

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2003

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SENATE BILL 1240*

Short Title: State Employees/Teachers Pay Increases. (Public)

Sponsors: Senators Reeves; Foxx, Kerr, and Malone.

Referred to: Appropriations/Base Budget.

May 24, 2004

1 A BILL TO BE ENTITLED
2 AN ACT APPROPRIATING FUNDS TO PROVIDE TO PUBLIC SCHOOL
3 PERSONNEL AND TO STATE EMPLOYEES A LEGISLATIVE PAY
4 INCREASE OF FIVE PERCENT AND ESTABLISHING A MINIMUM LIVING
5 WAGE FOR STATE-FUNDED EMPLOYEES.

6 The General Assembly of North Carolina enacts:

7 **SECTION 1.** Section 30.13 of S.L. 2003-284 reads as rewritten:

8 "**SECTION 30.13.(a)** The salaries in effect June 30, 2003, of all permanent
9 full-time State employees whose salaries are set in accordance with the State Personnel
10 Act, and who are paid from the General Fund or the Highway Fund shall remain in
11 effect for the 2003-2004 ~~and 2004-2005 fiscal years,~~ fiscal year, and there shall be
12 awarded a compensation bonus for the 2003-2004 fiscal year as authorized in this Part.
13 Effective July 1, 2004, the salaries of all permanent full-time State employees whose
14 salaries are set in accordance with the State Personnel Act, and who are paid from the
15 General Fund or the Highway Fund shall be increased by five percent (5%), unless
16 otherwise provided by this act.

17 "**SECTION 30.13.(b)** Except as otherwise provided in this act, the compensation of
18 permanent full-time State officials and persons in exempt positions that are
19 recommended by the Governor or the Governor and the Advisory Budget Commission
20 and set by the General Assembly shall remain in effect, and there shall be awarded a
21 compensation bonus for the 2003-2004 fiscal year as authorized in this Part. Effective
22 July 1, 2004, the compensation of permanent full-time State officials and persons in
23 exempt positions that are recommended by the Governor or the Governor and the
24 Advisory Budget Commission and set by the General Assembly shall be increased by
25 five percent (5%), unless otherwise provided by this act.

26 "**SECTION 30.13.(c)** ~~The~~ For the 2003-2004 fiscal year, the salaries of all
27 permanent part-time State employees shall remain in effect, and there shall be awarded
28 a compensation bonus for the 2003-2004 fiscal year as authorized in this Part.

1 "SECTION 30.13.(d) The Director of the Budget may allocate out of special
2 operating funds or from other sources of the employing agency, except tax revenues,
3 sufficient funds for salaries in accordance with subsection (a), (b), or (c) of this section
4 including funds for the employer's retirement and social security contributions, for the
5 permanent full-time and part-time employees of the agency, provided the employing
6 agency elects to make available the necessary funds."

7 SECTION 2. Section 30.14 of S.L. 2003-284 reads as rewritten:

8 "SECTION 30.14.(a) Salaries and related benefits for positions that are funded
9 partially from the General Fund or Highway Fund and partially from sources other than
10 the General Fund or Highway Fund shall remain in effect and be paid from the General
11 Fund or Highway Fund appropriation only to the extent of the proportionate part of the
12 salaries paid from the General Fund or Highway Fund.

13 "SECTION 30.14.(a1) Effective July 1, 2004, salaries and related benefits for
14 positions that are funded partially from the General Fund or Highway Fund and partially
15 from sources other than the General Fund or Highway Fund shall be increased from the
16 General Fund or Highway Fund appropriation only to the extent of the proportionate
17 part of the salaries paid from the General Fund or Highway Fund.

18 "SECTION 30.14.(b) The salaries authorized under this act do not affect the status
19 of eligibility for salary increments for which employees may be eligible unless
20 otherwise required by this act.

21 "SECTION 30.14.(c) The compensation bonuses do not apply to persons separated
22 from State service due to resignation, dismissal, reduction in force, death, or retirement,
23 or whose last workday is prior to October 1, 2003. The salary increases provided by this
24 Part are to be effective July 1, 2004, and do not apply to persons separated from State
25 service due to resignation, dismissal, reduction-in-force, death, or retirement, whose last
26 work day is prior to July 1, 2004. This subsection shall apply to all employees, subject
27 to or exempt from the State Personnel Act, paid from State funds, including public
28 schools, community colleges, and The University of North Carolina.

