. – ~~For the first ten taxable years after the owner begins construction of the major recycling facility, the owner~~The taxpayer must use the amount of credit allowed under this section to pay for (i) investment in rail or roads associated with the facility, (ii) investment in water system infrastructure designed to reduce the expense of transporting materials and products to and from the recycling facility, and (iii) investment in land and infrastructure for other industrial sites located in

1 the same county as the recycling facility. If the ~~owner~~ Department of Commerce, after  
2 consultation with the owner, determines that there are no reasonable economic  
3 opportunities in a given year to use the total amount of credit for the expenditures  
4 described above, the owner may use the excess for investment at or in connection with  
5 the recycling facility above the initial required investment of three hundred million  
6 dollars (\$300,000,000).

7 Expenses incurred for the purposes allowed in this subsection during a taxable year  
8 ~~in the ten-year period~~ may be counted toward a credit allowed in a later taxable year ~~in~~  
9 ~~the ten-year period~~. If the owner is not able to use the full amount of the credit  
10 during a taxable year for any of the purposes allowed by this subsection, the excess may  
11 be used for these purposes in subsequent taxable years.

12 The owner must provide the Secretary of Commerce with annual audited  
13 documentation demonstrating that the amount of credit received under this section  
14 during the previous twelve-month period has not been used for a purpose inconsistent  
15 with this subsection. If the Secretary of Commerce determines that the owner has used  
16 any of the credit for a purpose that is inconsistent with the requirements of this  
17 subsection, the Secretary of Commerce shall certify the amount so used to the Secretary  
18 of Revenue and the credit allowed the owner under this section for the following taxable  
19 year shall be reduced by that amount in accordance with subsection (c) of this section.

20 ~~After the end of the ten-year period, the amount of any credit allowed under this~~  
21 ~~section that has not yet been used may be used for investment at or in connection with~~  
22 ~~the recycling facility above the initial required investment of three hundred million~~  
23 ~~dollars (\$300,000,000).~~

24 (e) ~~Credit Refundable.~~ ~~If the credit allowed by this section exceeds the amount~~  
25 ~~of tax imposed by Part 1 of Article 4 of this Chapter for the taxable year reduced by the~~  
26 ~~sum of all credits allowable, the Secretary shall refund the excess to the taxpayer. The~~  
27 ~~refundable excess is governed by the provisions governing a refund of an overpayment~~  
28 ~~by the taxpayer of the tax imposed in Part 1 of Article 4 of this Chapter. In computing~~  
29 ~~the amount of tax against which multiple credits are allowed, nonrefundable credits are~~  
30 ~~subtracted before refundable credits.~~ Limitations. – The credit provided in this section is  
31 allowed against the franchise tax levied in Article 3 of this Chapter and the income tax  
32 levied in Part 1 of Article 4 of this Chapter. The credit provided in this section may not  
33 exceed the amount of tax against which it is claimed for the taxable year, reduced by the  
34 sum of all other credits allowed against that tax, except tax payments made by or on  
35 behalf of the owner. Any unused portion of the credit may be carried forward for the  
36 succeeding five years.

37 (f) Sunset. – This section expires for taxable years beginning on or after January  
38 1, 2013."

39 **SECTION 28.15.(b)** G.S. 105-129.27 is amended by adding a new  
40 subsection to read:

41 "(g) Sunset. – This section expires for purchases or leases made on or after  
42 January 1, 2013."

43 **SECTION 28.15.(c)** Section 19 of S.L. 1998-55 is repealed.

1           **SECTION 28.15.(d)** Subsection (a) of this section is effective for taxable  
2 years beginning on or after January 1, 2008. The remainder of this section is effective  
3 when it becomes law.

4  
5 **PART XXIX. FEES**

6  
7 **FEE INCREASE FOR DOMESTIC VIOLENCE PROGRAMS**

8           **SECTION 29.1.(a)** G.S. 7A-305(a2) reads as rewritten:

9           "(a2) In every action for absolute divorce filed in the district court, a cost of  
10 ~~fifty-five dollars (\$55.00)~~seventy-five dollars (\$75.00) shall be assessed against the  
11 person filing the divorce action. Costs collected by the clerk pursuant to this subsection  
12 shall be remitted to the State ~~Treasurer for~~Treasurer, who shall deposit fifty-five dollars  
13 (\$55.00) to the North Carolina Fund for Displaced Homemakers established under  
14 ~~G.S. 143B-394.10~~G.S. 143B-394.10 and twenty dollars (\$20.00) to the Domestic  
15 Violence Center Fund established under G.S. 50B-9. Costs assessed under this  
16 subsection shall be in addition to any other costs assessed under this section."