29 "SECTION 30.14.(d) The Director of the Budget shall transfer from the Reserve
30 for Compensation Increases in this act for fiscal year 2003-2004 and fiscal year
31 2004-2005 all funds necessary for the compensation increases provided by this act,
32 including funds for the employer's retirement and social security contributions.

33 "SECTION 30.14.(e) Nothing in this act authorizes the transfer of funds between
34 the General Fund and the Highway Fund for salary increases.

35 "SECTION 30.14.(f) All permanent, full-time State-supported personnel shall be
36 paid a minimum salary of eighteen thousand five hundred dollars (\$18,500) per year."

37 SECTION 3.(a) Section 30.1(a) of S.L. 2003-284 reads as rewritten:

38 "SECTION 30.1.(a) For the 2003-2004 ~~and 2004-2005~~ fiscal years, fiscal year, the
39 salary of the Governor shall remain the amount set by G.S. 147-11(a)."

40 "SECTION 3.(b) Effective July 1, 2004, G.S. 147-11(a) reads as rewritten:

41 "(a) The salary of the Governor shall be ~~one hundred eighteen thousand four~~
42 ~~hundred thirty dollars (\$118,430)~~ one hundred twenty-four thousand three hundred
43 fifty-two dollars (\$124,352) annually, payable monthly."

44 SECTION 3.(c) Section 30.1(b) of S.L. 2003-284 reads as rewritten:

1 "SECTION 30.1.(b) Effective ~~July 1, 2003,~~ July 1, 2004, the annual salaries for the
2 members of the Council of State, payable monthly, for the ~~2003-2004 and~~ 2004-2005
3 fiscal ~~years-year~~ are:

Council of State	Annual Salary
Lieutenant Governor	\$104,523 <u>109,749</u>
Attorney General	104,523 <u>109,749</u>
Secretary of State	104,523 <u>109,749</u>
State Treasurer	104,523 <u>109,749</u>
State Auditor	104,523 <u>109,749</u>
Superintendent of Public Instruction	104,523 <u>109,749</u>
Agriculture Commissioner	104,523 <u>109,749</u>
Insurance Commissioner	104,523 <u>109,749</u>
Labor Commissioner	104,523 <u>109,749</u> "

14 **SECTION 4.** Section 30.2 of S.L. 2003-284 reads as rewritten:

15 "SECTION 30.2. In accordance with G.S. 143B-9, the maximum annual salaries,
16 payable monthly, for the nonelected heads of the principal State departments for the
17 ~~2003-2004 and~~ 2004-2005 fiscal ~~years-year~~ are:

Nonelected Department Heads	Annual Salary
Secretary of Administration	\$102,119 <u>107,225</u>
Secretary of Correction	102,119 <u>107,225</u>
Secretary of Crime Control and Public Safety	102,119 <u>107,225</u>
Secretary of Cultural Resources	102,119 <u>107,225</u>
Secretary of Commerce	102,119 <u>107,225</u>
Secretary of Environment and Natural Resources	102,119 <u>107,225</u>
Secretary of Health and Human Services	102,119 <u>107,225</u>
Secretary of Juvenile Justice and Delinquency Prevention	102,119 <u>107,225</u>
Secretary of Revenue	102,119 <u>107,225</u>
Secretary of Transportation	102,119 <u>107,225</u> "

29 **SECTION 5.** Section 30.3 of S.L. 2003-284 reads as rewritten:

30 "SECTION 30.3. The annual salaries, payable monthly, for the ~~2003-2004 and~~
31 ~~2004-2005 fiscal years-year~~ for the following executive branch officials are:

Executive Branch Officials	Annual Salary
Chairman, Alcoholic Beverage Control Commission	\$92,946 <u>\$97,593</u>
State Controller	130,078 <u>136,582</u>
Commissioner of Motor Vehicles	92,946 <u>97,593</u>
Commissioner of Banks	104,523 <u>109,749</u>
Chairman, Employment Security Commission	129,913 <u>136,409</u>
State Personnel Director	102,119 <u>107,225</u>
Chairman, Parole Commission	84,871 <u>89,115</u>
Members of the Parole Commission	78,356 <u>82,274</u>
Chairman, Utilities Commission	116,405 <u>122,225</u>
Members of the Utilities Commission	104,523 <u>109,749</u>
Executive Director, Agency for Public Telecommunications	78,356 <u>82,274</u>
Director, Museum of Art	95,240 <u>100,002</u>

1 Executive Director, North Carolina Housing Finance Agency ~~115,031~~120,783
 2 Executive Director, North Carolina Agricultural Finance
 3 Authority 90,470~~94,994~~
 4 State Chief Information Officer 130,000~~136,500~~"

5 **SECTION 6.** Section 30.4 of S.L. 2003-284 reads as rewritten:

6 **"SECTION 30.4.(a)** The annual salaries, payable monthly, for specified judicial
 7 branch officials for the ~~2003-2004 and 2004-2005 fiscal years~~ year are:

Judicial Branch Officials	Annual Salary
9 Chief Justice, Supreme Court	\$118,430 <u>\$124,352</u>
10 Associate Justice, Supreme Court	115,336 <u>121,103</u>
11 Chief Judge, Court of Appeals	112,452 <u>118,075</u>
12 Judge, Court of Appeals	110,530 <u>116,057</u>
13 Judge, Senior Regular Resident Superior Court	107,527 <u>112,903</u>
14 Judge, Superior Court	104,523 <u>109,749</u>
15 Chief Judge, District Court	94,912 <u>99,658</u>
16 Judge, District Court	91,909 <u>96,504</u>
17 Administrative Officer of the Courts	107,527 <u>112,903</u>
18 Assistant Administrative Officer of the Courts	98,216 <u>103,127</u>

19 **"SECTION 30.4.(b)** The district attorney or public defender of a judicial district,
 20 with the approval of the Administrative Officer of the Courts or the Commission on
 21 Indigent Defense Services, respectively, shall set the salaries of assistant district
 22 attorneys or assistant public defenders, respectively, in that district such that the average
 23 salaries of assistant district attorneys or assistant public defenders in that district do not
 24 exceed ~~sixty thousand one hundred ninety one dollars (\$60,191), sixty-three thousand~~
 25 two hundred one dollars (\$63,201) and the minimum salary of any assistant district
 26 attorney or assistant public defender is at least ~~thirty one thousand thirty five dollars~~
 27 (\$31,035), thirty-two thousand five hundred eighty-seven dollars (\$32,587) effective
 28 ~~July 1, 2003.~~July 1, 2004.

29 **"SECTION 30.4.(c)** Permanent, full-time employees of the Judicial Department,
 30 whose salaries are not itemized in this Part, shall be awarded a compensation bonus for
 31 the 2003-2004 fiscal year as authorized in this Part."

32 **SECTION 7.(a)** Section 30.5 of S.L. 2003-284 reads as rewritten:

33 **"SECTION 30.5.** For the ~~2003-2004 and 2004-2005 fiscal years,~~ fiscal year the
 34 compensation of clerks of superior court shall remain as set forth in G.S. 7A-101(a)."

35 **SECTION 7.(b)** Effective July 1, 2004, G.S. 7A-101(a) reads as rewritten:

36 "(a) The clerk of superior court is a full-time employee of the State and shall
 37 receive an annual salary, payable in equal monthly installments, based on the population
 38 of the county as determined in subsection (a1) of this section, according to the following
 39 schedule:

Population	Annual Salary
40 Less than 100,000	\$69,911 <u>\$73,407</u>
41 100,000 to 149,999	78,452 <u>82,375</u>
42 150,000 to 249,999	86,994 <u>91,344</u>
43 250,000 and above	95,537 <u>100,314.</u>

1 The salary schedule in this subsection is intended to represent the following
 2 approximate percentage of the salary of a chief district court judge:

Population	Annual Salary
Less than 100,000	73%
100,000 to 149,999	82%
150,000 to 249,999	91%
250,000 and above	100%.