17           **SECTION 29.1.(b)** This section becomes effective July 1, 2008.

18  
19 **FOREST DEVELOPMENT FUND/FOREST PRODUCTS ASSESSMENT**  
20 **RATES**

21           **SECTION 29.2.(a)** G.S. 113A-192(c) through G.S. 113A-192(e) are  
22 repealed.

23           **SECTION 29.2.(b)** This section becomes effective July 1, 2008.

24  
25 **ADJUST SECURITIES FILING FEES**

26           **SECTION 29.3.(a)** G.S. 78A-31(a)(4) reads as rewritten:

27 **"§ 78A-31. Notice filings for securities covered under federal law.**

28           (a) The Administrator, by rule or order, may require the filing of any of the  
29 following documents with regard to a security covered under section 18(b)(2) of the  
30 Securities Act of 1933 (15 U.S.C. § 77r(b)(2)):

31           ...  
32           (4) A notice filing pursuant to this section shall expire on December 31 of  
33 each year or some other date not more than one year from its effective  
34 date as the Administrator may by rule or order provide. A notice filing  
35 of the offer of securities covered under federal law that are to be  
36 offered for a period in excess of one year shall be renewed annually by  
37 payment of a renewal fee of ~~two hundred fifty dollars (\$250.00)~~ one  
38 thousand dollars (\$1,000) and by filing any documents and reports that  
39 the Administrator may by rule or order require consistent with this  
40 section. The renewal shall be effective upon the expiration of the prior  
41 notice period.

42           ...."

43           **SECTION 29.3.(b)** This section becomes effective July 1, 2008.

**NEWBORN SCREENING FEE CHANGES**

**SECTION 29.4.(a)** G.S. 130A-125(c) reads as rewritten:

"(c) A fee of ~~fourteen dollars (\$14.00)~~eighteen dollars and ninety-one cents (\$18.91) applies to a laboratory test performed by the State ~~Public Health~~ Public Health Laboratory of Public Health ~~performed~~performed pursuant to this section. Fees collected shall remain in the Department to be used to offset the cost of the Newborn Screening ~~Program~~Program and shall be assessed for all specimens of the non-Medicaid eligible population. The Director of the State Laboratory of Public Health shall review the fee annually, and each time a new test is added to the Newborn Screening Program, to determine if an increase is necessary to cover the laboratory's newborn screening costs. If the actual cost to perform newborn screening exceeds the amount of the fee authorized under this section, then the Department shall recommend an increase in the fee for consideration by the Director of the Budget and the General Assembly."

**SECTION 29.4.(b)** The Department of Health and Human Services, Division of Public Health, may use one dollar and forty-six cents (\$1.46) of the fee authorized under G.S. 130A-125(c), as enacted by this section, to support two positions in the Division of Public Health. One position shall be for working with families who have an infant that has tested positive for cystic fibrosis, and one shall be used for health promotion and public awareness.

**SECTION 29.4.(c)** This section becomes effective July 1, 2008.

**HEALTH CARE FACILITY CONSTRUCTION PROJECT FEE INCREASES**

**SECTION 29.5.(a)** G.S. 131E-267 reads as rewritten:

**"§ 131E-267. Fees for departmental review of licensed health care facility or Medical Care Commission bond-financed construction projects.**

(a) The Department of Health and Human Services shall charge a fee for the review of each health care facility construction project to ensure that project plans and construction are in compliance with State law. The fee shall be charged on a one-time, per-project basis as provided in this section. In no event may a fee imposed under this section exceed two hundred thousand dollars (\$200,000) for any single project. The first seven hundred twelve thousand six hundred twenty-six dollars (\$712,626) in fees collected under this section shall remain in the Division of Health Service Regulation. Additional fees collected shall be credited to the General Fund as nontax revenue and are intended to offset rather than replace appropriations made for this purpose.