8 When a county changes from one population group to another, the salary of the clerk
 9 shall be changed, on July 1 of the fiscal year for which the change is reported, to the
 10 salary appropriate for the new population group, except that the salary of an incumbent
 11 clerk shall not be decreased by any change in population group during his continuance
 12 in office."

13 **SECTION 8.(a)** Section 30.6 of S.L. 2003-284 reads as rewritten:

14 "**SECTION 30.6.** For the 2003-2004 ~~and 2004-2005 fiscal years,~~ fiscal year, the
 15 compensation of assistant and deputy clerks of superior court shall remain as set forth in
 16 G.S. 7A-102(c1), except that there shall be awarded to each clerk not receiving a
 17 statutory step increase a compensation bonus for the 2003-2004 fiscal year as authorized
 18 in this Part."

19 **SECTION 8.(b)** Effective July 1, 2004, G.S. 7A-102(c1) reads as rewritten:

20 "(c1) A full-time assistant clerk or a full-time deputy clerk, and up to one full-time
 21 deputy clerk serving as head bookkeeper per county, shall be paid an annual salary
 22 subject to the following minimum and maximum rates:

Assistant Clerks and Head Bookkeeper	Annual Salary
Minimum	\$26,515 <u>\$27,841</u>
Maximum	46,464 <u>48,787</u>
Deputy Clerks	Annual Salary
Minimum	\$22,565 <u>\$23,693</u>
Maximum	35,934 <u>37,731.</u> "

32 **SECTION 9.(a)** Section 30.7 of S.L. 2003-284 reads as rewritten:

33 "**SECTION 30.7.** For the 2003-2004 ~~and 2004-2005 fiscal years,~~ fiscal year, the
 34 compensation of magistrates shall remain as set forth in G.S. 7A-171.1, except that
 35 there shall be awarded to each magistrate not receiving a statutory step increase a
 36 compensation bonus for the 2003-2004 fiscal year as authorized in this Part."

37 **SECTION 9.(b)** Effective July 1, 2004, G.S. 7A-171.1(a) reads as rewritten:

38 "**§ 7A-171.1. Duty hours, salary, and travel expenses within county.**

39 (a) The Administrative Officer of the Courts, after consultation with the chief
 40 district judge and pursuant to the following provisions, shall set an annual salary for
 41 each magistrate.

42 (1) A full-time magistrate shall be paid the annual salary indicated in the
 43 table set out in this subdivision. A full-time magistrate is a magistrate
 44 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	\$26,889\$28,233
Step 1	29,52531,001
Step 2	32,39334,013
Step 3	35,52337,299
Step 4	38,95240,900
Step 5	42,72144,857
Step 6	46,86449,207

(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 accordance with G.S. 7A-170, under the provisions of G.S. 135-1(10) and G.S. 135-40.2(a). The Administrative Officer of the Courts designates whether a magistrate is a part-time magistrate. A part-time magistrate shall receive an annual salary based on the following formula: The average number of hours a week that a part-time magistrate is assigned work during the term shall be multiplied by the annual salary payable to a full-time magistrate who has the same number of years of service prior to the beginning of that term as does the part-time magistrate and the product of that multiplication shall be divided by the number 40. The quotient shall be the annual salary payable to that part-time magistrate.

(3) Notwithstanding any other provision of this subsection, an individual who, when initially appointed as a full-time magistrate, is licensed to practice law in North Carolina, shall receive the annual salary provided in the Table in subdivision (1) of this subsection for Step 4. This magistrate's salary shall increase to the next step every four years on the anniversary of the date the magistrate was originally appointed. An individual who, when initially appointed as a part-time magistrate, is licensed to practice law in North Carolina, shall be paid an annual salary based on that for Step 4 and determined according to the formula in subdivision (2) of this subsection. This magistrate's salary

1 shall increase to the next step every four years on the anniversary of
 2 the date the magistrate was originally appointed. The salary of a
 3 full-time magistrate who acquires a license to practice law in North
 4 Carolina while holding the office of magistrate and who at the time of
 5 acquiring the license is receiving a salary at a level lower than Step 4
 6 shall be adjusted to Step 4 and, thereafter, shall advance in accordance
 7 with the Table's schedule. The salary of a part-time magistrate who
 8 acquires a license to practice law in North Carolina while holding the
 9 office of magistrate and who at the time of acquiring the license is
 10 receiving an annual salary as determined by subdivision (2) of this
 11 subsection based on a salary level lower than Step 4 shall be adjusted
 12 to a salary based on Step 4 in the Table and, thereafter, shall advance
 13 in accordance with the provision in subdivision (2) of this subsection.

14 (a1) Notwithstanding subsection (a) of this section, the following salary provisions
 15 apply to individuals who were serving as magistrates on June 30, 1994:

16 (1) The salaries of magistrates who on June 30, 1994, were paid at a salary
 17 level of less than five years of service under the table in effect that date
 18 shall be as follows:

19	Less than 1 year of service	\$21,325 <u>\$22,391</u>
20	1 or more but less than 3 years of service	22,389 <u>23,508</u>
21	3 or more but less than 5 years of service	24,530 <u>25,757.</u>

22
 23
 24 Upon completion of five years of service, those magistrates shall
 25 receive the salary set as the Entry Rate in the table in subsection (a).

26 (2) The salaries of magistrates who on June 30, 1994, were paid at a salary
 27 level of five or more years of service shall be based on the rates set out
 28 in subsection (a) as follows:

29	Salary Level	Salary Level
30	on June 30, 1994	on July 1, 1994
31	5 or more but less than 7 years of service	Entry Rate
32	7 or more but less than 9 years of service	Step 1
33	9 or more but less than 11 years of service	Step 2
34	11 or more years of service	Step 3

35
 36 Thereafter, their salaries shall be set in accordance with the
 37 provisions in subsection (a).

38 (3) The salaries of magistrates who are licensed to practice law in North
 39 Carolina shall be adjusted to the annual salary provided in the table in
 40 subsection (a) as Step 4, and, thereafter, their salaries shall be set in
 41 accordance with the provisions in subsection (a).

42 (4) The salaries of "part-time magistrates" shall be set under the formula
 43 set out in subdivision (2) of subsection (a) but according to the rates
 44 set out in this subsection.

1 (a2) The Administrative Officer of the Courts shall provide magistrates with
2 longevity pay at the same rates as are provided by the State to its employees subject to
3 the State Personnel Act.

4 (b) Notwithstanding G.S. 138-6, a magistrate may not be reimbursed by the State
5 for travel expenses incurred on official business within the county in which the
6 magistrate resides."

7 **SECTION 10.(a)** Section 30.8 of S.L. 2003-284 reads as rewritten:

8 "**SECTION 30.8.** For the 2003-2004 ~~and 2004-2005 fiscal years,~~ fiscal year, the
9 compensation of General Assembly principal clerks shall remain as set forth in
10 G.S. 120-37, except that there shall be awarded a compensation bonus for the
11 2003-2004 fiscal year as authorized in this Part.

12 **SECTION 10.(b)** Effective July 1, 2004, G.S. 120-37(c) reads as rewritten:

13 "(c) The principal clerks shall be full-time officers. Each principal clerk shall be
14 entitled to other benefits available to permanent legislative employees and shall be paid
15 an annual salary of ~~eighty-eight thousand three hundred six dollars (\$88,306)~~ ninety-two
16 thousand seven hundred twenty-one dollars (\$92,721) payable monthly. The Legislative
17 Services Commission shall review the salary of the principal clerks prior to submission
18 of the proposed operating budget of the General Assembly to the Governor and
19 Advisory Budget Commission and shall make appropriate recommendations for
20 changes in those salaries. Any changes enacted by the General Assembly shall be by
21 amendment to this paragraph."

22 **SECTION 11.(a)** Section 30.9 of S.L. 2003-284 reads as rewritten:

23 "**SECTION 30.9.** For the 2003-2004 ~~and 2004-2005 fiscal years,~~ fiscal year, the
24 compensation of General Assembly sergeant-at-arms and reading clerks shall remain as
25 set forth in G.S. 120-37."