(b) The fee imposed for the review of a hospital construction project varies depending upon the square footage of the project:

<b>Over</b>	<b>Up To</b>	<b>Project Fee</b>
0	5,000	\$750.00 <del>plus \$0.25 per square foot</del>
5,000	10,000	\$1,500 <del>plus \$0.40 per square foot</del>
10,000	20,000	\$2,000 <del>plus \$0.50 per square foot</del>
20,000	NA	\$3,000 <del>plus \$0.75 per square foot</del>
0	5,000	\$1,500 <u>plus \$0.25 per square foot</u>
5,000	10,000	\$3,000 <u>plus \$0.25 per square foot</u>
10,000	20,000	\$4,500 <u>plus \$0.45 per square foot</u>



1     20,000                             NA                             \$6,000 plus \$0.45 per square foot  
 2     (c)     The fee imposed for the review of a nursing home construction project varies  
 3     depending upon the square footage of the project:

<b>Over</b>	<b>Up To</b>	<b>Project Fee</b>
5     0	2,000	\$250.00 plus \$0.15 per square foot
6 <del>2,000</del>	<del>NA</del>	<del>\$250.00 plus \$0.16 per square foot</del>
7 <u>2,000</u>	<u>NA</u>	<u>\$500.00 plus \$0.25 per square foot</u>

8     (d)     The fee imposed for the review of an ambulatory surgical facility  
 9     construction project varies depending upon the square footage of the project:

<b>Over</b>	<b>Up To</b>	<b>Project Fee</b>
11    0	2,000	\$200.00 plus \$0.15 per square foot
12 <del>2,000</del>	<del>NA</del>	<del>\$250.00 plus \$0.20 per square foot</del>
13 <u>2,000</u>	<u>NA</u>	<u>\$400.00 plus \$0.25 per square foot</u>

14    (e)     The fee imposed for the review of a psychiatric hospital construction project  
 15    varies depending upon the square footage of the project:

<b>Over</b>	<b>Up To</b>	<b>Project Fee</b>
17    0	5,000	<del>\$200.00 plus \$0.16 per square foot</del>
18 <del>5,000</del>	<del>10,000</del>	<del>\$200.00 plus \$0.25 per square foot</del>
19 <del>10,000</del>	<del>20,000</del>	<del>\$300.00 plus \$0.45 per square foot</del>
20 <del>20,000</del>	<del>NA</del>	<del>\$400.00 plus \$0.45 per square foot</del>
21 <u>0</u>	<u>5,000</u>	<u>\$750.00 plus \$0.25 per square foot</u>
22 <u>5,000</u>	<u>10,000</u>	<u>\$1,500.00 plus \$0.25 per square foot</u>
23 <u>10,000</u>	<u>20,000</u>	<u>\$2,250.00 plus \$0.45 per square foot</u>
24 <u>20,000</u>	<u>NA</u>	<u>\$3,000.00 plus \$0.45 per square foot</u>

25    (f)     The fee imposed for the review of an adult care home construction project  
 26    varies depending upon the square footage of the project:

<b>Over</b>	<b>Up To</b>	<b>Project Fee</b>
28    0	2,000	\$175.00 plus \$0.10 per square foot
29 <del>2,000</del>	<del>NA</del>	<del>\$175.00 plus \$0.20 per square foot</del>
30 <u>2,000</u>	<u>NA</u>	<u>\$350.00 plus \$0.20 per square foot</u>

31    (g)     The fee imposed for the review of the following residential construction  
 32    projects is:

<b>Residential Project</b>	<b>Project Fee</b>
34    Family Care Homes	<del>\$200.00</del> <u>\$225.00</u> flat fee
35    ICFR Group Homes	<del>\$300.00</del> <u>\$350.00</u> flat fee
36    Group Homes: 1-3 beds	<del>\$100.00</del> <u>\$125.00</u> flat fee
37    Group Homes: 4-6 beds	<del>\$200.00</del> <u>\$225.00</u> flat fee
38    Group Homes: 7-9 beds	<del>\$250.00</del> <u>\$275.00</u> flat fee
39    Other residential:	
40    More than 9 beds	<del>\$250.00</del> <u>\$275.00</u> plus <del>\$0.75</del> <u>\$0.15</u> per 41    square foot of project space."

42             **SECTION 29.5.(b)** This section becomes effective July 1, 2008.

43

1 **CHANGES TO ASBESTOS CONTAINING MATERIAL REMOVAL PERMIT**  
2 **FEES**

3 **SECTION 29.6.(a)** G.S. 130A-450 reads as rewritten:

4 "**§ 130A-450. Asbestos containing material removal permit fees.**

5 The Department shall establish and collect an application fee for asbestos containing  
6 material removal permits to support the asbestos hazard management program. The fee  
7 ~~shall not exceed one~~ shall be the greater of the following, ~~not to exceed one thousand~~  
8 five hundred dollars (\$1,500):

9 (1) One percent (1%) of the contracted price or twenty price.