26 **SECTION 11.(b)** Effective July 1, 2004, G.S. 120-37(b) reads as rewritten:

27 "(b) The sergeant-at-arms and the reading clerk in each house shall be paid a
28 salary of ~~two hundred ninety two dollars (\$292.00)~~ three hundred seven dollars
29 (\$307.00) per week plus subsistence at the same daily rate provided for members of the
30 General Assembly, plus mileage at the rate provided for members of the General
31 Assembly for one round trip only from their homes to Raleigh and return. The
32 sergeants-at-arms shall serve during sessions of the General Assembly and at such time
33 prior to the convening of, and subsequent to adjournment or recess of, sessions as may
34 be authorized by the Legislative Services Commission. The reading clerks shall serve
35 during sessions only."

36 **SECTION 12.** Effective July 1, 2004, the Legislative Services Officer shall
37 increase the salaries of nonelected employees of the General Assembly in effect for
38 fiscal year 2003-2004 by five percent (5%). Nothing in this act limits any of the
39 provisions of G.S. 120-32.

40 **SECTION 13.** The Director of the Budget shall transfer to the North
41 Carolina Community College System Office from the Reserve for Compensation
42 Increase created in this act for fiscal year 2004-2005 funds necessary to provide a an
43 average annual salary increase of five percent (5%), including funds for the employer's
44 retirement and social security contributions, commencing July 1, 2004, for all

1 permanent full-time community college institutional personnel supported by State
2 funds. The State Board of Community Colleges shall establish guidelines for providing
3 their salary increases to community college institutional personnel and shall have the
4 flexibility to use any excess funds for merit increases.

5 **SECTION 14.** The Director of the Budget shall transfer to the Board of
6 Governors of The University of North Carolina sufficient funds from the Reserve for
7 Compensation Increase, created in this act for fiscal year 2004-2005, to provide an
8 average annual salary increase of five percent (5%), including funds for the employer's
9 retirement and social security contributions, commencing July 1, 2004, for all
10 employees of The University of North Carolina, as well as employees other than
11 teachers of the North Carolina School of Science and Mathematics, supported by State
12 funds and whose salaries are exempt from the State Personnel Act (EPA). The Board of
13 Governors shall establish guidelines for providing these salary increases and shall have
14 the flexibility to use any excess funds for merit increases.

15 **SECTION 15.(a)** There is appropriated from the General Fund to the
16 Reserve for Compensation Increase the sum of five hundred thirty five million seven
17 hundred thousand dollars (\$535,700,000) for the 2004-2005 fiscal year to implement the
18 legislative pay increases authorized by this act for public school personnel and State
19 employees.

20 **SECTION 15.(b)** There is appropriated from the Highway Fund to the
21 Reserve for Compensation Increase the sum of twenty-one million nine hundred
22 thousand dollars (\$21,900,000) for the 2004-2005 fiscal year to implement legislative
23 pay increases authorized by this act.

24 **SECTION 16.** The Director of the Budget shall transfer to the State Board
25 of Education from the Reserve for Compensation Increase for fiscal year 2004-2005
26 funds necessary to provide an average annual salary increase, effective July 1, 2004, of
27 five percent (5%), including funds for the employer's retirement and social security
28 contributions for all public school personnel.

29 Notwithstanding the provisions of Section 14 of this act, these funds shall be
30 used to:

- 31 (1) Provide for an average salary increase of five percent (5%) for
32 teachers, school-based administrators, and all other certified public
33 school personnel, who (i) are paid from State, federal, local, or other
34 funds and (ii) are not at the top of their respective salary ranges.
- 35 (2) Provide all permanent personnel with 29 or more years of experience
36 who are paid from State, federal, local, or other funds on the teacher
37 salary schedule with a one-time bonus equivalent to the average salary
38 increase of the 26- to 29-year steps.
- 39 (3) Provide permanent personnel who are paid from State, federal, local,
40 or other funds and are at the top of the principal and assistant principal
41 salary schedule, with a one-time bonus equivalent to the average salary
42 increase of the 35- to 41-year steps.
- 43 (4) Provide for a salary increase that is the greater of (i) five percent (5%)
44 or (ii) the amount required to increase 10-month salaries to eighteen

1 thousand five hundred dollars (\$18,500) for all noncertified public
2 school employees who are working full-time and are paid from State,
3 federal, local, or other funds.

4 **SECTION 17.** This act becomes effective July 1, 2004.