10 (2) Twenty cents (\$.20) per square foot or linear foot of asbestos  
11 containing material to be removed, whichever is greater removed."

12 **SECTION 29.6.(b)** This section becomes effective July 1, 2008.  
13

14 **FEE FOR FLOODPLAIN MAP USE**

15 **SECTION 29.7.(a)** G.S. 143-215.56 is amended by adding a new subsection  
16 to read:

17 "(h) The Department may charge a fee of ten dollars (\$10.00) for each commercial  
18 flood hazard determination performed for improved real estate and mobile homes in  
19 North Carolina. The proceeds of the fee must be credited to a special, nonreverting  
20 account within the Department and used for the production and maintenance of Flood  
21 Insurance Rate Maps. The Department must issue a unique digital flood use stamp to  
22 indicate payment of the fee required by this subsection. A member bank or mortgage  
23 institution for which a commercial flood hazard determination is performed must  
24 acquire a unique flood use stamp each time a Standard Flood Hazard Determination  
25 Form is completed. The member bank or mortgage institution must retain a copy of the  
26 unique flood use stamp for the same period that the member bank must retain a copy of  
27 the Standard Flood Hazard Determination Form under 12 C.F.R. § 208.25(f). For  
28 purposes of this subsection, the term 'commercial flood hazard determination' means a  
29 flood hazard determination for which all of the following are true:

30 (1) A member bank is required to use the Standard Flood Hazard  
31 Determination Form pursuant to 12 C.F.R. § 208.25(f).

32 (2) The entity performing the flood hazard determination is the member  
33 bank, mortgage institution, contracted company, or person performing  
34 the determination on behalf of the member bank or mortgage  
35 institution."

36 **SECTION 29.7.(b)** This section becomes effective January 1, 2009.  
37

38 **PART XXX. MISCELLANEOUS PROVISIONS**

39 **STATE BUDGET ACT APPLIES**

40 **SECTION 30.1.** The provisions of the State Budget Act, Chapter 143C of  
41 the General Statutes, are reenacted and shall remain in full force and effect and are  
42 incorporated in this act by reference.  
43  
44

**COMMITTEE REPORT**

**SECTION 30.2.(a)** The "N.C. House of Representatives Appropriations Committee Report On The Continuation, Expansion, and Capital Budgets", dated June 3, 2008, which was distributed in the House of Representatives and used to explain this act, shall indicate action by the General Assembly on this act and shall therefore be used to construe this act, as provided in the State Budget Act, Chapter 143C of the General Statutes, as appropriate, for these purposes shall be considered a part of this act and as such shall be printed as a part of the Session Laws.

**SECTION 30.2.(b)** The budget enacted by the General Assembly is for the maintenance of the various departments, institutions, and other spending agencies of the State for the 2008-2009 budget as provided in G.S. 143C-3-5. This budget includes the appropriations of State funds as defined in G.S. 143C-1-1(d)(25).

The Director of the Budget submitted recommended adjustments to the 2008-2009 budget to the General Assembly in May 2008 in the documents "The North Carolina State Budget Recommended Adjustments 2008-2009" and "Governor's Recommended Budget Governmental and Proprietary Funds and Selected Component Units 2008-2009" for the 2008-2009 fiscal year for the various departments, institutions, and other spending agencies of the State.

**SECTION 30.2.(c)** The budget enacted by the General Assembly shall also be interpreted in accordance with G.S. 143C-5-5, the special provisions in this act, and other appropriate legislation.

In the event that there is a conflict between the line-item budget certified by the Director of the Budget and the budget enacted by the General Assembly, the budget enacted by the General Assembly shall prevail.

**MOST TEXT APPLIES ONLY TO 2007-2009**

**SECTION 30.3.** Except for statutory changes or other provisions that clearly indicate an intention to have effects beyond the 2007-2009 fiscal biennium, the textual provisions of this act apply only to funds appropriated for, and activities occurring during, the 2007-2009 fiscal biennium.

**EFFECT OF HEADINGS**

**SECTION 30.4.** The headings to the parts and sections of this act are a convenience to the reader and are for reference only. The headings do not expand, limit, or define the text of this act, except for effective dates referring to a part.

**SEVERABILITY CLAUSE**

**SECTION 30.5.** If any section or provision of this act is declared unconstitutional or invalid by the courts, it does not affect the validity of this act as a whole or any part other than the part so declared to be unconstitutional or invalid.

**EFFECTIVE DATE**

**SECTION 30.6.** Except as otherwise provided, this act becomes effective July 1, 2008.